

GOLD FIELDS LTD  
Form 20-F  
December 22, 2005

As filed with the Securities and Exchange Commission on December 22, 2005

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## Form 20-F

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
  - or**
  - ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended June 30, 2005
  - or**
  - TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
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)

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24 St Andrews Road,

Parktown, 2193

South Africa

011-27-11-644-2400

(Address of principal executive offices)

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

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

Ordinary shares of par value Rand 0.50 each 492,294,226

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  No

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

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### **Presentation of Financial Information**

Gold Fields 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 significant 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 of the balance sheet (Rand 6.67 per \$1.00 as of June 30, 2005), 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 6.20 per \$1.00 for the year ended June 30, 2005).

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. An investor should not consider these items in isolation or as alternatives to production costs, net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. While the Gold Institute has provided definitions for the calculation of total cash costs and total production costs, the calculation of total cash costs, total cash costs per ounce, total production costs and total production costs per ounce may vary significantly among gold mining companies, and by themselves do not necessarily provide a basis for comparison with other gold mining companies. See Key Information Selected Historical Consolidated Financial Data, Information on the Company Glossary of Mining Terms Total cash costs per ounce and Information on the Company Glossary of Mining Terms Total production costs per ounce.

### **Defined Terms and Conventions**

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

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

In this annual report, R and Rand refer to the South African Rand, cents and Rand cents refer to subunits of the South African Rand, GHC and Cedi refer to Ghanaian Cedi, \$ and U.S. 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 and C\$ refers to Canadian dollars.



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

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

For the convenience of the reader, certain information in this annual report presented in Rand and Australian dollars has been translated into U.S. dollars. Unless otherwise stated, the conversion rates for these translations are Rand 6.46 per \$1.00 and A\$1.00 per \$0.74, which were the noon buying rates on November 30, 2005. By including convenience currency translations, Gold Fields is not representing that the Rand and Australian dollar amounts actually represent the U.S. dollar amounts shown or that these amounts could be converted into U.S. dollars at the rates indicated.

### **Forward-Looking Statements**

This annual report contains forward-looking statements with respect to Gold Fields' financial condition, results of operations, business strategies, operating efficiencies, competitive position, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters. Statements in this annual report that are not historical facts are forward-looking statements.

These forward-looking statements, including, among others, those relating to the future business prospects, revenues and income of Gold Fields, wherever they may occur in this annual report and the exhibits to the annual report, are necessarily estimates reflecting the best judgment of the senior management of Gold Fields and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be 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 and elsewhere;
- the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions;
- the success of exploration and development activities;
- decreases in the market price of gold;
- the occurrence of hazards associated with underground and surface gold mining;
- the occurrence of labor disruptions;
- availability, terms and deployment of capital;
- changes in relevant government regulations, particularly environmental regulations and potential new legislation affecting mining and mineral rights;
- fluctuations in exchange rates, currency devaluations and other macroeconomic monetary policies; and
- political instability in South Africa, Ghana and regionally.

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 the three years ended June 30, 2005, and as of June 30, 2005, 2004 and 2003 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 the two years ended June 30, 2002, and as of June 30, 2002 and 2001 have been derived from Gold Fields' audited consolidated financial statements as of that date, which are not included in this annual report. The selected historical consolidated financial data presented below have been prepared in accordance with U.S. GAAP.

	2001	2002	Year ended June 30,		2005
			2003	2004	
		(in \$millions, except where otherwise noted )			
<b>Statement of Operations Data</b>					
Revenues(1)	1,006.6	1,210.0	1,538.2	1,706.2	1,893.1
Production costs (exclusive of depreciation and amortization)	743.4	710.0	1,015.0	1,355.2	1,500.6
Depreciation and amortization	99.8	113.3	188.1	198.6	274.5
Corporate expenditure	16.0	12.3	16.6	20.3	22.5
Employment termination costs	5.0	6.4	3.8	10.5	13.7
Exploration expenditure	17.7	16.5	29.6	39.9	46.0
Impairment of assets	112.1		29.6	72.7	233.1
Impairment of critical spares					2.8
(Decrease)/increase in post-retirement healthcare provision	8.8	6.6	(5.0)	(5.1)	(4.2)
Accretion expense on environmental rehabilitation	12.2	4.7	5.3	8.4	11.5

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Share-based compensation		4.8			2.1
Harmony hostile bid costs					50.8
IAMGold transaction costs					9.3
Franco-Nevada merger costs	2.5				
Settlement costs of Oberholzer irrigation water dispute	1.2	1.0			
Interest and dividends	(9.0)	(8.9)	21.3	(19.4)	(29.2)
Finance (income)/expense	1.9	(8.3)	(4.2)	12.2	54.9
Unrealized gain on financial instruments	(0.8)	(45.9)	(35.7)	(39.2)	(4.9)
Realized (gain)/loss on financial instruments	(7.4)	(4.7)	(15.1)	8.7	(2.1)
Gain on disposal of St. Helena mine			(13.4)		
New York Stock Exchange listing and associated costs		4.3			
Profit on disposal of listed investments			(57.2)	(13.9)	(8.1)
Profit on disposal of exploration rights					(7.5)
Profit on disposal of mineral rights				(27.1)	

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	2001	2002	Year ended June 30, 2003	2004	2005
	(in \$millions, except where otherwise noted )				
<b>Statement of Operations Data</b>					
Write-down of investments	2.0				7.7
Write-down of mineral rights				3.6	
Other expenses/(income)	(11.8)	(0.5)	(3.4)	(2.1)	5.2
(Loss)/income before tax, share of equity investees (losses) profits, minority interests and cumulative effect of change in accounting principles	13.0	398.4	405.5	82.9	(285.6)
Income and mining tax benefit/(expense)	(21.6)	(147.1)	(133.8)	(11.8)	100.4
(Loss)/income before, share of equity investees (losses) profits, minority interests and cumulative effect of change in accounting principles	(8.6)	251.3	271.7	71.1	(185.2)
Share of equity investee s (loss)/profits after taxation				1.0	(0.4)
Minority interests	(8.8)	(12.2)	(14.4)	(21.8)	(20.6)
(Loss)/income before cumulative effect of changes in accounting principles	(17.4)	239.1	258.3	48.9	(206.2)
Cumulative effect of changes in accounting principles, net of tax	(0.6)		(1.3)		
Net (loss)/income	(18.0)	239.1	257.0	48.9	(206.2)
<b>Other Financial and Operating Data</b>					
Basic (loss)/earnings per share before cumulative effect of changes in accounting principles (\$)	(0.04)	0.52	0.55	0.10	(0.42)
Diluted (loss)/earnings per share before cumulative effect of changes in accounting principles (\$)	(0.04)	0.51	0.54	0.10	(0.42)
Basic (loss)/earnings per share (\$)	(0.04)	0.52	0.54	0.10	(0.42)
Diluted (loss)/earnings per share (\$)	(0.04)	0.51	0.54	0.10	(0.42)
Dividend per share (Rand)	1.05	1.30	3.70	1.40	0.70
Dividend per share (\$)	0.13	0.13	0.39	0.19	0.11
Total cash costs per ounce of gold produced(\$/oz)(2)	194	170	212	302	331
Total production costs per ounce of gold produced (\$/oz)(3)	224	198	254	349	393

Notes:

(1) Revenues comprise only product (gold) sales. See note 2(w) to Gold Fields audited consolidated financial statements which appear elsewhere in this annual report.

(2) Gold Fields has calculated total cash costs per ounce by dividing total cash costs, as determined using guidance provided by the Gold Institute, by gold ounces sold for all periods presented. The Gold Institute was a non-profit international industry association of miners, refiners, bullion suppliers and manufacturers of gold products, that ceased operation in 2002, which developed a uniform format for reporting production costs on a per ounce basis. The Gold Institute has now been incorporated into the National Mining Association. The guidance was first adopted in 1996 and revised in November 1999. Total cash costs, as defined in the Gold Institute industry guidance, are production costs as recorded in the statement of operations, less offsite (i.e., central) general and administrative expenses (including head office costs charged to the mines, central training expenses, industry association fees and social development costs), rehabilitation costs, plus royalties and employee termination costs. Changes in total cash costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand and Australian dollar and 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 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 2005, 2004 and 2003, see Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2004 and 2005 and Years Ended June 30, 2003 and 2004.

(3) 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 Australian dollar and the U.S. dollar. Management, however, believes that total production costs per ounce provides a measure for comparing Gold Fields' operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total production costs per ounce is not a U.S. GAAP measure. An investor should not consider total production costs per ounce in isolation or as an alternative to 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 2005, 2004 and 2003, see Operational and Financial Review and Prospects Results of Operations Years Ended June 30, 2004 and 2005 and Years Ended June 30, 2003 and 2004.

	2001	2002	Year ended June 30,		2005
			2003	2004	
	(in \$Millions, except where otherwise noted)				
<b>Balance Sheet Data</b>					
Cash and cash equivalents	23.6	195.1	133.6	656.3	503.7
Financial instruments				37.0	46.8
Receivables	50.5	56.2	74.9	116.4	119.9
Inventories	21.1	68.5	76.8	63.9	77.4
Material contained on heap leach pads	31.3	45.0	41.8	42.5	55.1
<b>Total current assets</b>	<b>126.5</b>	<b>364.8</b>	<b>327.1</b>	<b>916.1</b>	<b>802.9</b>
Property, plant and equipment, net (1)	1,798.7	1,726.9	2,231.0	2,805.5	2,554.1
Financial instruments		46.2	67.7	70.3	32.4
Non-current investments	42.2	73.3	101.0	179.8	203.5
<b>Total assets</b>	<b>1,967.4</b>	<b>2,211.2</b>	<b>2,726.8</b>	<b>3,971.7</b>	<b>3,592.9</b>
Accounts payable and provisions	127.4	153.3	184.7	290.6	274.5
Income and mining taxes payable	1.2	44.5	52.0	14.2	18.0
Current portion of long-term loans		37.0	20.5		
<b>Total current liabilities</b>	<b>128.6</b>	<b>234.8</b>	<b>257.2</b>	<b>304.8</b>	<b>292.5</b>
Long term loans		145.0	21.1	643.2	653.1
Deferred income and mining taxes	506.9	448.2	647.3	769.0	596.2
Provision for environmental rehabilitation	47.5	58.8	99.2	116.0	134.6



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Provision for post-retirement health care costs	51.0	44.7	23.9	18.9	9.0
Minority interests	39.0	52.8	58.8	102.7	118.4
Share capital	41.3	42.1	42.2	43.6	43.7
Additional paid-in capital	1,498.1	1,560.8	1,565.2	1,792.3	1,797.9
Retained earnings	2.7	182.6	255.3	211.6	(49.1)
Accumulated other comprehensive loss	(347.7)	(556.8)	(243.4)	(30.4)	(3.4)

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Total shareholders equity	1,194.4	1,226.9	1,619.3	2,017.1	1,789.1
Total liabilities and shareholders equity	1,967.4	2,211.2	2,726.8	3,971.7	3,592.9
<b>Other Data</b>					
Number of ordinary shares as adjusted to reflect changes in capital structure	455,836,608	470,522,224	472,364,872	491,492,520	492,294,226
Net assets	1,194.4	1,226.9	1,619.3	2,017.1	1,789.1

Note:

(1) As discussed in Note 2 to the audited consolidated financial statements which appear elsewhere in this annual report, Gold Fields changed its method of accounting for mineral and surface use rights during the 2004 fiscal year in accordance with FASB Staff Position FAS 141-1, which required the balance of the mineral interests and other intangible assets in 2002 and 2003 to be restated and included as part of Property, plant and equipment, net.

**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:

	Average(1)	Year ended June 30,		Period end
		High	Low	
2001	7.64	8.16	6.79	8.05
2002	10.20	13.60	8.01	10.39
2003	9.12	10.90	7.18	7.51
2004	6.82	7.80	6.17	6.23
2005	6.20	6.92	5.62	6.67
2006 (through November 30, 2005)	6.50	6.90	6.35	6.46

Note:

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

	High	Month ended	
		Low	Period end
June 30, 2005	6.92	6.63	6.67
July 31, 2005	6.90	6.53	6.56
August 31, 2005	6.55	6.35	6.40
September 30, 2005	6.45	6.26	6.35
October 31, 2005	6.72	6.44	6.71
November 30, 2005	6.79	6.46	6.46

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The noon buying rate for the Rand on November 30, 2005 was Rand 6.46 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 JSE, which may affect the market price of the ADSs on the New York Stock Exchange. These fluctuations will also affect the dollar amounts received by owners of ADSs on the conversion of any dividends paid in Rand on the ordinary shares.

## RISK FACTORS

*In addition to the other information included in this annual report, the considerations listed below could have a material adverse effect on Gold Fields' business, financial condition or results of operations, resulting in a decline in the trading price of Gold Fields' ordinary shares or ADSs. The risks set forth below comprise all material risks currently known to Gold Fields. However, there may be additional risks that Gold Fields does not currently know of or that Gold Fields currently deems immaterial based on the information available to it. These factors should be considered carefully, together with the information and financial data set forth in this document.*

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

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

the demand for gold for industrial uses and for use in jewelry;

actual, expected or rumored purchases and sales of gold bullion holdings by central banks or other large gold bullion holders or dealers;

speculative trading activities in gold;

the overall level of forward sales by other gold producers;

the overall level and cost of production by other gold producers;

international or regional political and economic events or trends;

the strength of the U.S. dollar (the currency in which gold prices generally are quoted) and of other currencies;

financial market expectations regarding the rate of inflation; and

interest rates.

In addition, the current demand for and supply of gold affects the price of gold, but not necessarily in the same manner as current demand and supply affect the prices of other commodities. Since the potential supply of gold is large relative to mine production in any given year, normal variations in current production will not necessarily have a significant effect on the supply of gold or the gold price. Central banks, financial institutions and individuals historically have held large amounts of gold as a store of value and production in any given year historically has constituted a small portion of the total potential supply of gold. Historically, gold has tended to retain its value in relative terms against basic goods in times of inflation and monetary crisis.

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On March 8, 2004, fifteen European central banks entered into a new gold sales agreement effective September 27, 2004, pursuant to which they restrict their annual sales of gold to specified limits. This agreement will be reviewed in five years. Although the new agreement calls for an increase in the amount of gold that can be sold by individual banks to 500 tonnes per year, the effect on the market in terms of total gold sales is unclear.

While the aggregate effect of these factors is impossible for Gold Fields to predict, if gold prices should fall below Gold Fields' cost of production and remain at such levels for any sustained period, Gold Fields may experience losses and may be forced to curtail or suspend some or all of its operations. In addition, Gold Fields might not be able to recover any losses it may incur during that period.

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

Unlike many other gold producers, 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 that Gold Fields calculated, as of June 30, 2005, 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 or if gold prices decrease or 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. Gold Fields' reported attributable gold ore reserves were 75.6 million ounces for fiscal 2004 as compared to 62.8 million ounces for fiscal 2005 (including 2.4 million ounces of proven and probable gold reserves for the Cerro Corona Project that will be attributable to Gold Fields upon completion of its acquisition of an 80.7% economic interest in the Cerro Corona Project; see Information on the Company Exploration Gold Fields

Exploration Projects (Cerro Corona Project), a decrease of 12.8 million ounces, resulting primarily from a decrease in below infrastructure reserves at Kloof where new geological modeling indicated that the ore body is more challenging than originally anticipated. See Information on the Company Reserves at Gold Fields as of June 30, 2005 and Information on the Company Exploration Gold Fields Exploration Projects Cerro Corona Project.

***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 in South Africa and the jurisdiction of the business to be acquired;
  - 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
- to the extent that Gold Fields makes an acquisition outside of markets in which it has previously operated, conducting and managing operations in a new operating environment.

Any problems experienced by Gold Fields in connection with an acquisition as a result of one or more of these factors could have a material adverse effect on Gold Fields' business, operating results and financial condition.

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

In order to expand its operations and reserve base, Gold Fields may rely on its exploration program for gold and platinum group metals and its ability to develop mining projects. Exploration for gold and other precious metals is speculative in nature, involves many risks and frequently is unsuccessful. Any exploration program entails risks relating to the location of economic orebodies, the development of appropriate metallurgical processes, the receipt of necessary governmental permits and regulatory approvals and the construction of mining and processing facilities at the mining site. Gold Fields' exploration efforts may not result in the discovery of gold or platinum group metal mineralization and any mineralization discovered may not result in an increase of Gold Fields' reserves. If orebodies are developed, it can take a number of years and substantial expenditures from the initial phases of drilling until production commences, during which time the economic feasibility of production may change. Gold Fields' exploration program may not result in the replacement of current production with new reserves or result in any new commercial mining operations. Also, to the extent Gold Fields participates in the development of a project through a joint venture there could be disagreements or divergent interests or goals among the joint venture parties, which could jeopardize the success of the project.

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

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

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

rock bursts;

seismic events, particularly at the Driefontein and Kloof operations;

underground fires and explosions, including those caused by flammable gas;

cave-ins or falls of ground;

discharges of gases and toxic substances;

releases of radioactivity;

flooding;

sinkhole formation and ground subsidence; and

other accidents and conditions resulting from drilling, blasting and removing and processing material from an underground mine.

Hazards associated with Gold Fields' open pit mining operations include:

flooding of the open pit;

collapses of the open pit walls;

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

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

production disruptions due to weather; and

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



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

accidents associated with operating a rock dump and production stockpile and rock transportation;  
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 production, increase production costs and result in liability for Gold Fields.

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

Gold Fields may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities. Gold Fields' existing property and liability insurance contains exclusions and limitations on coverage. In fiscal 2003, in an effort to reduce costs, Gold Fields changed from business interruption insurance cover based on gross profit to cover based on fixed operating costs or standing charges only. 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 or pollution.

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

Gold is sold throughout the world principally in U.S. dollars, but Gold Fields' operating costs are incurred principally in Rand and Australian dollars. As a result, any significant and sustained appreciation of either of these currencies against the U.S. dollar may materially increase Gold Fields' costs and reduce its net revenue.

The Rand and the Australian dollar each appreciated against the U.S. dollar during calendar years 2002, 2003 and 2004, with the Rand appreciating by approximately 28.4%, 22.9% and 17.0% in 2002, 2003 and 2004, respectively, and the Australian dollar appreciating by approximately 10.0%, 24.6% and 4.1% in 2002, 2003 and 2004, respectively. More recently however, the Rand and the Australian dollar have experienced a period of depreciation against the U.S. dollar. As of November 30, 2005, the Rand had depreciated by 12.5%, and the Australian dollar had depreciated by 4.7%, against the U.S. dollar since January 1, 2005. An appreciation trend for either of these currencies could have a material adverse effect on Gold Fields' operating results or financial condition as the appreciation results in an increase to Gold Fields' costs in U.S. dollar terms. See "Quantitative and Qualitative Disclosures About Market Risk - Foreign Currency Sensitivity."

***Political or economic instability in South Africa or regionally may have an adverse effect on Gold Fields' operations and profits.***

Gold Fields is incorporated and owns significant operations in South Africa. As a result, political and economic risks relating to South Africa could affect an investment in Gold Fields. Large parts of the South African population do not have access to adequate education, health care, housing and other services, including water and electricity. Government policies aimed at alleviating and redressing the disadvantages suffered by the majority of citizens under previous governments 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 have impeded 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.

Recently, the South African economy has been growing at a relatively slow rate, inflation and unemployment have been high by comparison with developed countries and foreign reserves have been relatively low. GDP (based on 1990 prices given by Statistics South Africa) growth was 3.4% for 2000, 2.7% for 2001, 3.6% for 2002, 1.9% for 2003 and 3.4% for 2004. Corresponding inflation rates (as given by reference to the consumer price index used by the South African government) were 5.3% in 2000, 5.7% in 2001, 9.2% in 2002, 5.8% in 2003 and 1.4% in 2004, while corresponding unemployment rates were 26.7%, 26.9%, 30.5%, 28.4% and 26.5% as of December 31, 2000, 2001, 2002, 2003 and 2004, respectively. Gross foreign exchange reserves stood at approximately \$20.1 billion as of November 30, 2005. The depreciation of the Rand in 1997 and 1998 resulted in an increase in the South African prime lending rate, which peaked at approximately 25.5% during 1998, although rates have since decreased substantially. On November 30, 2005, the rate was 10.5%. Consequently, Gold Fields could face a high cost of capital should it need to borrow in South Africa.

In the late 1980s and early 1990s, inflation in South Africa reached record highs. This increase in inflation resulted in considerable year over year increases in operational costs. In recent years, the inflation rate has decreased to single-digit figures. A return to significant inflation in South Africa, without a concurrent devaluation of the Rand or an increase in the price of gold, could have a material adverse effect on Gold Fields' operating results and financial condition.

There has been regional political and economic instability in 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.

***Political or economic instability in Ghana may have an adverse effect on Gold Fields' operations and profits.***

A significant portion of Gold Fields' production takes place in Ghana at the Tarkwa and Damang mines. As a result, political and economic risks relating to Ghana could affect an investment in Gold Fields.

Ghana has had periods of political instability, and could be subject to instability again in the future. Presidential and parliamentary elections were conducted under the present Ghanaian constitution in 1992, 1996, 2000 and 2004. The 2000 elections resulted in the principal opposition party winning the elections and forming the present government, which was re-elected in 2004. Since the present government came into power it has passed legislation imposing a tax and import duty which have affected the mining industry. The Ghana Chamber of Mines, of which Gold Fields Ghana Limited and Abosso Goldfields Limited, subsidiaries of Gold Fields, are members, has expressed its concern to the government that these legislative measures have eroded the competitiveness of the fiscal regime affecting mining companies in Ghana. The current government or a future government might adopt additional changes to policies in the future, which could: (1) modify the regulatory or fiscal regime governing mining companies in Ghana, such as increasing the proportion of foreign currency earnings that mining companies are required to repatriate to Ghana or (2) otherwise make investments or foreign-owned operations in Ghana less attractive. Any departure from current policies by the government of Ghana could have a material adverse effect on Gold Fields' business, operating results and financial condition.

In addition, it is possible that in the future Ghana will experience adverse economic conditions or disruptions which may negatively impact Gold Fields' Ghana operations.

***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. For example, in connection with its approval, it is possible that the SARB may impose conditions on Gold Fields' use of the proceeds of any such capital raising, such as limits on Gold Fields' ability to retain the proceeds of the capital raising outside South Africa or requirements that Gold Fields seek further SARB approval prior to applying any such funds to a specific use. These restrictions could hinder Gold Fields' financial and strategic flexibility, particularly its ability to fund acquisitions, capital expenditures and exploration projects outside South Africa. See Information on the Company Regulatory and Environmental Matters South Africa Exchange Controls.

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

In some circumstances, potential acquisitions of shares in or assets of South African companies by non-South African resident purchasers are subject to review by the SARB pursuant to South African exchange control regulations. In 2000, the South African Treasury, or the Treasury,

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refused to approve an acquisition of Gold Fields by Franco-Nevada Mining Corporation Limited, a Canadian mining company. The Treasury may refuse to approve similar proposed acquisitions of Gold Fields in the future. As a result, Gold Fields' management may be limited in its ability to consider strategic options and Gold Fields' shareholders may not be able to realize the premium over the current trading price of Gold Fields' ordinary shares which they might otherwise receive upon such an acquisition. See Information on the Company Regulatory and Environmental Matters South Africa Exchange Controls.

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

As of June 30, 2005, approximately 79% of Gold Fields' employees belonged to unions. Accordingly, Gold Fields is at risk of having its production stopped for sustained periods due to strikes called by unions and other labor disputes. In August 2005, Gold Fields experienced a 48-hour unexpected strike by approximately half the employees of the Tarkwa mine in Ghana. In South Africa, Gold Fields also experienced a one day illegal strike on March 30, 2005, and an industry wide gold mining labor strike in August 2005. See Directors, Senior Management and Employees Labor Relations South Africa and Ghana. In South Africa, in addition to strikes, on occasion Gold Fields experiences work stoppages based on national trade union stay away days regardless of the state of its relations with its workforce. Significant labor disruptions at any of Gold Fields' operations could have a material adverse effect on Gold Fields' business, operating results and financial condition.

Gold Fields' production may also be materially affected by relatively new labor laws. Since 1995, South African laws relating to labor have changed significantly in ways that affect Gold Fields' operations. In particular, laws enacted since then that impose large monetary penalties for non-compliance with the administrative and the reporting requirements in respect of affirmative action policies could result in significant costs to Gold Fields. There may continue to be significant and adverse changes in labor law in South Africa over the next several years.

Ghanaian law contains broad provisions requiring mining companies to recruit and train Ghanaian personnel and to use the services of Ghanaian companies. Any expansion of these provisions or new labor legislation which increases labor costs in Ghana could have a material adverse effect on Gold Fields' mining operations in Ghana and, accordingly, on Gold Fields' business, operating results and financial condition.

The Labor Relations Reform Act of Western Australia was passed by Parliament in July 2002. This law reduces the availability of state workplace agreements and is designed to promote collective bargaining and union access to the workplace. This law could strengthen the role of unions in Western Australia's mining industry, which could have a material adverse effect on labor costs at Gold Fields' mining operations in Australia and, accordingly, on Gold Fields' business, operating results and financial condition. See Directors, Senior Management and Employees Labor Relations Australia.

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

A significant portion of Gold Fields' operations at the Damang mine in Ghana and in Australia are currently conducted by outside contractors. As a result, Gold Fields' operations at those sites are subject to a number of risks, some of which are outside Gold Fields' control, including:

negotiating agreements with contractors on acceptable terms;

the inability to replace a contractor and its operating equipment in the event that either party terminates the agreement;

reduced control over those aspects of operations which are the responsibility of the contractor;

failure of a contractor to perform under its agreement with Gold Fields;

interruption of operations 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 Labor Relations Ghana and Australia.

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

Wages and related labor costs accounted for approximately 50% of Gold Fields' total production costs in fiscal 2005. Accordingly, Gold Fields' costs may be materially affected by increases in wages and related labor costs, particularly with respect to Gold Fields' South African employees, who are unionized. Negotiations with South African unions concluded in August 2005 resulted in above inflation wage increases ranging from 6% to 7%, depending upon the category of employees. Under the agreement, wage increases for South African employees will be linked to inflation with a minimum increase of 5.5% or 6.0%, depending upon the category of employees. The next round of negotiation with the South African unions is expected to take place prior to June 2007, when the current agreement expires. See Directors, Senior Management and Employees' Labor Relations' South Africa. If Gold Fields is unable to increase production levels or implement cost cutting measures to offset these increased wages and labor costs, these costs could have a material adverse effect on Gold Fields' mining operations in South Africa and, accordingly, on Gold Fields' business, operating results and financial condition. See Directors, Senior Management and Employees' Employees' Labor Relations' South Africa.

***HIV/AIDS poses risks to Gold Fields in terms of lost productivity and increased costs.***

The incidence of HIV/AIDS in South Africa, which is forecast to increase over the next decade, poses risks to Gold Fields in terms of potentially reduced productivity and increased medical and other costs. Gold Fields' current estimate of the potential impact of HIV/AIDS on its operations and financial condition is based on a variety of existing data and certain assumptions, including the incidence of HIV infection among its employees, the progressive impact of HIV/AIDS on infected employees' health, and the medical and other costs associated with the infection, most of which involve factors beyond Gold Fields' control. Should Gold Fields' actual experience significantly differ from the assumptions on which its current estimate is based, the actual impact of HIV/AIDS on its business, operating results and financial condition could be significantly worse than Gold Fields expects. See Directors, Senior Management and Employees' Employees' Health and Safety' HIV/AIDS Program.

***Gold Fields' operations in South Africa are subject to environmental 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.

South African mining companies are required by law to undertake rehabilitation works as part of their ongoing operations. In addition, during the operational life of their mines, they must make arrangements to fund the cost of mine closure and post-closure rehabilitation and monitoring once mining operations cease. Gold Fields fully provides for these environmental rehabilitation costs in its financial statements based on the present value of future costs and funds these costs by making contributions into an environmental trust fund, with amounts approved by the authorities. As of September 30, 2005, Gold Fields had contributed a total of approximately Rand 401.2 million, including accrued interest, to the fund. Changes in legislation or regulations (or the approach to enforcement of them) or other unforeseen circumstances may materially and adversely affect Gold Fields' future environmental expenditures or the level and timing of Gold Fields' provisioning for these expenditures. See Information on the Company Regulatory and Environmental Matters South Africa Environmental.

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

The present Mine Health and Safety Act 29 of 1996, or the Mine Health and Safety Act, came into effect in January 1997. The principal objective of the Mine Health and Safety Act is to improve health and safety at South African mines and, to this end, the Mine Health and Safety Act imposes various duties on Gold Fields at its mines, and grants the authorities broad powers to, among other things, close unsafe mines and order corrective action relating to health and safety matters.

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

The Mineral and Petroleum Resources Development Act 2002, or the New Minerals Act, came into effect on May 1, 2004.

Among other things, the New Minerals Act: (1) vests the right to prospect and mine in the state without the automatic payment of compensation, (2) makes provision for a transitional period for the phasing out of privately held mineral rights, prospecting permits and mining authorizations held under the old regime and (3) requires that new applications be made in respect of those rights and new rights to be granted pursuant to the New Minerals Act. Consistent with international practice, the New Minerals Act provides that a mining or prospecting right granted under the New Minerals Act could be cancelled if the mineral to which the right relates is not mined at an optimal rate. There is no guarantee that Gold Fields will be able to successfully apply for any or all of its existing mining rights under the New Minerals Act or that the terms on which they will be granted will not be significantly less favorable to Gold Fields than the current terms. The requirements of the New Minerals Act could have a material adverse effect on Gold Fields' mining and exploration activities in South Africa and, as a result, on Gold Fields' business, operating results and financial condition. See Information on the Company Regulatory and Environmental Matters South Africa Mineral Rights The New Minerals Act.

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The Mining Titles Registration Amendment Act, or the Mining Titles Act, came into force on May 1, 2004. The Mining Titles Act provides for the registration of rights granted under the New Minerals Act. The Mining Titles Act repeals certain sections of the former legislation dealing with the registration of mineral rights, subject to the transitional provisions of the New Minerals Act. Until rights held under the previous regime are converted to rights under the New Minerals Act, rights held under the previous regime that become subject to a change in ownership during the transition period will not be able to be registered under the name of the new owner.

The New Minerals Act contains a provision requiring the Minister of Minerals and Energy, or the Minister, within six months of the relevant provision becoming operational, to develop a broad-based socio-economic empowerment charter for effecting entry of historically disadvantaged South Africans, or HDSAs, into the mining industry. The South African government appointed a task team which included representatives from mining companies, including Gold Fields, to develop a charter. On October 11, 2002, the Minister and representatives of certain mining companies and the National Union of Mineworkers signed a charter that reflects the consultation process called for by the New Minerals Act. The Mining Charter became effective on May 1, 2004.

The charter's stated objectives are to:

- promote equitable access to South Africa's mineral resources for all the people of South Africa;
- substantially and meaningfully expand opportunities for HDSAs, including women, to enter the mining and minerals industry and to benefit from the exploitation of South Africa's mineral resources;
- utilize the existing skills base for the empowerment of HDSAs;
- expand the skills base of HDSAs in order to serve the community;
- promote employment and advance the social and economic welfare of mining communities and areas supplying mining labor; and
- promote beneficiation of South Africa's mineral commodities beyond mining and processing, including the production of consumer products.



To achieve these objectives, the charter requires that mining companies achieve a 15% HDSA ownership of mining assets within five years and a 26% HDSA ownership of mining assets within 10 years by each mining company. Under the charter, the mining industry as a whole agrees to assist HDSA companies in securing finance to fund participation in an amount of Rand 100 billion over the first five years. Beyond the Rand 100 billion commitment, HDSA participation will be increased on a willing seller-willing buyer basis, at fair market value, where the mining companies are not at risk. In addition, the charter requires, among other things, that mining companies spell out plans for achieving employment equity at management level with a view to achieving a baseline of 40% HDSA participation in management and achieving a baseline of 10% participation by women in the mining industry, in each case within five years. When considering applications for the conversion of existing licenses, the government will take a scorecard approach, evaluating the commitments of stakeholders to the different facets of promoting the objectives of the charter. See [Information on the Company Regulatory and Environmental Matters South Africa Mineral Rights The New Minerals Act](#).

In order to comply with the terms of the charter, Gold Fields has adjusted the ownership structure of its South African mining assets. On March 8, 2004, the shareholders of Gold Fields approved a series of transactions, referred to in this discussion as the Mvelaphanda Transaction, involving the acquisition by Mvelaphanda Resources Limited of a 15% beneficial interest in the South African gold mining assets of Gold Fields for cash consideration of R4,139 million. See [Operating and Financial Review and Prospects Overview General Mvelaphanda Transaction](#). The Mvelaphanda Transaction is intended to meet the charter's requirement that mining companies achieve a 15% HDSA ownership within five years of the charter coming into effect. See [Information on the Company Regulatory and Environmental Matters South Africa Mineral Rights The New Minerals Act](#). There is no guarantee, however, that the Mvelaphanda Transaction will not have a negative effect on the value of Gold Fields ordinary shares. In addition, any further adjustment to the ownership structure of Gold Fields South African mining assets in order to meet the mining charter's 10 year HDSA ownership requirement of 26% could have a material adverse effect on the value of Gold Fields ordinary shares and failing to comply with the charter's requirements could subject Gold Fields to negative consequences, the scope of which has not yet been fully determined. Gold Fields may also incur expenses to give effect to the charter's other requirements, and may need to incur additional indebtedness in order to comply with the industry-wide commitment to assist HDSAs in securing Rand 100 billion of financing during the first five years of the mining charter's effectiveness. Moreover, there is no guarantee that any steps Gold Fields has already taken or might take in the future will ensure the successful conversion of any or all of its existing mining rights or for the grant of new mining rights or that the terms of any conversion or grant would not be significantly less favorable to Gold Fields than the terms of its current rights.

#### *The Royalty Bill*

On March 20, 2003 the draft Mineral and Petroleum Royalty Bill, or the Royalty Bill, was released for public comment. The South African National Treasury subsequently missed an August 1, 2003 deadline for submitting a revised draft to the South African Parliament and, as yet, no revised draft has been submitted or published.

The Royalty Bill proposes to impose a 3% revenue based royalty on the South African gold mining sector payable to the South African government. Under the terms of the proposed Royalty Bill, the royalty is to take effect when companies convert to new order mining rights in accordance with the New Minerals Act, although the Minister has indicated that the royalty is not expected to take effect until the transitional period for the conversion of mining rights under the New Minerals Act expires. The Minister of Finance in his Budget Speech in February 2004 indicated that the royalty will be based on revenues and will take effect in 2009. The Royalty Bill is in the process of being redrafted and is expected to contain a royalty consisting of a percentage of gross sales. There is uncertainty as to what further amendments will be made to the Royalty Bill. If adopted, in either its current or a revised form, the Royalty Bill could have a negative impact on Gold Fields South African operations and therefore an adverse effect on its business, operating results and financial condition. See [Information on the Company Regulatory and Environmental Matters South Africa Mineral Rights The Royalty Bill](#).

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

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

The Restitution of Land Rights Amendment Act, or the Amendment Act, became law on February 4, 2004. Under the Land Claims Act, the Minister for Agriculture and Land Affairs, or the Land Minister, may not acquire ownership of land for restitution purposes without a court order unless an agreement has been reached between the affected parties. The Amendment Act, however, entitles the Land Minister to acquire ownership of land by way of expropriation in certain limited circumstances. Expropriation would be subject to provisions of legislation and the South African Constitution which provides, in general, for just and equitable compensation. There is, however, no guarantee that any of Gold Fields' privately held land rights could not become subject to acquisition by the state without Gold Fields' agreement, or that Gold Fields would be adequately compensated for the loss of its land rights, which could have a negative impact on Gold Fields' South African operations and therefore an adverse effect on its business, operating results and financial condition. See Information on the Company Regulatory and Environmental Matters South Africa Land Claims.

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

Gold Fields Ghana operation is subject to extensive environmental laws and regulations. The Ghanaian environmental protection laws require, among other things, that Gold Fields register with the Ghanaian environmental authorities, and obtain environmental permits and certificates for the Ghana operation.

Ghanaian mining companies are required by law to rehabilitate land disturbed as a result of their mining operations pursuant to an environmental reclamation plan agreed with the Ghanaian environmental authorities. Gold Fields funds these environmental rehabilitation costs in part by posting a reclamation bond to secure estimated costs of rehabilitation. Changes in the required method of calculation for these bonds or an unforeseen circumstance which produces unexpected costs may materially and adversely affect Gold Fields future environmental expenditures. See Information on the Company Regulatory and Environmental Matters Ghana Environmental.

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

The 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. The regulations prescribe the measures to be taken to ensure the safety and health 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 shut down of all or a portion of the mine, a loss of the right to mine or the imposition of costly compliance procedures and, in the case of a violation of the regulations relating to health and safety, constitutes an offense under Ghanaian law. If Ghanaian health and safety authorities require Gold Fields to shut down all or a portion of its mines or to implement costly compliance measures, whether pursuant to existing or new health and safety laws and regulations, such measures could have a material adverse effect on Gold Fields business, operating results and financial condition. See Information on the Company Regulatory and Environmental Matters Ghana Health and Safety.

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

***Gold Fields mineral rights in Ghana are currently subject to regulations, and will 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. Gold Fields mining leases for the Tarkwa property have not yet been ratified by the Ghanaian Parliament, as required by law. 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, a new Minerals and Mining Bill, or the Minerals Bill, was laid before the Ghanaian Parliament in fiscal 2005. If the Minerals Bill is passed it will repeal the current Minerals and Mining Law in Ghana. Although the current draft of the Minerals Bill would not appear to have a substantial effect on Gold Fields Ghana operations as currently run, Gold Fields cannot be certain what provisions will be included in the Minerals Bill when approved into law. If, when passed, the Minerals Bill imposes 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, it could have a material adverse effect on Gold Fields' business operating results and financial condition. See Information on the Company Regulatory and Environmental Matters Ghana Mineral Rights.

*Gold Fields' operations in Australia are subject to environmental 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. Gold Fields makes provisions in its accounts for the estimated cost of environmental rehabilitation for its Australian mining properties. Gold Fields guarantees its environmental obligations by providing the Western Australian government with unconditional bank-guaranteed performance bonds to secure the estimated costs. These bonds do not cover remediation for events that were unforeseen at the time the bond was taken. Changes in the required method of calculation for these bond amounts or an unforeseen circumstance which produces unexpected costs may materially and adversely affect future environmental expenditures. See Information on the Company Regulatory and Environmental Matters Australia Environmental.

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

The Western Australian Mines Safety and Inspection Act 1994 (WA), or the Safety and Inspection Act, imposes a duty on a mine owner to provide and maintain a working environment which is safe for mine workers. The regulations prescribe specific measures to be taken and provide for inspectors to review the work site for hazards and violations of the health and safety laws. The Safety and Inspection Act was amended in April 2005 to provide, among other things, a new regime of penalties, broader powers for inspectors and new duties of care for employers. 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.

***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 protects 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 conditions. See Information on the Company Regulatory and Environmental Matters Australia Land Claims.

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

Gold Fields is incorporated in South Africa. The majority of Gold Fields directors and executive officers (and certain experts named herein) reside outside of the United States. Substantially all of the assets of these persons and substantially all of the assets of Gold Fields are located outside the United States. As a result, it may not be possible for investors to enforce against these persons or Gold Fields a judgment obtained in a United States court predicated upon the civil liability provisions of the federal securities or other laws of the United States or any state thereof. A foreign judgment is not directly enforceable in South Africa, but constitutes a cause of action which will be enforced by South African courts provided that:

the court which pronounced the judgment had jurisdiction to entertain the case according to the principles recognized by South African law with reference to the jurisdiction of foreign courts;

the judgment is final and conclusive (that is, it cannot be altered by the court which pronounced it);

the judgment has not lapsed;

the recognition and enforcement of the judgment by South African courts would not be contrary to public policy, including observance of the rules of natural justice which require that the documents initiating the United States proceeding 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.

***Because the principal trading market for Gold Fields ordinary shares is the JSE Securities Exchange South Africa, investors face liquidity risk in the market for Gold Fields ordinary shares.***

The principal trading market for Gold Fields ordinary shares is the JSE Securities Exchange South Africa, or the JSE. 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 The JSE Securities Exchange South Africa.

***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 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 South African 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 options and the Mvela Gold share exchange option.***

As of November 30, 2005, Gold Fields had an aggregate of 1,000,000,000 ordinary shares authorized to be issued and as of that date an aggregate of 492,114,739 ordinary shares were issued and outstanding. Gold Fields currently has two securities option plans which are authorized to grant options in an amount of up to an aggregate of 25,071,013 ordinary shares. At their annual general meeting on November 17, 2005, Gold Fields shareholders approved two new securities option plans which will replace the outstanding plans. However, these plans have not yet been implemented. Gold Fields had outstanding as of November 30, 2005, options to purchase a total of 10,002,222 ordinary shares at exercise prices of between Rand 13.55 and Rand 154.65 that expire between June 30, 2006 and November 1, 2012 under the GF Management Incentive Scheme and 335,400 ordinary shares at exercise prices of between Rand 43.70 and 110.03 that expire between October 31, 2006 and February 18, 2010 under the GF Non-Executive Director Share Plan. Shareholders' equity interests in Gold Fields will be diluted to the extent of future exercises of these options and any additional options. See Directors, Senior Management and Employees The GF Management Incentive Scheme, and Directors, Senior Management and Employees The GF Non-Executive Director Share Plan.

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As part of the Mvelaphanda Transaction, 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 in connection with the Mvelaphanda Transaction, for a period of one year after the subscription of the GFIMSA shares each of Gold Fields and Mvela Gold will be entitled to require the exchange of Mvela Gold's GFIMSA shares for ordinary shares of Gold Fields of an equivalent value, but numbering not less than 45,000,000 and not more than 55,000,000 Gold Fields' ordinary shares, adjusted as necessary to reflect changes to Gold Fields' capital structure and certain corporate activities of Gold Fields. Shareholders' equity interests in Gold Fields will be diluted if Gold Fields or Mvela Gold requires the exchange of GFIMSA shares for Gold Fields' shares. See Operating and Financial Review and Prospects Overview General Mvelaphanda Transaction.



**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 and Australia. Gold Fields is primarily involved in underground and surface gold mining and related activities, including exploration, extraction, processing and smelting, and also has strategic interests in platinum group metals exploration. Gold Fields is currently the second largest gold producer in South Africa and one of the largest gold producers in the world, on the basis of annual production.

The majority of Gold Fields' operations, based on gold production, are located in South Africa. It 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. In addition, Gold Fields has gold and other precious metal exploration activities and interests in Africa, Australasia, China, Europe, North America and South America. Gold Fields owns 100% of the Arctic Platinum Project, or APP, in northern Finland, which is evaluating the economic potential of deposits of open pit and underground platinum group metal mineralization, although it is in the process of finalizing an arrangement with North American Palladium Ltd., or NAP, whereby NAP may acquire up to 60% of APP. Gold Fields is in the process of acquiring 92% of the voting shares (which is effectively 80.7% of the economic interest) of Sociedad Minera La Cima S.A., the owner of the Cerro Corona Project in Peru which is evaluating the economic potential of deposits of open pit gold and copper mineralization, and has entered into an agreement providing for Gold Fields to acquire all of the outstanding securities not currently held by Gold Fields of Bolivar Gold Corp., which operates the Choco 10 open pit gold mine in the El Callao gold district in the Bolivar State, Venezuela. See Exploration Gold Fields Exploration Projects Cerro Corona Project and Recent Developments Acquisition of Bolivar Gold Corp.

Gold Fields' operations include:

**Driefontein Operation.** This operation consists of seven shaft systems and three gold plants in South Africa's Gauteng Province near Carletonville. Driefontein produced 1.2 million ounces of gold during the year ended June 30, 2005, accounting for approximately 29% of attributable gold production for Gold Fields in fiscal 2005. The operation employed approximately 17,200 people as of June 30, 2005 including a limited number working for outside contractors at the site. The Driefontein operation includes both underground mining and surface rock dump processing.

**Kloof Operation.** This operation consists of five shaft systems and two gold plants in South Africa's Gauteng Province near Carletonville. Kloof produced 1.0 million ounces of gold during the year ended June 30, 2005, accounting for approximately 24% of attributable gold production for Gold Fields in fiscal 2005. The operation employed approximately 15,400 people as of June 30, 2005 including a limited number working for outside contractors at the site. The Kloof operation includes both underground mining and some surface rock dump processing.

**Beatrix Operation.** This operation consists of four shaft systems and two gold plants in South Africa's Free State Province near Welkom and Virginia. The Beatrix operation produced 0.6 million ounces of gold during the year ended June 30, 2005, accounting for approximately 15% of attributable gold production for Gold Fields in fiscal 2005. The operation employed approximately 12,300 people as of June 30, 2005 including a limited number working for outside contractors at the site. The Beatrix operation consists of both underground mining and some limited surface rock

dump processing.

**Ghana Operation.** This operation consists of: (1) the Tarkwa mine, which comprises several open pit operations with two heap leach recovery facilities and a SAG mill and CIL plant and (2) the Damang mine, which consists of a number of open pit operations with a CIL plant. Both mines are located in southwestern Ghana, about 300 and 360 kilometers by road west of Accra, respectively. During the year ended June 30, 2005, the Ghana operation produced 0.9 million ounces of gold (of which 0.6 million ounces of gold were attributable to Gold Fields and the remainder to minority shareholders in the Ghana operation), accounting for approximately 15% of attributable gold production for Gold Fields in fiscal 2005. The operation had approximately 4,200 employees as of June 30, 2005, including those working for the outside contractor at Damang.

**Australia Operation.** This operation consists of the St. Ives and Agnew mines. Both mines are located in the state of Western Australia, with St. Ives situated near Kambalda, straddling Lake Lefroy, and Agnew situated near Leinster. These two mines together produced 0.7 million ounces of gold during the year ended June 30, 2005, accounting for approximately 17% of attributable gold production for Gold Fields in fiscal 2005. St. Ives and Agnew had approximately 1,400 employees as of June 30, 2005, including those working for outside contractors at the sites. St. Ives and Agnew conduct both underground and surface operations.

Based on the figures reported by Gold Fields' mining operations, as of June 30, 2005, Gold Fields reported attributable proven and probable reserves of approximately 62.8 million ounces of gold (including 2.4 million ounces of proven and probable gold reserves for the Cerro Corona Project that will be attributable to Gold Fields upon completion of its acquisition of an 80.7% economic interest in the Cerro Corona Project; see Exploration Gold Fields Exploration Projects Cerro Corona Project ). In the year ended June 30, 2005, Gold Fields processed 47.9 million tonnes of ore and produced 4.5 million ounces of gold, of which 4.2 million ounces were attributable to Gold Fields.

## History

The company that is today Gold Fields was originally incorporated as East Driefontein Gold Mining Company Limited on May 3, 1968, and subsequently changed its name to Driefontein Consolidated Limited. The Gold Fields group holdings evolved through a series of transactions, principally in 1998 and 1999.

With effect from January 1, 1998, a company formed on November 21, 1997 and, referred to in this discussion as Original Gold Fields, acquired substantially all of the gold mining assets and interests previously held by Gencor Limited, Gold Fields of South Africa Limited and New Wits Limited and certain other shareholders in the companies owning the assets and interests including:

- a 100% interest in Beatrix Mines Limited, or Beatrix, which in turn owned a 100% interest in Beatrix Mining Company Limited, or BMC, BMC owned the Beatrix mine;
- a 37.3% interest in Driefontein Consolidated Limited, which owned the Driefontein operation;
- a 100% interest in Kloof Gold Mining Company Limited, or Kloof, which owned the Kloof operation;
- a 54.2% interest in St. Helena Gold Mines Limited, or St. Helena, which owned the St. Helena and Oryx mines;
- a 100% interest in Gold Fields Guernsey Limited, or Gold Fields Guernsey, which indirectly owned a 70% interest in the Tarkwa mine (which was later increased to 71.1% due to the dilution of the other shareholders);
- a 100% interest in Orogen Holding (BVI) Limited, or Orogen; and
- various exploration and other rights and assets.

The Driefontein, Kloof and Tarkwa interests were acquired from Gold Fields of South Africa Limited, while the Beatrix and St. Helena interests were originally acquired from Gencor Limited. New Wits Limited provided various mineral rights. Original Gold Fields then owned 100% of Driefontein Consolidated Limited.

With legal effect from January 1, 1999, Driefontein Consolidated Limited acquired Original Gold Fields (which was subsequently renamed GFL Mining Services Limited) in a merger. For accounting purposes, Original Gold Fields was fully consolidated with effect from June 1, 1999. Although for legal purposes Driefontein Consolidated Limited acquired Original Gold Fields, for accounting purposes Original Gold Fields was considered the acquiror because Original Gold Fields' shareholders obtained the larger interest in the enlarged company. Driefontein Consolidated Limited was renamed Gold Fields Limited on May 10, 1999, following the merger. For accounting purposes, the merger was treated as if it occurred on June 1, 1999.

In order to achieve greater operational and administrative efficiency within the Gold Fields group following the merger, the Gold Fields group structure was reorganized with effect from July 1, 1999 as follows:

GFL Mining Services Limited transferred its interests in Beatrix, St. Helena, Oryx and Kloof to Gold Fields; and

Gold Fields transferred the Driefontein mine as a going concern to a shelf company named Driefontein Consolidated (Proprietary) Limited, a wholly-owned subsidiary of Gold Fields.

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With effect from July 1, 1999, Gold Fields also acquired the remaining 45.8% interest in St. Helena from St. Helena's minority shareholders. Subsequent to this acquisition, St. Helena acquired the Beatrix mine from BMC.

On November 30, 2001, Gold Fields acquired the St. Ives and Agnew gold mining operations from WMC Limited and WMC Resources Limited (collectively, WMC).

On January 23, 2002, Gold Fields acquired a 71.1% interest in Abosso Goldfields Limited, or Abosso.

On October 30, 2002, Gold Fields sold the St. Helena gold mining operation to Freegold for gross consideration of Rand 120.0 million and a monthly 1% royalty payment to Gold Fields on the net revenues from gold sales from the St. Helena mine for a period of four years after closing. Subsequent to the sale, St. Helena was renamed Beatrix Mining Ventures Limited and the Free State Operation was renamed the Beatrix Operation.

With effect from February 23, 2004, as part of an internal reorganization of the Gold Fields group in connection with the transaction with Mvelaphanda Resources Limited, or Mvela Resources, described below, Gold Fields transferred its South African gold mining assets, including the Beatrix operation, the Driefontein operation and the Kloof operation as going concerns to GFIMSA.

On March 8, 2004, the shareholders of Gold Fields approved a series of transactions, involving the acquisition by Mvela Resources, through a wholly-owned subsidiary, of a 15% beneficial interest in the South African gold mining assets of Gold Fields, for cash consideration of R4,139 million. See [Operating and Financial Review and Prospects Overview Mvelaphanda Transaction](#).

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 011-27-11-644-2400.

### **Organizational Structure**

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

**Group Structure(1)**



Notes:

- (1) Unless otherwise stated, all subsidiaries are, directly or indirectly, wholly owned by Gold Fields Limited.
- (2) Gold Fields is in the process of acquiring this interest.
- (3) In fiscal 2006, Gold Fields Guernsey Limited and Gold Fields Ghana Holdings Limited changed their incorporation to the British Virgin Islands and their names to Gold Fields Holding Company BVI Limited and Gold Fields Ghana BVI Limited, respectively.

**South Africa.** Gold Fields' interests in the Driefontein, Kloof and Beatrix operations are held through GFIMSA.

**Ghana.** Gold Fields' interests in the Tarkwa and Damang mines, which comprise the Ghana operation, are held through its 71.1% owned subsidiaries, Gold Fields Ghana Limited, or Gold Fields Ghana, and Abosso Goldfields Limited, or Abosso, respectively. The remaining interests in Gold Fields Ghana and Abosso are indirectly held by IAMGold Corporation, or IAMGold, which acquired an 18.9% beneficial interest previously held by Repadre Capital Corporation following a merger between the two companies on January 8, 2003, and the Government of Ghana, which holds a 10.0% interest, which the Government acquired as a free carried interest for no cost.

**Australia.** Gold Fields' interests in the St. Ives and Agnew mines are held through two wholly-owned Australian subsidiaries, St. Ives Gold Mining Company Pty Ltd. and Agnew Gold Mining Company Pty Ltd., which, in turn, are wholly owned through intermediaries by Orogen.

**Exploration Assets.** Gold Fields' exploration assets are generally held by project companies in the jurisdiction where the exploration assets are located, which are, in turn, held through either Orogen or Gold Fields Guernsey. Orogen holds APP through intermediaries.

## **Strategy**

### ***General***

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

### ***Global Context***

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

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

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



Growing Gold Fields by diversifying geographical, technical and product risk through acquiring and developing additional long-life assets. Starting in fiscal 2004, Gold Fields set a goal of achieving an additional 1.5 million ounces of annual gold production by the end of calendar 2009;

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 upholding strong principles of corporate governance. Gold Fields views its ability to conduct its operations as involving a reciprocal commitment from Gold Fields to the communities where it is located to deal with issues related to sustainable development.

### *Operational Excellence*

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

Increasing development rates at the South African operations to provide for ore reserve and mining flexibility

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

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

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

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

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

### *Acquisitions and Exploration*

Gold Fields is one of the largest producers of gold in the world based on annual gold production. Gold Fields corporate development mandate is to grow as a world leader in developing and operating low-cost, long life precious metal mines. Gold Fields is sensitive to the fact that increased competition for acquisitions and higher gold prices are pushing asset prices to levels that threaten returns. The impact on returns has

been exacerbated by higher input costs, particularly as significant increases in base metal prices has led to increased mining of base metals, which uses some of the same inputs as gold mining, and therefore increased overall demand for those products.

For acquisitions of gold assets or companies outside South Africa, Gold Fields is at somewhat of a disadvantage to certain of its competitors, but this also has offsetting strengths. First, South African exchange control regulations limit Gold Fields' ability to provide guarantees or borrow outside South Africa without express approval from the South African Reserve Bank, or the SARB. However, in his speech to Parliament towards the end of October 2004, the Minister of Finance outlined the South African Treasury's medium term budget policy statement and repeated that it was the government's eventual goal to replace all remaining exchange controls with prudential benchmarks. He also announced the abolition of exchange control limits on new outward foreign direct investments by South African corporations and the lifting of their obligation to repatriate foreign dividends. Second, shares of South African companies tend to be viewed as less attractive acquisition currency than shares of non-South African companies, despite the relaxation of exchange controls. On the other hand, Gold Fields has a strong balance sheet and low debt-to-equity ratio that diminishes the equity pricing disadvantage, and also has a skilled and effective corporate evaluation and acquisition team, and a sound track record in project development.

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

### ***Hedging***

Generally, Gold Fields does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for future gold production. Gold Fields believes that investors in Gold Fields' shares seek an unlimited exposure to movements in the U.S. dollar gold price and the resulting effect on Gold Fields' earnings.

However, commodity hedges are sometimes undertaken on a project specific basis as follows:

to protect cash flows at times of significant expenditure;

for specific debt servicing requirements; and

to safeguard the viability of higher cost operations.

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

### **Reserves of Gold Fields as of June 30, 2005**

*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 SEC's industry guide number 7, only reserves at each of Gold Fields' operations and exploration projects as of June 30, 2005 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 reserves, as defined under the SAMREC Code, are divided into categories of proved and probable reserves and are expressed in terms of tonnes to be processed at mill feed head grades, allowing for estimated mining dilution and mine 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 which 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 includes 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 approximate 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. 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 is generally around 50 meters, with some areas approximating a 25 meter grid.

### Reserve Statement

As of June 30, 2005, Gold Fields had aggregate attributable proven and probable gold reserves of approximately 60.4 million ounces as set forth in the following table. In addition, the table reflects 2.4 million ounces of proven and probable gold reserves representing that portion of the proven and probable gold reserves of the Cerro Corona Project as of June 30, 2005 that will be attributable to Gold Fields upon completion of Gold Fields' acquisition of the 80.7% economic interest in the Cerro Corona Project it is in the process of acquiring. See Exploration Gold Fields Exploration Projects Cerro Corona Project.

### Gold Ore Reserve statement as of June 30, 2005(1)

	Tonnes (million)	Proven reserves Head Grade (g/t)	Gold ( 000 oz)	Tonnes (million)	Probable reserves Head Grade (g/t)	Gold ( 000 oz)	Tonnes (million)	Total reserves Head Grade (g/t)	Gold ( 000 oz)	Attributable gold production in the year ended June 30, 2005(2) ( 000 oz)
<b>Underground</b>										
Driefontein (total)	30.1	7.9	7,615	59.3	8.1	15,359	89.4	8.0	22,973	1,018
Above infrastructure (3)	30.1	7.9	7,615	27.4	8.0	7,047	57.5	7.9	14,661	
Below infrastructure (3)				31.9	8.1	8,312	31.9	8.1	8,312	
Kloof (total)	13.6	10.2	4,460	34.0	9.4	10,309	47.6	9.7	14,769	1,012
Above infrastructure (3)	13.6	10.2	4,460	29.0	9.0	8,406	42.6	9.4	12,866	
Below infrastructure (3)				5.0	11.9	1,903	5.0	11.9	1,903	
Beatrix (total)	14.4	5.5	2,531	32.8	5.4	5,676	47.2	5.4	8,206	615
Above infrastructure (3)	14.4	5.5	2,531	32.8	5.4	5,676	47.2	5.4	8,206	
Below infrastructure (3)				0.0		0.0	0.0		0.0	
<b>Australia</b>										
St. Ives	0.2	6.5	42	7.6	5.0	1,213	7.8	5.0	1,255	351
Agnew	0.4	13.1	174	1.2	9.9	372	1.6	10.7	546	176
<b>Total</b>										
<b>Underground</b>	58.7	7.9	14,821	134.9	7.6	32,928	193.6	7.7	47,749	3,172
<b>Surface (Rock Dumps)</b>										
Driefontein				10.6	1.2	403	10.6	1.2	403	145
Kloof				8.7	0.7	185	8.7	0.7	185	25
Beatrix				0		0	0		0	9

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<b>Surface (Production Stockpile)</b>										
<b>Ghana</b>										
Tarkwa	3.7	0.8	95				3.7	0.8	95	
Damang	5.4	1.3	231				5.4	1.3	231	
<b>Australia</b>										
St. Ives	7.0	1.2	268				7.0	1.2	268	
Agnew	0.4	1.6	18				0.4	1.6	18	
<b>Surface (Open Pit)</b>										
<b>Ghana</b>										
Tarkwa	131.2	1.3	5,611	95.5	1.2	3,825	226.7	1.3	9,436	481(4)
Damang (5) (6)	3.2	2.4	246	8.1	1.8	478	11.3	2.0	724	176(4)
<b>Australia</b>										
St. Ives (5)	0.7	2.4	52	14.8	2.0	941	15.5	2.0	993	176(4)
Agnew (5)	0.1	2.4	9	2.8	3.2	289	2.9	3.2	297	36(4)
<b>Peru</b>										
Cerro Corona(7)	19.1	1.1	703	54.0	1.0	1,660	73.1	1.0	2,363	
<b>Total Surface</b>	<b>170.8</b>	<b>1.3</b>	<b>7,233</b>	<b>194.5</b>	<b>1.2</b>	<b>7,781</b>	<b>365.3</b>	<b>1.3</b>	<b>15,013</b>	<b>1,048</b>
<b>Total</b>	<b>229.5</b>	<b>3.0</b>	<b>22,054</b>	<b>329.4</b>	<b>3.8</b>	<b>40,709</b>	<b>558.9</b>	<b>3.5</b>	<b>62,762</b>	<b>4,221(8)</b>

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Notes:

- (1) Quoted as mill delivered tonnes and run of mine 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%; (2) Kloof 97%; (3) Beatrix 96%; (4) Tarkwa 95% for milling, 67% for heap leach; (5) Damang 89%-93%; (6) St. Ives 85%-95% for milling, 60% for heap leach and (7) Agnew 93%-95%. For Driefontein, Kloof and Beatrix, a gold price of Rand 92,000 per kilogram (\$375 per ounce at an exchange rate of Rand 7.63 per \$1.00) was applied in calculating ore reserve figures. For the Tarkwa and Damang operations and the Cerro Corona Project, ore reserve figures are based on an optimized pit at a gold price of \$375 per ounce. For the Australian operations ore reserve figures are based on a gold price of A\$560 per ounce (\$375 per ounce at an exchange rate of A\$1.49 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 three year average, calculated on a monthly basis, of the London afternoon fixing price of gold.
- (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) Includes 33,000 oz for Lima South, for which an application for conversion from a prospecting license to mining license has been lodged. The application for the conversion to a mining lease requires the grant of an environmental permit from the Ghanaian Environmental Protection Agency. Gold Fields is not aware of any significant impediment to the grant of that permit.
- (7) The Cerro Corona Project is an exploration project in Peru for which applications for environmental and mining permits have been lodged. Gold Fields is not aware of any significant impediment to the grant of the permits. Gold Fields has an agreement to acquire 80.7% of the economic interest in the Cerro Corona Project and thus the above chart reflects the 80.7% of the reserves that will be attributable to Gold Fields on completion of the acquisition of the interest. See Exploration Gold Fields Exploration Projects Cerro Corona Project.
- (8) The total does not reflect the sum of the line items due to rounding.

The following table sets forth the proven and probable copper reserves of the Cerro Corona Project as of June 30, 2005 that will be attributable to Gold Fields upon completion of Gold Fields acquisition of the 80.7% economic interest in the Cerro Corona Project it is in the process of acquiring. See Exploration Gold Fields Exploration Projects Cerro Corona Project.

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Copper Ore Reserve statement as of June 30, 2005

	Tonnes	Proved Reserves Cu	Cu (million lbs)	Tonnes	Probable Reserves Cu	Cu (million lbs)	Tonnes	Total Reserves Cu	Cu (million lbs)	Attributable Cu production in the year ended June 30, 2005 (million lbs)
	(million)	(%)		(million)	(%)		(million)	(%)		
<b>Surface (Open Pit)</b>										
Peru Cerro Corona(1)	19.1	0.6	268	54.0	0.5	595	73.1	0.5	862	

Note:

(1) The Cerro Corona Project is an exploration project in Peru for which applications for environmental and mining permits have been lodged. Gold Fields is not aware of any significant impediment to the grant of the permits. Gold Fields has an agreement to acquire 80.7% of the economic interest in the Cerro Corona Project and thus the above chart reflects the 80.7% of the reserves that will be attributable to Gold Fields on completion of the acquisition of the interest. See Exploration Gold Fields Exploration Projects Cerro Corona Project.

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The amount of gold mineralization which 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 from the gold price of \$375 per ounce used to estimate Gold Fields' attributable reserves of 62.8 million ounces of gold as of June 30, 2005 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, 2005 listed above, but applying different gold prices that are 10% above and below the \$375 per ounce gold price used to estimate Gold Fields' attributable reserves, the attributable gold reserves of Gold Fields' operations would have been as follows:

	\$ 338/oz ( 000 oz)	\$ 375/oz ( 000 oz)	\$ 413/oz ( 000 oz)
Driefontein(1)	14,316(2)	22,973	23,647
Kloof (1)	10,403	14,769	18,630
Beatrix(1)	5,786	8,206	10,197
Tarkwa	8,204	9,532	11,369
Damang	766	956	1,189
St. Ives	2,306	2,516	2,699
Agnew	840	861	890
Cerro Corona	2,081	2,363	2,363(3)
Total(1) (4)	44,702	62,176	70,984

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Notes:

- (1) South African operations' reserves exclude rock dumps.
- (2) Excludes Shaft No. 5 below infrastructure material which would not be economical to mine, and thus would not be a reserve, at this lower gold price.
- (3) Under the current tailings dam design at the Cerro Corona Project, reserves would not respond to an upward movement of the gold or copper prices because of current capacity constraints at the tailings storage facility for the Cerro Corona Project.
- (4) The sensitivity analyses are calculated as 10% above and below the base price in the local currency of the respective operation at an exchange rate of Rand 7.63 per \$1.00 for the South African operations and A\$1.49 per \$1.00 for the Australian operation.

The London afternoon fixing price for gold on November 30, 2005 was \$495.65 per ounce.

Gold Fields' attributable gold reserves decreased from 75.6 million ounces at June 30, 2004 to 62.8 million ounces at June 30, 2005 (including 2.4 million ounces of proven and probable gold reserves for the Cerro Corona Project that will be attributable to Gold Fields upon completion of its acquisition of an 80.7% economic interest in the Cerro Corona Project; see Exploration Gold Fields Exploration Projects Cerro Corona Project ). This decrease was primarily due to removal of the below infrastructure reserves at the Eastern Boundary Area for Kloof and removal of a portion of the Kloof Extension Area as a result of new geological and resource models based on new information as to the geological ore body at the site and, to a lesser extent, gold mining for fiscal 2005. The new models gave a more precise view of the ore bodies in these areas and indicated that the ore body is more challenging than originally anticipated and indicated. Accordingly, the Eastern Boundary Area and a portion of the Kloof Extension Area need to be re-engineered and costed before amounts for these areas can be included as reserves.



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The amount of copper mineralization which Gold Fields can economically extract, and therefore can classify as reserves, is sensitive to fluctuations in the price of copper. At copper prices different from the copper price of \$0.90 per pound used to estimate Gold Fields' attributable copper reserves of 862 million pounds as of June 30, 2005 listed above, Gold Fields' operations would have had significantly different copper reserves. Based on the same methodology and assumptions as were used to estimate Gold Fields' copper reserves as of June 30, 2005 listed above, but applying different copper prices that are 10% above and below the copper price of \$0.90 per pound used to estimate Gold Fields' attributable copper reserves, the attributable copper reserves of Gold Fields' operations would have been as follows:

	\$ 0.81/lb (million lbs)	\$ 0.90/lb (million lbs)	\$ 0.99/lb (million lbs)
Cerro Corona(1)	766	862	862

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Note:

(1) Under the current tailings dam design at the Cerro Corona Project, reserves would not respond to an upward movement of the gold or copper prices because of current capacity constraints at the tailings storage facility for the Cerro Corona Project.

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 Key Information Risk Factors Gold Fields' reserves are estimates based on a number of assumptions, any changes to which may require Gold Fields to lower its estimated reserves.

## ***Geology***

The majority of Gold Fields' gold production is derived from deep-level underground gold mines located along the northern and western margins of the Witwatersrand Basin in South Africa. These properties include the Beatrix operation, the Driefontein operation and the Kloof operation. These mines are typical of the many Witwatersrand Basin operations which together have produced over 1.3 billion ounces of gold over a period of more than 100 years.

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 towards the center of the basin. The basin outcrops at its northern extent near Johannesburg but to the west, south and east it is overlain 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 and Agnew mines, see the geology discussion contained in the description of each of those mines found below under Gold Fields Mining Operations Ghana Operation Tarkwa, Gold Fields Mining Operations Ghana Operation Damang, Gold Fields Mining Operations Australia Operation St. Ives, and Gold Fields Mining Operations Australia Operation Agnew.

## **Description of Mining Business**

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

## **Exploration**

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

## **Mining**

Gold Fields currently mines only gold, with silver as a by-product. 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 development at various intervals of a shaft, known as levels, extends access to the horizon of the reef to be mined. On-reef development then provides specific mining access. South African mine layouts generally follow a linear, crisscross pattern, while Australian mines have more varied layouts and typically use a spiral-shaped decline layout to descend alongside the orebody.

*Extracting the orebody*

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

**Open Pit Mining**

*Developing access to the orebody*

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

*Extracting the orebody*

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

**Rock Dump and Production Stockpile Mining**

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

**Mine Planning and Management**

Operational and planning management on the mines receives support from corporate management and centralized support functions. The current philosophy is one of 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 two-stage mine planning process. Each operation compiles a life of mine, or LoM, plan during the first half of each fiscal year and a detailed two year operational plan during the second half of each fiscal year, based on financial parameters issued to the operation by Gold Fields Operating Committee. See Directors, Senior Management and Employees Operating Committee. The operational plan is presented to Gold Fields Board before the commencement of each fiscal year. The planning process is sequential and is based upon geological models, evaluation models, 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 50.0 million (\$7.7 million) are submitted to the full Board for approval.

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

### **Processing**

Gold Fields currently has 14 gold plants (seven in South Africa, four in Ghana and three in Australia) which treat ore to extract gold. A typical gold processing plant circuit includes two phases: comminution and treatment.

### ***Comminution***

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

### ***Treatment***

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

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

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

### **Productivity Initiatives**

Gold Fields is currently undertaking a number of initiatives intended to increase efficiency and reduce production costs at its mines. These initiatives form part of the strategic objective of operational excellence and include:

**Project 500:** This initiative, which was introduced following a strategic decision to reposition the South African operations for a stronger for longer rand environment in September 2003, comprises two sub-projects, namely

**Project 400,** which was designed to add a further R400 million of revenue through improving the quality and quantity of Gold Fields' output, through increasing volumes mined above the paylimit, and ensuring that dilution is minimized. Dilution can be minimized through programs aimed at reducing the quantities of waste mined both underground and in the open pits. Quality can be improved through ongoing grade control and optimizing mine call factors

**Project 100,** which is a stores-based consumption project, focused on achieving R100 million in cost savings through improved standards and norms.

These strategies and associated projects are being successfully implemented, with benefits already being accrued.

**Project 100+:** This initiative is focused on adding ongoing sustainable savings at the South African operations. It involves reducing costs through improving controls over the consumption of materials used on the mines, and investing in cost reduction through replacement of older equipment with modern and more efficient alternatives. Other initiatives include improved efficiencies and controls in areas such as people management, planned maintenance, transport and medical facilities.

**Project Beyond:** This is a procurement initiative entailing improved supply chain management and was launched in May 2004. The Project has already delivered savings against historical contract prices, and further benefits are expected as it is rolled out to the International Operations.

**Mine Design and Optimization:** Improved mine design and configuration focuses on removing constraints, improving ventilation and lowering temperatures. Other areas of optimization include metallurgical plant modernizations, decreasing the frequency of lost blasts and obtaining further benefits from new information technology systems like SAP and IRRIS.

**Flexibility:** Together with suitable mine design and layouts, an initiative to increase development rates at the South African operations is aimed at providing the cornerstone of greater ore reserve and mining flexibility.

**Training:** Initiatives to improve the ability of employees to perform their work include both practicable and theoretical aspects:

**Practical:** Practical training initiatives include training programs that are focused on improving skills for mining supervisors and rock drill operators and improving night shift cleaning.

**Theoretical:** Theoretical training initiatives include implementation of e-learning to assist in the theoretical aspects of training.

Each operation has a program in place to motivate employees towards the goal of operational excellence and to create a sense of belonging, which is reinforced by a recognition and reward program, and the Proudly Gold Fields campaign, which encourages support for Gold Fields and its strategies. Leadership and capacity to change initiatives exist at all the operations. Gold Fields has a separate recognition and reward program for employees which aims at motivation and ability that forms an integral part of the retention process.





## Refining and Marketing

Gold Fields has appointed Rand Refinery Limited, or Rand Refinery, to refine all of Gold Fields' South African produced gold. Rand Refinery is a private company in which Gold Fields holds a 33.1% interest, with the remaining interests held by other South African gold producers.

On June 1, 2004 Gold Fields exercised its right under its agreement with Rand Refinery to sell all of Gold Fields' gold production from its South African operations, with effect from October 1, 2004. Prior to that time, Rand Refinery was the exclusive agent to sell Gold Fields' South African produced gold, and Gold Fields' treasury was appointed by Rand Refinery to act as its agent with respect to the sale of 50% of such gold to international customers. Under the new arrangement, Rand Refinery advises Gold Fields from time to time on the amount of gold available for sale. Gold Fields sells the gold at the London afternoon fixing price for the day if it is so advised. Within two business days after receipt of this advice Gold Fields deposits an amount in U.S. dollars equal to the value of the gold sold into Rand Refinery's nominated U.S. dollar account. On the date of the deposit, Rand Refinery, in turn, deducts any refining and administrative charges payable by Gold Fields relating to such amount of gold, and deposits the balance of the money into the nominated U.S. dollar account of Gold Fields. Gold Fields pays Rand Refinery an amount for administrative services associated with delivery of the refined gold of \$0.05 per troy ounce of gold and a refining fee of \$32 per troy ounce of gold received by Rand Refinery.

All gold produced by Gold Fields at the Tarkwa and Damang mines is refined by Rand Refinery pursuant to two non-exclusive agreements entered into in October 2004 between Rand Refinery and Gold Fields Ghana, and between Rand Refinery and Abosso. Under these agreements, Rand Refinery collects, refines and sells gold as instructed by Gold Fields Ghana and Abosso. Rand Refinery assumes responsibility for the gold upon collection at either the Tarkwa or Damang mine. The gold is then transported to the Rand Refinery premises in Johannesburg, South Africa, where it is refined. Gold Fields Ghana and Abosso reimburse Rand Refinery for transportation costs. Under these agreements, Rand Refinery sells the refined gold on behalf of Gold Fields Ghana and Abosso at the London afternoon fixing price for gold on the date of delivery. Rand Refinery receives refining fees of \$0.33 per ounce of gold received, and a realization fee equal to \$0.16 per ounce of gold refined. These agreements continue until either party terminates it upon 90 days' written notice.

In Australia, all gold produced by St. Ives and Agnew is refined by AGR Joint Venture, which is trade named Australian Gold Refineries, or AGR Matthey. The AGR Joint Venture is a partnership between Australian Gold Pty Ltd and WA Mint, which is trade named Perth Mint. Under an agreement which became effective on September 1, 2002 and was amended on September 1, 2005 among St. Ives Gold Mining Company Pty Ltd, Agnew Gold Mining Company Pty Ltd and AGR Matthey, AGR Matthey refines the gold produced by St. Ives and Agnew for a refining fee of A\$0.36 per ounce of gold plus a transportation fee. The transportation fee is calculated as A\$0.096 per ounce plus fixed

fees per shipment. The refining fee is scheduled to increase by two cents per ounce in January 2006. AGR Matthey retains 0.1% of the gold and 1.0% of any silver it refines to cover losses in the refining process. AGR Matthey collects the gold from St. Ives and Agnew, refines it and credits the gold to the relevant metals account held by St. Ives and Agnew with AGR Matthey. St. Ives and Agnew then inform the Gold Fields corporate office in Johannesburg of the amount available for sale in Perth, Australia. After confirming the relevant amount with AGR Matthey, Gold Fields either sells the gold directly to AGR Matthey at the London afternoon fixing price less \$0.10 per ounce or it swaps the gold into London at a fee of \$0.27 per ounce, which means that AGR Matthey provides gold in London for sale by Gold Fields in an amount equal to the gold from St. Ives and Agnew located in Perth. In the case of a location swap, AGR Matthey is instructed to credit St. Ives' or Agnew's metal account held with Deutsche Bank, London. Once the gold is sold to a third party, Deutsche Bank, London is instructed by Gold Fields to deliver the gold to the relevant counterparty bank. This agreement continues indefinitely until terminated by either party upon 90 days' written notice.

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

**Services**

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

mining-related services such as engineering, rock mechanics, ventilation and refrigeration, materials handling, operational performance evaluation and capital planning;

safety and training;

housing and health-related services, including hostel and hospital operations;

geological services, including mine planning and design;

reserves management including sampling and estimation;

metallurgy;

equipment maintenance; and

assay services.

Most of these services are provided directly by Gold Fields, either at the operation 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 and Damang and conducts some processing of surface rock dump material at Driefontein, Kloof and Beatrix. Tarkwa and Damang are open pit mines and also process material from production stockpiles. St. Ives and Agnew together include underground and open pit operations and also process material from production stockpiles.

**Total Operations**

The following chart details the operating and production results for fiscal 2003, 2004 and 2005 for all operations owned by Gold Fields as of June 30, 2005, plus the operating and production results of the St. Helena mine through the first four months of fiscal 2003 prior to the sale of the mine to Freegold.

<b>Production</b>	<b>Year ended June 30,</b>		
	<b>2003</b>	<b>2004</b>	<b>2005</b>
Tonnes ( 000)	42,988	46,028	47,880
Recovered grade (g/t)	3.3	3.0	2.9
Gold produced ( 000 oz)(1)	4,577	4,406	4,488
<b>Results of operations (\$million)</b>			
Revenues	1,538.2	1,706.2	1,893.1
Total production costs(2)	1,168.3	1,538.3	1,764.0
Total cash costs(3)	974.9	1,332.5	1,483.3
Cash profit(4)	563.3	373.7	409.8
<b>Cost per ounce of gold (\$)</b>			
Total production costs	254	349	393
Total cash costs	212	302	331

**Notes:**

- (1) In fiscal 2003, 4.334 million ounces were attributable to Gold Fields, in fiscal 2004, 4.158 million ounces were attributable to Gold Fields and in fiscal 2005, 4.221 million ounces were attributable to Gold Fields with the remainder attributable to minority shareholders in the Ghana operation.
- (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.

**Underground Operations**

The following chart details the operating and production results for fiscal 2003, 2004 and 2005 for all operations owned by Gold Fields as of June 30, 2005, plus the operating and production results of the St. Helena mine through the first four months of fiscal 2003 prior to the sale of the mine to Freegold. The underground operations include all of the mines in the South African operations and the underground portions of the mines in the Australian operation.

Production	Year ended June 30,		
	2003	2004	2005
Tonnes ( 000)	11,895	13,231	13,807
Recovered grade (g/t)	7.5	7.0	7.1
Gold produced ( 000 oz)	2,855	2,982	3,172
<b>Results of operations (\$million)</b>			
Revenues	958.5	1,153.4	1,336.4
Total production costs(1)	729.9	1,139.6	1,340.3
Total cash costs(2)	636.8	996.6	1,133.8
Cash profit(3)	321.7	156.8	202.6
<b>Cost per ounce of gold (\$)</b>			
Total production costs	252	382	423
Total cash costs	221	334	357

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Notes:

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

- (3) Cash profit represents revenues less total cash costs.

Tonnes milled from the underground operations increased from 13.2 million tonnes in fiscal 2004 to 13.8 million tonnes in fiscal 2005. At the South African operations the decrease at Beatrix, due to the planned reduction of lower grade mining, was almost offset by marginal increases at both Driefontein and Kloof. However, the majority of the increase came from St. Ives due to the commissioning of the new mill in December 2004 and running the new and old mills in parallel until the end of March 2005. The amount of gold produced from underground operations increased from 2.982 million ounces in fiscal 2004 to 3.172 million ounces in fiscal 2005. The primary reason for this increase was the higher underground grades achieved at the South African operations in line with the strategy to reduce lower grade mining, together with increased production at St. Ives due to the commissioning of the new mill.

### Surface Operations

The following chart details the operating and production results for the fiscal year for all surface operations owned by Gold Fields as of June 30, 2005. All operations at St. Ives and Agnew were considered surface operations prior to June 30, 2003 for purposes of reporting production data. Starting in fiscal 2004, production data for the Australian operations has been split between underground and surface operations. Surface operations include all of the mines in the Ghana operation, the open pit portions of the mines in the Australian operation and the surface rock dump material at the mines in the South African operation.

Production	Year ended June 30,		
	2003	2004	2005
Tonnes ( '000)	31,093	32,797	34,073
Recovered grade (g/t)	1.7	1.4	1.2
Gold produced ( '000 oz) (1)	1,722	1,424	1,316
<b>Results of operations (\$million)</b>			
Revenues	579.7	552.8	556.7
Total production costs (2)	438.4	398.7	424.7
Total cash costs (3)	338.1	335.9	349.5
Cash profit (4)	241.6	216.9	207.2
<b>Cost per ounce of gold (\$)</b>			
Total production costs	255	280	323
Total cash costs	196	236	256

Notes:

(1) In fiscal 2003, 1.480 million ounces of production were attributable to Gold Fields, in fiscal 2004, 1.176 million ounces of production were attributable to Gold Fields and in fiscal 2005, 1.049 million ounces of production 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 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.

Tonnes milled from the surface operations increased from 32.8 million tonnes in fiscal 2004 to 34.1 million tonnes in fiscal 2005 primarily because of increased production from the Ghana operations and Agnew.

## **Driefontein Operation**

### *Introduction*

The Driefontein gold mine is located in the Gauteng 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 8,561 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 seven operating shaft systems and three metallurgical plants and operates at depths between 800 meters and 3,400 meters. In the year ended June 30, 2005, it produced 1.2 million ounces of gold. Driefontein had approximately 17,200 employees, including a limited number employed by outside contractors as of June 30, 2005.

### *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*

Gold mineralization at Driefontein is contained within three reef horizons. The Carbon Leader Reef, or Carbon Leader, and the Ventersdorp Contact Reef, or VCR, occur at depths between 500 meters and 3,400 meters. The Middelvlei Reef is the third reef and is a minor contributor to reserves and production.

The stratigraphically lower Carbon Leader is a generally high-grade reef comprising different facies types 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 average gold grades vary with lithofacies changes in the reef, with sub-economic grades developed on the eastern boundary and a higher grade north-trending zone developed to the west.

### *Mining*

The Driefontein operation is engaged in both underground and surface mining, and is thus subject to all of the underground and surface mining risks discussed in the Risk Factors section. Due to the operating depths and extensive mined out areas, seismicity and the damage caused by seismicity are serious safety and productivity issues at Driefontein. To address this, among other things, Gold Fields seeks to use closely spaced dip pillar mining techniques in its deep level operations, as well as using plant tailings as backfill support to stabilize the working areas. Regarding the safety record at the Driefontein operation during fiscal 2005, the serious injury frequency rate was in line with the South African industry average for the same period, while the fatal injury frequency rate was better for the same period.

The primary challenges facing the Driefontein underground operation include seismicity, flammable gas, water intrusion and rock temperatures. As noted above, Gold Fields is seeking to reduce seismicity problems at Driefontein through using a combination of closely spaced dip pillar mining techniques and backfill methods. Water intrusion is dealt with through drilling and cementation sealing techniques and an extensive water pumping network. Also, because rock temperatures tend to increase with depth, Driefontein requires extensive cooling infrastructure to maintain comfortable conditions for workers. Driefontein experienced underground fires in fiscal 2003, 2004 and 2005. Although the fires were disruptive because areas affected had to be closed while damage was assessed and remedied, they did not have a significant effect on production levels at Driefontein.

During the 2005 fiscal year, Driefontein suffered several seismic events, one of which resulted in 5 workers losing their lives and infrastructure damage at Shaft No. 2. A large seismic event in May 2005 at Shaft No. 4 delayed production for six weeks while infrastructure damage in the affected work areas was assessed and repaired. Although work at one pillar in the shaft ceased as a result of the event, the majority of the shaft remained open without disruption. Additional seismic events during the year caused minor infrastructure damage at Shaft Nos. 1, 4 and 5 which required remedial work in and around the areas affected. There was no damage at Shaft Nos. 1, 4 and 5 to the hoisting infrastructure. Driefontein also experienced several seismic events in fiscal 2004 which resulted in a total of 5 workers losing their lives. To date in fiscal 2006, there have been 8 fatalities at Driefontein due to seismicity, falls of ground and two hauling accidents. Although the areas affected by the seismicity in fiscal 2005 and 2004 and to date in fiscal 2006 were temporarily closed, Driefontein did not experience material work stoppages in connection with the events.

With respect to underground operations, in the western, older portions of Driefontein the focus is on remnant pillar mining. In the eastern, newer portions of the mine the focus is also on mining through scattered mining or longwall methods. Newer shafts in the eastern portion, particularly those at the deepest levels of the mine, employ the closely spaced dip pillar mining method. This method provides additional mining flexibility. The scattered mining method is not practiced at depth.

Gold Fields has accelerated development at Shaft Nos. 1 and 5 to increase mineable ore reserves and associated production build up. In addition to these shafts, Shaft No. 4 continues to be a primary center of production and new development to open up reserves in the shaft pillar area. Gold Fields has a depth expansion project at Shaft No. 5 to access the Carbon Leader at lower depths and has initiated an underground drilling

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program to confirm grades and ore body structure. The other shafts at the operation are mature, with production focused on remnant pillar extraction and accessing and mining the secondary reef horizons. Shaft Nos. 2 and 8 are being used to provide hoisting and services support to the active shafts. Although mining at Shaft No. 10 ceased in fiscal 2004, the shaft is still used as a pumping shaft and Gold Fields continues to monitor market conditions to assess the economic viability of recommencing mining at this shaft. Gold Fields has completed a feasibility study for the drop down project at Driefontein to access below infrastructure reserves at that mine. A further underground drilling program has been initiated to confirm localized gold grades and structure and is scheduled for completion during fiscal 2006.

The Driefontein operation continues to focus on identifying previously worked areas which can offer opportunities for further production under current economic conditions.

Driefontein's surface operations are confined exclusively to the processing of rock dump material.

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. Driefontein also has a water treatment plant to supply water to the Driefontein operation.

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



Production	Year ended June 30,		
	2003	2004	2005
Tonnes ( 000)	6,370	6,438	6,694
Recovered grade (g/t)	6.0	5.5	5.4
Gold produced ( 000 oz)	1,238	1,141	1,163
<b>Results of operations (\$million)</b>			
Revenues	420.2	440.4	489.7
Total production costs(1)	293.7	405.6	442.3
Total cash costs(2)	254.7	354.5	383.6
Cash profit(3)	165.5	85.9	106.1
<b>Cost per ounce of gold (\$)</b>			
Total production costs	233	355	380
Total cash costs	202	311	330

Notes:

- (1) For a reconciliation of Gold Fields' total production costs to production costs, see Operating and Financial Review and Prospects' Results of Operations.
- (2) For a reconciliation of Gold Fields' total cash costs to production costs, see Operating and Financial Review and Prospects' Results of Operations.
- (3) Cash profit represents revenues less total cash costs.

The increase in tonnage from fiscal 2004 to fiscal 2005 was primarily due to higher surface waste dump rock processing, albeit at a slightly lower grade, together with a marginal increase in underground tonnage. The increase in ounces of gold produced occurred principally as a result of the increase in underground yields in line with the strategy to reduce lower grade mining. Gold Fields experienced an increase in total cash costs per ounce of gold from fiscal 2004 to fiscal 2005 at Driefontein as a result of the average appreciation of the Rand against the U.S. dollar which more than offset a decrease in total cash costs in Rand terms.

The increase in tonnage from fiscal 2003 to fiscal 2004 was primarily due to higher surface waste dump rock and plant clean up processing, offset partially by a decrease in underground tonnage as a result of reduced mining in lower grade areas. The strength of the Rand resulted in a deliberate move to mining higher grade areas and the curtailment of mining in areas deemed not to be economically viable. In addition, Shaft Nos. 4 and 5 did not deliver in line with plan, primarily because of increased geological faulting and production bottlenecks. The fall in ounces of gold produced occurred principally as a result of the lower tonnage processed and a reduction in underground yields. Driefontein experienced an increase in total cash costs per ounce of gold from fiscal 2003 to fiscal 2004, principally as a result of the appreciation of the Rand against the U.S. dollar as well as higher Rand cash costs. Total cash costs in Rand terms increased due primarily to a decrease in gold production from output in Shaft Nos. 4 and 5, above inflation wage increases and increases in other costs generally in line with inflation.

Output quality of the Driefontein orebody improved over the course of fiscal 2005 as a result of the ongoing strategy to switch to mining higher grades. Shaft No. 6 had less than planned output due to the closure of marginal grade areas. Mining at Shaft No. 10 was halted during fiscal 2004 and less than planned output was achieved at Shaft No. 5 due to seismic activity and ventilation constraints. A new refrigeration plant and cooling infrastructure was commissioned at Shaft No. 5 in fiscal 2005 to improve underground temperatures.

The total shaft hoisting capacity of Driefontein is detailed below.

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

Assuming that Gold Fields does not increase or decrease reserve estimates at Driefontein and that there are no changes to the current mine plan at Driefontein, Driefontein's June 30, 2005 proven and probable reserves of 23.4 million ounces of gold will be sufficient to maintain production through approximately fiscal 2033. However, as discussed earlier in the Risk Factors and the Description of Mining Business - Mine Planning and Management sections, there are a numerous factors which can affect reserve estimates and the mine plan which thus could 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 tonnes milled per month and metallurgical recovery factor during the fiscal year ended June 30, 2005, for each of the plants at Driefontein:

Plant	Year Commissioned(1)	Comminution Phase	Processing Techniques		Average milled for the year ended June 30, 2005 (tonnes/month)	Approximate recovery factor for the year ended June 30, 2005(3)
			Treatment phase	Capacity(2) (tonnes/month)		
No. 1 Plant	1972	SAG milling	CIP treatment and electrowinning	240,000	220,191	97%
No. 2 Plant	1964	SAG/ball milling	CIP treatment (4)	240,000 (5)	218,711	95%
No. 3 Plant	1998	SAG milling	CIP treatment (4)	115,000	119,574	91%

## Notes:

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

Therefore, No. 3 Plant lists the year commissioned as a gold plant.

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

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

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

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

Plant No. 1 was upgraded in fiscal 2004 with the installation of a new comminution circuit and the installation of a CIP treatment facility. Gold Fields is currently working on an optimization program at this plant to improve throughput. Plant No. 2 was converted to a SAG/ball milling circuit in fiscal 2003.

In fiscal 2005, the Driefontein plants collectively extracted approximately 96.5% of the gold contained in ore delivered for processing.

### *Capital Expenditure*

Gold Fields spent approximately Rand 184 million on capital expenditure at the Driefontein operation in fiscal 2005, primarily on commissioning the shaft bottom pump station at Shaft No. 1 tertiary level and the underground cooling plant at Shaft No. 5. Gold Fields has budgeted approximately Rand 280 million of capital expenditure at Driefontein for fiscal 2006, principally for the completion of Shaft No. 1 tertiary level pumping infrastructure, the completion of the refrigeration remote cooling units at the boundary of Shaft No. 5 and the shaft pillar extraction at Shaft No. 4.

### **Kloof Operation**

#### *Introduction*

The Kloof operation is located in the Gauteng Province of South Africa, near Westonaria, and comprises the former Kloof, Libanon and Leeudoorn mines. Kloof operates under a mining authorization with a total area of 20,086 hectares. It is principally an underground operation, with a limited amount of processing of surface rock dump material. Kloof has five operating shaft systems currently serviced by two metallurgical plants. A third metallurgical plant at Kloof, No. 3 Plant, was closed in March 2005. Like Driefontein, Kloof is a deep-level mine, with operating depths between 1,000 meters and 3,500 meters. In the fiscal year ended June 30, 2005, it produced 1.0 million ounces of gold. As of June 30, 2005, Kloof had approximately 15,400 employees, including a limited number employed by outside contractors.

#### *History*

Kloof's present scope of operations is the result of the consolidation in fiscal 2000 of three adjacent mines: Kloof, Libanon and Leeudoorn. 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 approximately 1,000 meters and 3,500 meters. The VCR has a general northeast strike and dips to the southeast at between 20 degrees and 45 degrees. The Middelvlei Reef contributes to production, while minor production volumes are planned from the Kloof and Libanon Reefs.

Kloof lies between the Bank Fault to the west, and the north trending West Rand Fault to the east, the latter truncating the VCR along the eastern boundary of the mine. 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. Structures that offset the VCR increase in frequency towards the southern portion of the mine as the Bank Fault is approached.

### *Mining*

The Kloof operation is engaged in underground mining, and is thus subject to all of the underground risks discussed in the Risk Factors section. Like Driefontein, Kloof experiences seismicity due to the extreme depth of operations and also experiences flammable gas. Newer development is based on the closely spaced dip pillar mining method to reduce the impact of seismicity at Kloof. Early detection and increased ventilation of the shafts are being used to minimize the risk of incidents caused by flammable gas. In fiscal 2005, the serious injury frequency rate and the fatal injury frequency rate at Kloof were better than the South African industry average for the same period.

The primary challenges facing the Kloof operation are seismicity and flammable gas. As noted above, Gold Fields seeks to reduce the impact of seismicity at Kloof by using the closely spaced dip pillar mining method. As noted above, 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. Fifteen workers lost their lives at Kloof in fiscal 2005 due to a variety of causes such as falls of ground and equipment caused by seismicity, mudfalls and a flammable gas explosion. There have been 6 fatalities to date in fiscal 2006, due to falls of ground, one underground fire and one mud rush.

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. Mining activity at Shaft No. 4, which began production in early 2000, is still in the build up phase and is expected to reach planned sustainable production levels during fiscal 2007. Production at Shaft No. 4 was below expectations in fiscal 2005 due to haulage and ventilation constraints, although production levels did increase slightly at this shaft by fiscal year end. A development program with an associated exploration program to drill and to endeavor to establish additional proven reserves and improved grades in the Shaft No. 3D area was implemented in fiscal 2002 and development has commenced into certain areas of the VCR. Treatment of surface stockpile material was halted at No. 3 Plant at the end of March 2005 and the plant was closed. Development of marginal areas of Shaft Nos. 1 and 8 was reduced in fiscal 2005 as these areas were not economical to continue development. In addition to its own production, Shaft No. 1 provides additional hoisting capacity for Shaft Nos. 3 and 4. As a response to the strength of the Rand against the U.S. dollar, Gold Fields decided to shift its focus at its South African operations to mining in higher grade areas. As a result, Kloof reduced its production from the Middelvlei Reef and stopped production at Shaft No. 9 in the second quarter of fiscal 2004. Gold Fields expects Shaft Nos. 3, 4 and 7 to be the primary sources of future production at Kloof.

Surface and underground bulk air cooling facilities at Shaft No. 4 were commissioned during the second half of fiscal 2005. The Kloof Extension Area, or the KEA, drilling program was completed in fiscal 2005 and resulted in revised geological and evaluation models which have been used to create a new mine design and schedule, bringing the project to a pre-feasibility level. The feasibility study on this project is planned

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to be completed in the third quarter of fiscal 2006. Revisions were made in fiscal 2005 to the Eastern Boundary Area, or EBA, geological and evaluation models after completion of the surface drilling program, surveys and analysis. The shaft access and mine plans will need to be revised and potential costs reassessed to determine the economic feasibility of the EBA and a portion of the KEA. Ounces from the EBA and KEA were removed from the reserve statement for fiscal 2005 pending the outcome of a re-planning and re-engineering exercise.

In line with the 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.

Shaft No. 3 has to be selectively mined due to the higher proportion of low-grade VCR slope facies, compared to higher-grade terrace areas. As a result, the overall mining extraction of this area will be more constrained, with geological investigations ongoing.

The Kloof operation has access to the national electricity grid and water, road and rail infrastructure and is located near regional urban centers where it can routinely obtain needed supplies.

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

<b>Production</b>	<b>Year ended June 30,</b>		
	<b>2003</b>	<b>2004</b>	<b>2005</b>
Tonnes ( 000)	4,838	4,983	4,655
Recovered grade (g/t)	7.3	6.5	6.9
Gold produced ( 000 oz)	1,140	1,038	1,037
<b>Results of operations (\$million)</b>			
Revenues	380.1	400.9	436.4
Total production costs(1)	281.4	403.0	464.6
Total cash costs(2)	245.9	353.8	393.2
Cash profit(3)	134.2	47.2	43.2
<b>Cost per ounce of gold (\$)</b>			
Total production costs	246	388	448
Total cash costs	215	341	379

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Notes:

- (1) For a reconciliation of Gold Fields' total production costs to production costs, see "Operating and Financial Review and Prospects - Results of Operations."
- (2) For a reconciliation of Gold Fields' total cash costs to production costs, see "Operating and Financial Review and Prospects - Results of Operations."
- (3) Cash profit represents revenues less total cash costs.

In line with its continuing strategy to reduce lower grade mining in light of the strength of the Rand against the U.S. dollar, Kloof processed 23% less surface rock dump material in fiscal 2005 than in fiscal 2004 but processed a similar amount of additional underground tonnage. Recovered grade improved by 6% as the mine switched to mining higher grades. Gold produced was unchanged between the two fiscal years as the lower production from the surface operation was replaced with an equivalent increase from the underground operations due to an increase in yields. Kloof experienced an increase in cash costs per ounce from fiscal 2004 to fiscal 2005, principally as a result of the appreciation of the Rand against the U.S. dollar. The Rand cash costs increased marginally in fiscal 2005 compared to fiscal 2004 but this increase was below inflation levels.

From fiscal 2003 to fiscal 2004, there was a significant increase in processing of surface rock dump material and a decrease in processing of underground tonnage. The decrease in gold produced was principally a result of the decrease in underground tonnage. Gold Fields experienced an increase in total cash costs per ounce of gold from fiscal 2003 to fiscal 2004 at Kloof, principally as a result of the appreciation of the Rand against the U.S. dollar as well as higher Rand cash costs. Gold production in fiscal 2004 was below that achieved in fiscal 2003, largely because of the closure of the low grade areas at Shaft No. 9 and less than planned output at Shaft No. 4, where areas below the paylimit and mining constraints affected production in the first half of fiscal 2004.

The total shaft hoisting capacity of Kloof is detailed below.

Shaft System	Hoisting capacity (tonnes/month)
No. 1	300,000
No. 3 (1)	150,000
No. 4 (2)	110,000
No. 7	205,000
No. 8	75,000

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Notes:

- (1) This shaft does not hoist material to the surface. It has a capacity of 150,000 tonnes per month for sub-surface hoisting.
- (2) This shaft hoists only waste rock to the surface. It has a capacity of 110,000 tonnes per month for sub-surface hoisting.

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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, 2005 proven and probable reserves of 15.0 million ounces of gold will be sufficient to maintain production through approximately fiscal 2020. However, as discussed earlier in the Risk Factors and the Description of Mining Business - Mine Planning and Management sections, there are a 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 tonnes milled per month and metallurgical recovery factor during the fiscal year ended June 30, 2005, for each of the plants at Kloof:



Plant	Year commissioned	Processing Techniques		Capacity (tonnes/month)	Average milled for the year ended June 30, 2005 (tonnes/month)	Approximate recovery factor for the year ended June 30, 2005(2)
		Comminution Phase	Treatment phase			
No. 1 Plant	1968	Traditional crushing and milling	CIP treatment(3)	180,000	177,725	97.6%
No. 2 Plant	1990	SAG milling	CIP treatment and electrowinning	140,000	125,533	97.1%
No. 3 Plant(4)	1948(5)	Traditional crushing and milling	CIP treatment(3)	120,000	84,650	91.3%

## 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.
- (4) No. 3 Plant was closed in March 2005.
- (5) No. 3 Plant was substantially upgraded in 1990.

In fiscal 2005, the Kloof plants collectively extracted approximately 97.3% of gold contained in ore delivered for processing. No. 3 Plant, which only processed surface material, was closed in March 2005 as costs of processing waste rock surface material exceeded the revenue brought in from that material. The plant is being cleaned and Gold Fields has contracted with a contractor, Jet Demolition, to demolish the plant, recover any gold remaining in the plant and rehabilitate the area around the plant by the end of fiscal 2006.

**Capital Expenditure**

Gold Fields spent approximately Rand 230 million on capital expenditures at the Kloof operation in fiscal 2005, primarily on ventilation, refrigeration and general infrastructure at Shaft No. 4. Gold Fields has budgeted approximately Rand 230 million of capital expenditure at Kloof for fiscal 2006, principally for pillar development and shaft infrastructure projects at Shaft No. 1, dropdown development at Shaft No. 3, pumping infrastructure at Shaft No. 10, a pumping shaft which is not used to mine or haul, and a general infrastructure upgrade at the subvertical shaft project at Shaft No. 4. Total capital expenditure for fiscal 2006 may be reduced should Rand gold prices fall.

## **Beatrix Operation**

### ***Introduction***

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

The Beatrix mine is located in the southern Free State of South Africa some 240 kilometers southwest of Johannesburg. Beatrix operates under a mining license with a total area of 16,821 hectares. It is only an underground operation, with the exception of a nominal amount of surface production from processing rock dump material. Beatrix has four shaft systems serviced by two metallurgical plants. It has shallow to intermediate depth operations, at depths between 700 meters and 2,200 meters. In the fiscal year ended June 30, 2005, Beatrix produced 0.6 million ounces of gold. As of June 30, 2005, Beatrix had approximately 12,300 employees, including a limited number 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 dip to the north and northeast at between 4 degrees and 9 degrees and are developed on the Aandenk erosional surface.

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 bands with sharp erosive basal contacts. A general east-west paytrend some 800 to 1,000 meters wide has been identified east of Shaft No. 4 and is known as Zone 5. In addition, surface exploratory drilling and underground development has exposed additional reserves to the south of the main channel of Zone 5 which now represent the majority of the reserves at the operation.

## *Mining*

The Beatrix mine is engaged in underground mining, and thus is subject to all of the underground mining risks discussed in the Risk Factors section. The primary safety risks at Beatrix are falls of ground and flammable gas explosions. Beatrix uses a telemetric monitoring system coupled with an extensive ventilation system to help monitor flammable gas. The safety record at the Beatrix operation during fiscal 2005, in terms of serious injury frequency rate and fatal injury frequency rate, was better than the South African industry average for the same period. Although Beatrix achieved three million fatality free shifts in fiscal 2005, there were 4 fatalities at Beatrix during the fiscal year due to accidents during mining. No shaft closures for any length of time occurred in fiscal 2005 or to date in fiscal 2006. In fiscal 2006 to date, there have been 3 fatalities due to falls of ground and an accident during the hauling of ore from the shafts. In fiscal 2004, there were five fatalities at Beatrix due to falls of ground (including rock bursts) and a tramping accident.

Beatrix requires cooling infrastructure to maintain comfortable conditions for workers at depth, although not to the degree necessary at Driefontein and Kloof. A refrigeration project at Shaft No. 3 to provide additional cooling capacity, which was originally scheduled to be completed in fiscal 2004, was postponed until fiscal 2006.

In fiscal 2005, Gold Fields implemented a restructuring project at Beatrix to improve operational efficiencies and reduce costs. As a result, Beatrix is now managed as three operational sections: the North section (comprising Shaft No. 3 and the lower levels of Shaft No. 1), the South section (comprising Shaft No. 2 and the upper levels of Shaft No. 1) and the West section (comprising Shaft No. 4). At the North section in fiscal 2005, production buildup of Shaft No. 3 continued and development and stoping volumes were in line with expectations. Stopping volumes in the South section were below expectations, and there has been a resulting focus on the elimination of lower grade areas at this section to reposition the shafts and increase production. In the West section, stoping and development, coupled with underground exploration drilling programs, continued to define and support the higher grade Zone 5 area. Between August 2004 and June 2005, a detailed logistical upgrade program was completed at the West section to improve logistical structures for future mining in Zone 5, including improvements to haulage track and ventilation conditions. Lower grade and marginal mining activities were curtailed at Beatrix and crews redeployed to higher grade areas as they became available for mining in fiscal 2005.

Mining at Beatrix is based upon the scattered mining method. Activity at Shaft No. 3 is focused upon haulage development and initial stoping in order to build up production at the shaft. 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 power wastage. The introduction during the year of new schedules of routine activities for mining employees and methodologies that reduce the amount of water needed to cool the area and minimize dust have led to improved mine call factors and increased gold recovery at Shaft Nos. 1, 2, and 3.

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. Gold Fields experienced improved performance at Shaft No. 4 in fiscal 2005 due to improved ventilation and logistics, higher grade areas being mined in the Zone 5 area and fewer grade swings at the KKR. The KKR, which was historically characterized as being a highly erratic reef structure, is tending to exhibit greater reef consistency in Zone 5. In fiscal 2005, Gold Fields completed a number of internal projects to improve ventilation and rock removal systems at Shaft No. 4. These projects have reduced underground temperatures and have contributed to improved rock transport and removal. This has also positively contributed to an improved mine call factor at Shaft No. 4. Some delays due to tunnel instability problems due to swelling clays were experienced at Shaft No. 4 during the 2005 fiscal year but significant progress towards redesign of access ways, alternative routes and rehabilitation of these tunnels has been made. Ongoing development and underground drilling and stoping operations are continuing to expose and confirm the opportunities of the Zone 5 area as a reserve base. Work is also being done on the Vlakpan project area which involves an extension of Beatrix on lower levels with access via the infrastructure of Shaft No. 1. Under current plans, mining of this area would commence in fiscal 2009.

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A new ventilation shaft at Shaft No. 2 was completed in fiscal 2004 which has improved underground environmental conditions at Shaft No. 2.

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.

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

<b>Production</b>	<b>Year ended June 30,</b>		
	<b>2003</b>	<b>2004</b>	<b>2005</b>
Tonnes ( 000)	4,722	5,448	4,181
Recovered grade (g/t)	4.3	3.6	4.6
Gold produced ( 000 oz)	659	625	624
<b>Results of operations (\$million)</b>			
Revenues	217.6	241.4	264.5
Total production costs(1)	171.5	245.5	282.4
Total cash costs(2)	151.1	222.2	253.4
Cash profit(3)	66.5	19.2	11.1
<b>Cost per ounce of gold (\$)</b>			
Total production costs	260	393	452
Total cash costs	229	356	406

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Notes:

- (1) For a reconciliation of Gold Fields' total production costs to production costs, see "Operating and Financial Review and Prospects - Results of Operations."
- (2) For a reconciliation of Gold Fields' total cash costs to production costs, see "Operating and Financial Review and Prospects - Results of Operations."
- (3) Cash profit represents revenues less total cash costs.

Although tonnage processed decreased significantly from fiscal 2004 to fiscal 2005, ounces of gold produced was unchanged due to higher average underground grades. The primary reason for the higher recovered grade was a decrease in low grade surface material which was being processed on site and toll milled at Harmony's Joel mine, adjacent to Beatrix. All surface milling ceased in January 2005 as it was not contributing to overall profitability at current price levels. Underground grades were also marginally higher during 2005 due to an increase in underground mining volumes at the higher grade North and West Sections and the mining of higher grade areas generally. The increase in total cash costs per ounce of gold from fiscal 2004 to fiscal 2005 at Beatrix was as a result of the appreciation of the Rand against the U.S. dollar. Rand cash costs increased marginally in fiscal 2005 compared to fiscal 2004 but this increase was below inflation levels.

Although tonnage increased from fiscal 2003 to fiscal 2004, ounces of gold produced decreased due to lower average grades as the tonnage increase came primarily from an increase in lower grade surface material processed on site. Underground grades were also marginally lower during 2004. The increase in total cash costs per ounce of gold from fiscal 2003 to fiscal 2004 at Beatrix was as a result of the lower production and recovered grade and the appreciation of the Rand against the U.S. dollar.

The total shaft hoisting capacities of Beatrix are detailed below.

Shaft System	Hoisting capacity (tonnes/month)
No. 1	170,000
No. 2	170,000
No. 3	170,000
No. 4	160,000

Assuming that Gold Fields does not increase or decrease reserves estimates at Beatrix and that there are no changes to the current mine plan at Beatrix, Beatrix's June 30, 2005 proven and probable reserves of 8.2 million ounces of gold will be sufficient to maintain production through approximately fiscal 2019. However, as discussed earlier in the Risk Factors and the Description of Mining Business - Mine Planning and Management sections, there are a numerous factors which can affect reserve estimates and the mine plan which could thus materially change the life of mine.

### *Processing*

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The following table sets forth year commissioned, processing techniques and processing capacity per month, as well as average tonnes milled per month and metallurgical recovery factor during the fiscal year ended June 30, 2005, for each of the plants at Beatrix:

Plant	Year commissioned	Processing Techniques			Average milled for the year ended June 30, 2005 (tonnes/month)	Approximate recovery factor for the year ended June 30, 2005(2)
		Comminution Phase	Treatment phase	Capacity(1) (tonnes/month)		
No. 1 Plant	1983	SAG milling	CIP treatment	260,000	267,000	96%
No. 2 Plant	1992	SAG milling	CIP treatment	150,000	112,000	95.8%

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Notes:

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

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

In fiscal 2005, the Beatrix plants collectively extracted approximately 96% of gold contained in ore delivered for processing. Capacity at Plant No. 1 increased in fiscal 2005 as a result of plant optimization and minor process adjustments. In August 2004, arrangements for the toll milling of low grade surface material at the Joel mine, which is adjacent to Beatrix, were terminated and, in January 2005, all surface material processing was stopped in an effort to focus more resources on higher grade material. In fiscal 2004, Gold Fields installed a Knelson concentrator at the No. 1 Plant which removes gold earlier in the metallurgical process.

### ***Capital Expenditure***

Gold Fields spent approximately Rand 295 million on capital expenditures at the Beatrix operation in fiscal 2005, primarily on development and improvements to the new North section, previously called the Shaft No. 3 Complex. Capital spending was curtailed during the year due to low profitability resulting mainly from the lower Rand gold price received because of the stronger Rand. Gold Fields expects to spend approximately Rand 233 million on capital expenditure at Beatrix in fiscal 2006 primarily on completion of the North section infrastructure, capital development, hydropower equipment and continued work on the refrigeration project at Shaft No. 3. Total capital expenditure for fiscal 2006 may be reduced should Rand gold prices fall.

### **Ghana Operation**

The Ghana operation is 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, which acquired the interest as a free carried interest for no cost.

The Tarkwa mine is located in southwestern 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 northern 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 2005. The Tarkwa mine operates under mining leases with a total area of approximately 20,700 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. In the fiscal year ended June 30, 2005, Tarkwa produced 0.7 million ounces of gold, of which 0.5 million ounces were attributable to Gold Fields, with the remainder attributable to minority shareholders in Gold Fields Ghana. As of June 30, 2005, Tarkwa had approximately 3,300 employees, including a limited number 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. Ore processing began at the North Plant in March 1998 and at the South Plant in December 2000.

### *Geology*

Gold mineralization at Tarkwa is hosted by Proterozoic Tarkwaian metasediments, which unconformably overlie 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 palaeoplacer 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.

Five separate production areas are centered on the Pepe Anticline, a gently north plunging fold structure that outcrops as a whaleback hill. The sedimentary sequence and interlayered waste zones between the areas of mineralization thicken to the west.

### *Mining*

The Tarkwa mine is engaged in both open pit and production stockpile surface mining and is thus subject to all of the surface mining risks discussed in the Risk Factors section. Although surface mining generally is less dangerous than underground mining, serious and even fatal accidents do still occasionally occur. While there is no reliable industry benchmark for safety at Ghanaian surface mining operations, the lost time injury frequency rate at Tarkwa was approximately 0.8 per million man hours worked in fiscal 2005. There was one fatality in each of fiscal 2003, 2004 and 2005. Tarkwa had one fatality in fiscal 2006 due to a conveyer belt accident.



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 150 tonne dump trucks.

Tarkwa currently presents no unusual challenges beyond those faced at most open pits 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 North Plant Heap Leach facility and at the South Plant Heap Leach facility. The primary operational challenges include managing effective grade control, lowering operating costs, managing the blend of hard and soft material fed to the SAG mill and managing gold-in-process on heap leach pads (that is, gold in the processing circuit that is expected to be recovered during or after operations).

Gold Fields took over the mining activities previously performed on a contract basis by African Mining Services (Ghana) Pty Ltd, or AMS, in the first quarter of fiscal 2005, having purchased its own mining fleet of equipment during the latter half of fiscal 2004. The transition from contractor mining to owner mining has gone smoothly, with Gold Fields re-engaging the majority of the AMS operators and AMS being totally phased out during August 2004. Maintenance and repair contracts have been entered into with all the suppliers of the major equipment.

The Tarkwa mine has access to the national electricity grid, water and road 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.

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

Production	Year ended June 30,		
	2003	2004	2005
Tonnes ( 000)	15,210	16,000	19,633
Recovered grade (g/t)	1.1	1.1	1.1
Gold produced ( 000 oz)(1)	540	550	677
<b>Results of operations (\$million)</b>			
Revenues	179.4	213.2	287.5
Total production costs(2)	121.5	141.7	196.1
Total cash costs(3)	105.0	126.4	156.9
Cash profit(4)	74.4	86.8	130.6
<b>Cost per ounce of gold (\$)</b>			
Total production costs	225	258	290
Total cash costs	195	230	234

Notes:

(1) In fiscal 2003, 2004 and 2005, 0.384 million ounces of production, 0.391 million ounces of production and 0.481 million ounces of production, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operation.

(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.

In fiscal 2005, tonnage treated increased compared to the previous year as a result of the commissioning of the new SAG mill and CIL plant and ongoing optimization in the capacity of the heap leach plants. Ounces of gold produced increased by 127,000 ounces in fiscal 2005 as a result of the increased tonnage processed and higher recoveries at the CIL Plant. Cash cost per ounce of gold produced increased in fiscal 2005 primarily due to significantly higher global commodity prices for cyanide, cement and steel, which resulted in increased heap leach processing costs and an increase in the level of waste stripping to produce the increased tonnage for processing. Production costs per ounce produced also increased, which largely reflects the additional depreciation and amortization charge for the new mining fleet acquired in the switch to owner mining and the new CIL Plant.

From fiscal 2003 to fiscal 2004, tonnage treated rose due to continued improvements to both the North and South Plants. Ounces of gold produced increased less, proportionally, than tonnage due to decreasing recovery from the heap leach pads. At the same time, total cash and production costs have increased mainly due to increased waste tonnage.

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, 2005 proven and probable reserves of 13.4 million ounces (9.5 million of which were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operation) will be sufficient to maintain production through approximately fiscal 2025. However, as discussed earlier in the Risk Factors and the Description of Mining Business' Mine Planning and Management sections, there are a numerous factors which can affect reserve estimates and the mine plan which could thus materially change the life of mine.

**Processing**

Tarkwa 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 tonnes milled per month and metallurgical recovery factors during the fiscal year ended June 30, 2005, for each of the plants at Tarkwa:

Plant	Year commissioned	Processing Techniques		Capacity(1) (tonnes/month)	Average milled for the year ended June 30, 2005 (tonnes/month)	Approximate recovery factor for the year ended June 30, 2005(2)
		Comminution Phase	Treatment phase			
CIL Plant	2004	SAG milling	CIL treatment	350,000	354,000(3)	97%
North Plant Heap Leach Facility	1997	Multiple stage crushing and screening process and agglomeration	Heap leach(4) with AD&R treatment	810,000	828,000	81%
South Plant Heap Leach Facility	1992	Multiple stage crushing and screening process and agglomeration	Heap leach(4) with AD&R treatment and electrowinning	530,000	542,000	79%

## Notes:

- (1) Nameplate capacity as stated by the manufacturer. Plant/Mill nameplate capacities are based on a number of operating assumptions, including assumptions regarding the blend of soft and hard ores processed, that can change and which may result in an increased level of throughput over and above the designed nameplate capacity.
- (2) Percentages are rounded to the nearest whole percent.
- (3) Based on throughput for October 2004 (wet commissioning commenced in September 2004) to June 2005.
- (4) 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 around 67% of contained gold, equivalent to full recovery of all recoverable gold during the life of mine.

A new SAG mill and CIL plant was commissioned in early fiscal 2005, two months ahead of schedule, to add to the processing capabilities at Tarkwa. During fiscal 2004, the two crushing plants at Tarkwa remained in use while the heap leach pads were upgraded. The amount of tonnage treated at the heap leach facilities rose slightly in fiscal 2005 as a result of continuing improvements to both the North and South Plants, and the new CIL Plant processed 3.2 million metric tonnes since commissioning in October 2004. In fiscal 2004, Gold Fields took steps to

address the expected impact of harder ores on the South Plant Heap Leach facility and moved crushing equipment from the old Teberebie plant to the South Plant to offset any reduction in throughput due to harder ores and to provide increased screening capacity. Additional solution delivery and handling capabilities were added to the South Plant Heap Leach facility as well in fiscal 2004.

***Capital Expenditure***

Gold Fields spent approximately \$76 million on capital expenditures at the Tarkwa operation in fiscal 2005, primarily on the completion of the SAG mill and CIL plant and the conversion to owner mining. Gold Fields has budgeted approximately \$36 million for capital expenditure at Tarkwa for fiscal 2006, principally for heap leach pad extensions.

**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, which acquired the interest as a free carried interest for no cost, mirroring the shareholding structure of Gold Fields Ghana.

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

Ore is currently mined from three satellite pits, Kwesie-Lima, Tomento and Amoanda, while Rex, a potential pit, is expected to be mined in the future. Mining at the main Damang pit terminated in the middle of fiscal 2005, but pre-stripping on a cutback to the pit started in July 2005.

Kwesie-Lima, Tomento, Amoanda and Rex are located approximately 4.0 kilometers south, 5.5 kilometers south, 8.0 kilometers south and 15.0 kilometers south of the Main Plant, respectively. In addition, the Lima South project, which is an extension of the existing Kwesie-Lima pit, is located approximately 5.0 kilometers south of the Main Plant at Damang. Abosso has submitted an application to the Ghanaian Minerals Commission to convert its prospecting license for Lima South to a mining lease.

Damang operates under a mining lease with a total area of approximately 5,239 hectares. In the fiscal year ended June 30, 2005, the Damang mine produced 0.2 million ounces of gold, of which 0.176 million ounces were attributable to Gold Fields, with the remainder attributable to minority shareholders in Abosso. As of June 30, 2005, Damang had approximately 900 employees, including those employed by outside contractors.

### ***History***

Mining on the Abosso concession began with underground mining in the early twentieth century. In the late 1980s, Ranger commenced a project to study the feasibility of surface mining at Damang, which culminated in an agreement with the government of Ghana to develop and conduct surface mining at the site. Surface mining at Damang commenced in August 1997, and Gold Fields assumed control of the operations on January 23, 2002.

### ***Geology***

The geology of the Damang mine deposit occurs at the hinge of a regional anticline as hydrothermal mineralization associated with dominantly east dipping thrusts and sub-horizontal quartz veins. Gold mineralization also occurs in the conglomerates of the Tarkwaian Formation to the south of the hinge formation.

### ***Mining***

The Damang mine comprises both open pit and production stockpile surface mining, and is thus subject to all of the surface mining risks discussed in the Risk Factors section. Although surface mining generally is less dangerous than underground mining, serious and even fatal accidents do still occasionally occur. While there is no reliable industry benchmark for safety at Ghanaian surface mining operations, the Damang mine had a total injury frequency rate of approximately 0.22 per million man hours worked, down from 0.58 per million man hours worked in fiscal 2004. The Damang mine has not had a fatal injury since its acquisition by Gold Fields in 2002.

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 fitches, which are then combined to form steps of three meters with the ore and waste loaded into 100 tonne dump trucks. Other than the unusual hardness of the rock at the site, Damang presents no unusual challenges beyond those faced at most open pits and ore processing

operations, including variation in ore grades.

Following the acquisition of this mine in January 2002, an exploration program was started to seek alternative sources of ore to replace the Damang pit, by testing both hydrothermal and conglomerate styles of mineralization across the Damang lease area. Following completion of the bulk of drilling by the middle of fiscal 2003, a full time evaluation project, the Damang Extension Project (DEP), was launched to turn this exploration to account. The DEP resulted in the establishment of the Amoanda and Tomento pits, and the extension of an old pit at Kwesie-Lima. Production from these new pits will be treated along with stockpiles of low grade, low oxide harder ores, or fresh ores at the Main Plant. Ore production commenced from Amoanda in the fourth quarter of fiscal 2005. Mining at the Tomento pit commenced during July 2005. The Rex pit is scheduled to commence mining during fiscal 2007. Resource drilling is currently underway to assess the potential expansion of the current pit design of the Rex pit. The development of the Amoanda and Tomento pits required the resettlement of 284 Ghanaian households in the areas. The establishment of the Rex pit is expected to require additional resettlements.

There was an acceleration of the depletion of the higher grade areas of the main Damang pit in the first half of fiscal 2005 which resulted in a decline in both grade and thus gold production in that period compared to previous levels. Extensive drilling along the western and eastern perimeter of the main Damang pit indicated a viable cutback to the existing pit and mining of the cutback (focusing mainly on removing the waste overburden) has commenced. Drilling to the north and south of the Damang pit has indicated additional potential ore which is currently being evaluated. In addition, a scoping study to evaluate the underground mining potential at Abosso Deeps, an area at the southern end of the Damang lease area near the old Abosso underground mine has been completed and is currently under review.

A substantial proportion of the operations at Damang is performed by a mining contractor, AMS. Pursuant to a contract with Abosso, 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, which is unavoidable or which 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 without paying any significant penalties or having to purchase any of AMS's equipment. Abosso is currently in the process of re-negotiating the contractual terms with AMS to reflect the increased current and potential work from mining the Damang cut-back and satellite pits.

The Damang mine has access to the national electricity grid, 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.

Detailed below are the operating and production results at Damang for the fiscal years ended June 30, 2003, 2004 and 2005.

Production	Year ended June 30,		
	2003	2004	2005
Tonnes ( '000)	4,877	5,236	5,215
Recovered grade (g/t)	1.9	1.8	1.5
Gold produced ( '000 oz)(1)	299	308	248
<b>Results of operations (\$million)</b>			
Revenues	99.5	120.0	104.3
Total production costs(2)	77.9	75.5	74.9
Total cash costs(3)	72.6	68.5	69.9
Cash profit(4)	26.9	51.5	34.4
<b>Cost per ounce of gold (\$)</b>			
Total production costs	260	245	302
Total cash costs	243	222	282

Notes:

(1) In fiscal 2003, 2004 and 2005, 0.213 million ounces, 0.219 million ounces and 0.176 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 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 revenue less total cash costs.

While various satellite pits were brought to production to offset the Damang pit depletion, the grade and gold production in fiscal 2005 decreased primarily due to the depletion of the main Damang pit during the second half of the year. Damang pit contains higher grade ore than the new pits and this higher grade pit was the only contributor to production in fiscal 2004. Total production and cash costs increased in fiscal 2005 due to increases in the stripping ratio, as the main Damang pit neared the end of its mine life, and increases in fuel and consumable costs. Optimization of the mill feed blend and plant set up allowed Gold Fields to treat more tonnage in fiscal 2004 than fiscal 2003. Total production and cash costs decreased in fiscal 2004 due to reductions in the stripping ratio as the Damang open pit neared the end of its life of mine.

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, 2005 proven and probable reserves of 1.3 million ounces (0.9 million of which were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operation) will be sufficient to maintain production through approximately fiscal 2010. However, as discussed earlier in the Risk Factors and the Description of Mining Business - Mine Planning and Management sections, there are a numerous factors which can affect reserve estimates and the mine plan which could thus materially change the life of mine.

**Processing**

All processing at Damang is provided by a single plant. The following table sets forth the year commissioned, processing techniques and processing capacity per month, as well as average tonnes milled per month and metallurgical recovery factor during the fiscal year ended June 30, 2005 for the plant:

Plant	Year commissioned	Processing Techniques			Average milled for the year ended June 30, 2005 (tonnes/month)	Approximate recovery factor for the year ended June 30, 2005(2)
		Comminution Phase	Treatment phase	Capacity(1) (tonnes/month)		
Main Plant	1997	Single stage crushing with SAG and ball milling	CIL treatment	383,000	435,000	91%



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Notes:

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

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

### ***Capital Expenditure***

Gold Fields spent approximately \$11 million on capital expenditures at the Damang mine in fiscal 2005, primarily on the development of the new pits, the drilling and feasibility study for the Damang cutback and exploration. Gold Fields has budgeted approximately \$24 million of capital expenditure at Damang for fiscal 2006, primarily for pre-stripping of waste in the new cutback area of the main Damang pit and continued development of the new pits and exploration.

### **Australia Operations**

On November 30, 2001, Gold Fields acquired from WMC Limited and WMC Resources Limited (collectively, WMC), members of an Australian mining group, WMC's gold mining operations in Australia, including the St. Ives and Agnew gold mining operations. As part of the consideration for the acquisition, Gold Fields agreed to pay to WMC a royalty based on future gold production at St. Ives and Agnew, calculated according to the following criteria:

- 4% of the net smelter return of the gold production of St. Ives for each quarter to the extent that cumulative production of gold from November 30, 2001 exceeds 3.3 million ounces, subject to the spot price of gold exceeding A\$400 per ounce;
- 4% of the net smelter return of the gold production of Agnew for each quarter to the extent that cumulative production of gold from November 30, 2001 exceeds 0.8 million ounces, subject to the spot price of gold exceeding A\$400 per ounce; and
- 10% of the difference between the spot gold price and A\$600 per ounce of gold in respect of all gold produced from St. Ives and Agnew each quarter after November 30, 2001, subject to the spot price of gold exceeding A\$600 per ounce.

The royalties are payable in cash, quarterly in arrears. 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 (\$2.0 million at an exchange rate of A\$1.80 to \$1.00), which was paid on July 11, 2002. The obligation to pay royalties in respect of St. Ives is still in effect. To date, no royalty payments have been required to be paid by Gold Fields under this agreement.

### **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 91,078 hectares. St. Ives is both a surface and underground operation, with a number of open pits, two operating underground mines and two metallurgical plants. In fiscal 2005, St. Ives produced 0.5 million ounces of gold. St. Ives had a work force of approximately 1,000 employees as of June 30, 2005, approximately 700 of whom were employed by outside contractors.

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

***History***

Gold mining began in the St. Ives area in 1897, with WMC commencing gold mining operations at St. Ives in 1980.

***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 highly metamorphosed to upper greenschist and lower amphibolite facies. Gold mineralization discovered to date is best developed in the mafic dominated parts of the sequence, hosted in minor structures including vein arrays, breccia zones and central, quartz rich and mylonitic parts of shear zones. Deposit styles and ore controls are varied, but deposits are commonly associated with subsidiary structures which splay off the regionally extensive Boulder-Lefroy Fault.

## *Mining*

St. Ives 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 the Risk Factors section. 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. The safety record at St. Ives during fiscal 2005, in terms of lost time injury frequency rate, was better than the Australian industry average for the same period. No fatalities were recorded in fiscal 2003, 2004 or 2005 or to date in fiscal 2006.

St. Ives sources production from a variety of underground and surface operations, and has a heap leach operation which treats low and marginal grade ore. The principal production sources in fiscal 2005 included the Leviathan, Junction and Argo underground mines together with the Mars and Agamemnon open pits. Gold Fields expects the principal production sources in fiscal 2006 to be similar to fiscal 2005 except Junction is expected to contribute only residual material sourced from the underground remnant pillars. 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 berms and other earthworks to prevent water intrusion. Open pit operations use 180 to 250 tonne excavators loading 150 tonne trucks. Waste dumps are formed adjacent to the pits or, if practicable, waste is dumped in previously exhausted pits.

All underground mining activities are completed under a contract with Carlowen Proprietary Ltd, which trades as GBF Underground Mining, or GBF. A five year agreement with GBF commenced in April 2004, and it operates under a cost reimbursable model. GBF provides all the employees, equipment and consumables necessary to complete the underground development and stoping. Under the terms of the contract Gold Fields approves all expenditures incurred and guarantees to reimburse 95% of these costs, with the remaining 5% plus any profit earned contingent on GBF achieving certain key performance indicators. Under the terms of the contract, GBF is liable for claims arising from its performance or non-performance, and any loss, damage, injury or death related to the presence of its employees onsite. GBF is not liable for liabilities or losses that are the result of negligence or a breach of a statutory duty of the mine owner. GBF is required to ensure that it and any subcontractors have adequate insurance.

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

## *Junction Underground Mine*

The Junction mine used a combination of uphole open stoping and uphole bench and fill mining methods, with the mix depending on development and production needs. Backfilling using a slurry consisting of tailings and cement, a specifically designed dynamic ground support system as well as stope sequencing, were all used to address seismicity issues. Access to the orebody was through a decline tunnel which accommodates workers, materials and equipment. The maximum depth at present is approximately 700 meters. Regular production is now complete at Junction following cessation of ongoing operations in May 2005. Remnant material left behind in pillars will continue to be accessed in the first half of fiscal 2006.

*Argo Complex*

Development of the Argo underground reserves commenced in fiscal 2003 in line with Gold Fields' strategy to reduce reliance on the Junction mine as a source of high grade ore. Stoping activities at the Argo mine commenced in November 2003. The Argo underground mine was slow to achieve expected productivity and margins in fiscal 2005 but finally achieved expected productivity and margins in the fourth quarter. Open pit operations at Argo ceased in fiscal 2004.

*Greater Revenge Complex*

Mining at the Greater Revenge Area commenced in 1989. Mining operations at the Greater Revenge Area during fiscal 2005 consisted primarily of the Agamemnon and Mars open pit mines, which are located in Lake Lefroy. The mines apply typical open pit and lake sediment mining methods. The mine plans for Mars and Agamemnon were revised in the first half of fiscal 2005 due to the geology of the ore bodies being more complex than originally expected, and newly discovered extensions to the Agamemnon open pit were opened in the second half of fiscal 2005. Additional extensions to the Agamemnon open pit were delineated in the first quarter of fiscal 2006, and mining commenced during the second quarter.

*Leviathan Underground Complex*

The Leviathan complex consists of three distinct underground areas: Sirius, which is now depleted; East Repulse, which is in production; and Conqueror, which commenced development in late fiscal 2004. Sirius consisted primarily of two large stopes which were depleted in the middle of fiscal 2005. East Repulse commenced stoping operations in fiscal 2004. Mining at East Repulse was accelerated in fiscal 2005 but productivity and margin were below expectations. Development of the Conqueror area began in late fiscal 2004 with water drainage and rehabilitation of old access areas and was further accelerated in fiscal 2005. Production from long hole open stopes is scheduled to commence in fiscal 2006 and build up to full production is expected by the end of fiscal 2006. In addition, Gold Fields is continuing to explore opportunities for further extensions of mining operations within the Leviathan complex.

*Thunderer Prospect*

Mining, in the form of waste removal, is due to commence at the Thunderer open pit in fiscal 2006. The mine will apply typical open pit and lake sediment mining methods. The deposit is located straddling the southern shore of Lake Lefroy to the east of the new Lefroy processing plant. The deposit is hosted underneath moderate depths of lake sediment and dunal sand cover.

*Bahama Prospect*

Mining is expected to commence at the Bahama Prospect in fiscal 2007 with waste removal. This deposit is located in the middle of Lake Lefroy and to the immediate north east of the Santa Ana open pit, mined by WMC in the mid 1990s. The mine will also apply typical open pit and lake sediment mining methods. The deposit is hosted underneath shallow lake sediment cover.

*Cave Rocks Prospect*

Cave Rocks is a prospect located approximately 5 kilometers to the west of the Kambalda West township that was previously an open pit mine in the mid 1980s for WMC. Gold Fields is currently conducting feasibility studies at Cave Rocks to look into a possible underground mining operation that would utilize uphole open stoping methods with access to the ore body through a decline tunnel which accommodates workers, materials and equipment. If the feasibility study returns successful outcomes, mining is expected to commence in early fiscal 2007.

The complexity of the ore bodies at St. Ives presented particular challenges to production levels and recovered grades in fiscal 2005. The open pit geological models at the Greater Revenge Complex and the mine design of Argo underground mine had to be re-examined and revised in fiscal 2005. In addition, the Mars open pit, which had previously been the primary source for open pit ore at St. Ives, experienced problems in attaining high enough grade to meet production expectations.

The St. Ives production schedule requires that new open pit mining sources are progressively accessed. Extensions to the complex Agamemnon ore position are expected to be delineated and new open pit mines are expected to be commenced at Bahama and Thunderer, both located under lake sediments on Lake Lefroy in fiscal 2006. In addition, feasibility work for a new underground mine at Cave Rocks is scheduled in fiscal

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2006. If the feasibility study results are positive, Gold Fields intends to commence pre-development activities necessary to bring that production source on line during fiscal 2007.

The St. Ives operation has access to the local electricity supplier and water, rail and road infrastructure, and needed supplies are trucked in locally from both Kambalda and Kalgoorlie.

Detailed below are the operating and production results at St. Ives for fiscal 2003, 2004 and 2005.

	2003	Year ended June 30, 2004	2005
<b>Production</b>			
Tonnes ( 000)	5,486	6,744	6,332
Recovered grade (g/t)	2.9	2.5	2.6
Gold produced ( 000 oz)	513	543	527
<b>Results of operations (\$million)</b>			
Revenues	176.2(3)	211.8	221.4
Total production costs(1)(2)	151.3	204.7	231.6
Total cash costs(4)	101.5	162.6	176.9
Cash profit(5)	74.7	49.2	44.5
<b>Cost per ounce of gold (\$)</b>			
Total production costs(1)	295	377	439
Total cash costs(1)	198	300	336

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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 "Operating and Financial Review and Prospects - Results of Operations."

(3) For management reporting purposes, prior to fiscal 2003, revenue was recognized prior to title passing to the buyer. Under U.S. GAAP, revenue is recognized when title passes to the buyer, all other sales conditions are satisfied under the terms of the applicable contract and the pricing is fixed and determinable. In the preparation of Gold Fields' U.S. GAAP accounts for fiscal 2003, an adjustment of \$6.4 million to revenues was made. See Note 24 to Gold Fields' audited consolidated financial statements which appear elsewhere in this annual report. \$5 million of this amount has been allocated to St. Ives, which represents that portion of revenues recognized at St. Ives prior to title passing to the buyer.

(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.

From fiscal 2004 to fiscal 2005, there was a decrease in both tonnage and gold produced at St. Ives as a significant transition occurred in the processing plants. During fiscal 2005, milling activities at the St. Ives Plant were terminated and replaced by the new Lefroy Plant. In the past, Gold Fields has used other mills in the area to supplement production capabilities at St. Ives. In fiscal 2005, Gold Fields did not use other processing facilities and reduced the amount of tonnage processed in fiscal 2005 while the new Lefroy Plant came online. Total cash costs increased as compared to fiscal 2004 levels primarily as a result of poor open pit grades, low underground productivities and, to a lesser extent, costs associated with the ramping down of the old plant and initial operations at the new Lefroy Plant.

From fiscal 2003 to fiscal 2004, there was a significant increase in tonnage but gold produced increased only marginally due to lower recovered grades. Total cash costs increased primarily due to the commissioning of the underground mines and the appreciation of the Australian dollar against the U.S. dollar. These factors, when taken together with the lower recovery grades, resulted in higher total cash costs per ounce of gold. Total open pit volumes mined decreased from fiscal 2003 levels, evidencing a reduction in ore mining volumes in line with the planned build up in underground mining and an increase in open pit stripping ratios.

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, 2005 proven and probable reserves of 2.5 million ounces will be sufficient to maintain production through approximately fiscal 2010. However, as discussed earlier in the Risk Factors and the Description of Mining Business - Mine Planning and Management sections, there are a numerous factors which can affect reserve estimates and the mine plan which could thus materially change the life of mine.

### ***Processing***

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

in fiscal 2005 and now does its own crushing and stacking.

**Processing Techniques**

<b>Plant</b>	<b>Year commissioned</b>	<b>Comminution Phase</b>	<b>Treatment phase</b>	<b>Capacity(1) (tonnes/month)</b>	<b>Average milled for the year ended June 30, 2005 (tonnes/month)</b>	<b>Approximate recovery factor for the year ended June 30, 2005(2)</b>
Lefroy Plant	2005	Single stage crushing and SAG milling	Pump cell with electrowinning	375,000	323,000(3)	93%
St. Ives Plant(4)	1988	Single stage crushing and SAG milling	CIP treatment with electrowinning	258,000	228,000	95%
Heap Leach Plant(5)	2000	Multiple stage crushing and screening process	Carbon absorption	167,000	190,000	62%

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Notes:

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



- (2) Percentages are rounded to the nearest whole percent.
- (3) Based on throughput for January 2005 (during ramp up to February full commissioning) to June 2005.
- (4) The St. Ives Plant was closed in fiscal 2005. Average milled amounts are based on throughput for July 2004 to March 2005, the month of closing.
- (5) 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 around 60% of contained gold, equivalent to full recovery of all recoverable gold.

The new Lefroy mill was fully commissioned in February 2005. The new mill is located on the south shore of Lake Lefroy, approximately 12 kilometers south of the township of Kambalda. Although the comminution phase performed well in fiscal 2005, the treatment phase was hampered by materials handling and piping design deficiencies. These issues have since been substantially resolved.

Early in fiscal 2004, Gold Fields initiated a substantial toll treatment program using two other mills in the area. However, Gold Fields did not use these other mills in the area to treat its ore in fiscal 2005.

### *Capital Expenditure*

Gold Fields spent approximately A\$137 million on capital expenditures at St. Ives in fiscal 2005, primarily on the Lefroy Plant and mine development and exploration. Gold Fields has budgeted approximately A\$62 million for capital expenditure at St. Ives for fiscal 2006, principally for exploration and mine development. Development expenditures are expected to focus on the Argo and Conqueror underground mines and the Thunderer open pit during fiscal 2006.

### **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 58,868 hectares. Agnew is both a surface and underground operation, with one open pit, one underground mine, and one metallurgical plant. In fiscal 2005, it produced 0.2 million ounces of gold. Agnew had a workforce of approximately 400 employees as of June 30, 2005, including outside contractors.

### ***History***

Gold was discovered at Agnew in 1895, with gold being produced there since then. 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 is comprised 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 at or near the sheared contact with the overlying sequence of sedimentary rocks. The anticline is cut by north-northeast trending faults such as the Waroonga and East Murchison Unit shear zones.

### ***Mining***

Agnew is engaged in underground mining and in open pit and production stockpile surface mining and is thus subject to all of the underground and surface mining risks discussed in the Risk Factors section. The primary safety risk at Agnew is falls of ground at the underground operations, which is addressed through the use of ground support. The safety record at Agnew during fiscal 2005, in terms of lost injury time frequency rate, was better than the Australian industry average for the same period. There were no fatalities at Agnew in fiscal 2003, 2004 or 2005 or to date in fiscal 2006.

The principal production sources in fiscal 2005 at Agnew were the Waroonga underground mining complex that comprises the Kim and Main Lodes together with the Songvang open pit and depletion from pre-existing surface stockpile material. Gold Fields expects the principal production sources in fiscal 2006 to be similar, with the exception of the pre-existing surface stockpile material.

Most underground mining labor at the underground mines is currently provided by Byrnegut. Byrnegut provides employees, supplies and equipment for underground mining activities including drilling, blasting and haulage of the material produced from the mining activities, including both ore and waste. Byrnegut 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, Byrnegut 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 on the sites. Byrnegut is not liable for claims or loss due to the mine owner's negligence. Byrnegut is required to ensure that it and any subcontractors have adequate insurance. The current agreement is scheduled to be completed in May 2006.

Leighton Contractors Proprietary Limited, or Leighton, performs the surface mining at Agnew, under an alliance contract which commenced in June 2005 for a two year period. Leighton provides employees, consumables and equipment for mining ore and waste disposal. The contract is structured so that Leighton carries all the risk on plant and personnel with Gold Fields carrying the risk on costs through reimbursement. Leighton is reimbursed 100% of its costs and is given an additional amount for overhead. Payments above costs are contingent upon Leighton achieving certain key performance indicators. Under the terms of the contract, Leighton is liable for claims arising from its performance or non-performance or any loss, damage, injury or death related to the presence of its employees on the sites. Leighton is not liable for claims or loss due to the mine owner's negligence. Leighton is required to ensure that it and any subcontractors have adequate insurance.

#### *Waroonga Complex*

The Waroonga Complex currently includes the Kim underground mine and the Main Lode deposit. The Waroonga open pit mine was completed and operations ceased in the third quarter of fiscal 2003 and the low grade stockpile from this source was depleted in fiscal 2005. The Kim underground mine currently uses uphole open stoping methods with access to the orebody through a decline tunnel which accommodates workers, materials and equipment. All mining is currently conducted by Byrnegut. Ore production achieved full sustainable levels in the first half of fiscal 2004. Production from the Kim underground mine in fiscal 2005 exceeded expectations. In fiscal 2005, exploration found an extension to the Kim underground mine ore body which is expected to extend the life of the mine by approximately two years. The Kim underground mine was a significant contributor to production in fiscal 2005. The ore grades have generally been above expectation while the ore zones have generally been more continuous than original drilling had predicted.

Trial mining of the Main Lode deposit commenced in fiscal 2005. Further development of this lode will be subject to the results of investigations being carried out in fiscal 2006, particularly delineation of the mineralization and completion of the trial mining.

#### *Crusader/Deliverer Underground Mine and Claudius Prospect*

The Crusader Prospect was discovered in 1987, with mining commencing in 1989, initially via an open pit mine. As previously anticipated, the Crusader/Deliverer underground mine ceased production in December 2004. However, the infrastructure provided an exploration decline to a position next to the Claudius Prospect. Gold Fields continued exploration and evaluation of the Claudius Prospect during fiscal 2005 and is expecting to make a development decision based on the outcome of delineation drill programs to be completed during fiscal 2006.

#### *Songvang Open Pit*

A significant development at Agnew during fiscal 2004 was the proving of the Songvang open pit. A feasibility study for the Songvang deposit, located eight miles south of the Crusader mine, was completed during the first half of fiscal 2004 and the open pit was approved for development late in fiscal 2004. The Songvang open pit commenced production during fiscal 2005. However, initial operations at the pit were hampered by employee shortages resulting from a robust resources sector in Western Australia. This open pit produces a base load of medium

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grade ores that, along with the high grade ores from the Waroonga underground complex have extended the expected mine life of Agnew and therefore provided for a more systematic approach to ore reserve replacement.

Exploration around the Redeemer, Waroonga and Crusader complexes has produced ore grade intersections at the New Woman Prospect, which is an open pit prospect located immediately south of the Waroonga Complex, and the Royal Prospect, which is located within the Waroonga Complex near the Waroonga open pit mine. Exploration potential in the Agnew area was enhanced through the completion of an agreement which further consolidates Gold Fields' land position in the area. In early fiscal 2006, Gold Fields completed 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, which is located in the northeast of Agnew's tenement package, and the Miranda tenement package were replaced by an agreement in which Gold Fields is 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 two percent royalty on future base metal production on the Miranda tenement.

Further exploration of deposits at the Claudius, Vivien, Rajah and the New Woman Prospects is planned for fiscal 2006. Additional exploration programs in fiscal 2006 are planned to assess opportunities to establish new reserves in extensions to the current operating areas at Agnew.

Agnew has access to the local electricity supplier and road infrastructure. Water is supplied from local wells, and needed supplies are generally trucked in from Kalgoorlie.

Detailed below are the operating and production results at Agnew for fiscal 2003, 2004 and 2005.

	Year ended June 30,		
	2003	2004	2005
<b>Production</b>			
Tonnes ( 000)	1,268	1,179	1,170
Recovered grade (g/t)	3.5	5.3	5.6
Gold produced ( 000 oz)	144	202	212
<b>Results of operations (\$million)</b>			
Revenues	49.2(3)	78.5	89.3
Total production costs(1) (2)	56.9	61.1	69.1
Total cash costs(4)	31.5	44.5	49.4
Cash profit(5)	17.8	34.0	39.9
<b>Cost per ounce of gold (\$)</b>			
Total production costs(1)	396	303	325
Total cash costs	219	221	233

## 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 Operating and Financial Review and Prospects' Results of Operations.
- (3) For management reporting purposes, prior to fiscal 2003, revenue was recognized prior to title passing to the buyer. Under U.S. GAAP, revenue is recognized when title passes to the buyer, all other sales conditions are satisfied under the terms of the applicable contract and the pricing is fixed and determinable. In the preparation of Gold Fields' U.S. GAAP accounts for fiscal 2003, an adjustment of \$6.4 million to revenues was made. See Note 24 to Gold Fields' audited consolidated financial statements which appear elsewhere in this annual report. \$1.4 million of this amount has been allocated to Agnew, which represents that portion of revenues recognized at Agnew prior to title passing to the buyer.
- (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.

In fiscal 2005, 1.2 million tonnes of ore were processed and 0.2 million ounces of gold were produced. Tonnes processed were similar to the results from fiscal 2004, and gold production increased slightly due in large part to a higher proportion of ore coming from the Kim underground mine which generally has a higher grade than other ore sources at Agnew. Total cash costs increased as the Australian dollar continued to appreciate against the U.S. dollar, even though the costs actually decreased marginally when measured in Australian dollars per ounce, the functional currency of this mine.

In fiscal 2004, tonnage processed and ounces of gold produced were 1.2 million and 0.2 million ounces, respectively. While tonnes processed decreased from fiscal 2003, gold production increased due in large part to increased yields resulting from improved underground mine performance plus an increase in overall gold recovery. In addition, the Waroonga open pit mine had been producing grades below expectations prior to its closure during fiscal 2003. Total cash costs increased principally because of the appreciation of the Australian dollar against the U.S. dollar and a substantial increase in underground tonnage produced. Total production costs per ounce decreased due to lower depreciation as a

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result of the lower capital base following the impairment recorded in fiscal 2003. See Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2004 and 2003 Impairment of assets. On a per ounce basis, total cash costs increased only slightly as the impact of the appreciation in the Australian dollar was almost entirely offset by the increase in recovered grade in fiscal 2004.

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, 2005 proven and probable reserves of 0.9 million ounces will be sufficient to maintain production through approximately fiscal 2009. However, as discussed earlier in the Risk Factors and the Description of Mining Business Mine Planning and Management sections, there are a numerous factors which can affect reserve estimates and the mine plan which could thus materially change the life of mine.

### *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 tonnes milled per month and metallurgical recovery factor during the fiscal year ended June 30, 2005 for the plant:

#### Processing Techniques

Plant	Year commissioned	Comminution Phase	Treatment phase	Capacity(1) (tonnes/month)	Average milled for the year ended June 30, 2005 (tonnes/month)	Approximate recovery factor for the year ended June 30, 2005(2)
Main Plant	1986	SAG milling	CIP treatment	100,000	97,000	94%

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Notes:

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

Because of the possible additional ore reserves on the Agnew site and possible capacity constraints at the mill, Gold Fields is assessing options to expand Agnew's processing capacity.

### ***Capital Expenditure***

Gold Fields spent approximately A\$44 million on capital expenditures at Agnew in fiscal 2005, primarily on mine site exploration and development of the Kim and Main Lode underground mines and the Songvang open pit. Gold Fields has budgeted approximately A\$22 million for capital expenditure at Agnew for fiscal 2006, primarily for further development of the Kim and Main Lode underground mines and exploration.

### **Exploration**

Gold Fields holds a diverse portfolio of active gold and platinum group metal exploration projects and assets in Africa, Europe, North America, South America, China and Australasia, which are primarily held through project companies incorporated in the jurisdiction where the exploration projects or assets are located. In addition, Gold Fields has in place a number of exploration projects in connection with mineral rights it holds which are adjacent to its active mining operations in South Africa, Ghana and Australia. Gold Fields' exploration program is headquartered in Denver, Colorado, which also acts as the regional office for North and Central America, with regional offices in Oxford, England (responsible for Europe, the former Soviet Union and Africa), Perth, Australia (responsible for Australasia) and Santiago, Chile (responsible for South America). Gold Fields' exploration team includes 22 geologists, along with support staff.

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

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

Generally, Gold Fields budgets to spend up to \$10 per ounce of gold it produces on exploration, provided the opportunities offered warrant such expenditure. At high acquisition price 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.

In order to be considered by Gold Fields, generally an exploration project must have the potential to meet the majority of certain minimum target criteria, which Gold Fields refers to as the Rule of Twos. The Rule of Twos criteria require that a project has potential for a minimum of 2,000,000 ounces of reserves, production rates of greater than 200,000 ounces per year, cash cost of production of less than half the commodity price and a double digit rate of return. If these criteria are met and the project fits within Gold Fields' strategic development goals and is not located in a region which Gold Fields considers high-risk, Gold Fields will consider taking on the project.

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

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



**Gold Fields Exploration Projects**

The table below provides a breakdown of the number of projects in Gold Fields four exploration regions for each of the five phases of the resource triangle as of September 30, 2005. The table does not include exploration projects on sites adjacent to Gold Fields existing operations in South Africa, Ghana or Australia.

Phase	North and Central			
	America	Europe and Africa	Australasia	South America
Feasibility		1		1
Pre-feasibility		1		
Resource definition			1	1
Initial drilling		1	2	2
Greenfield		2	3	2

Gold Fields spent \$28.3 million on exploration projects not adjacent to its mining operations in fiscal 2005. Gold Fields total exploration budget for projects not adjacent to its mining operations for fiscal 2006 is approximately \$40.0 million. In addition, Gold Fields spent \$33.0 million on exploration at sites adjacent to its existing mining operations in fiscal 2005 and has budgeted approximately \$28.4 million for fiscal 2006. Equity investments and capitalized exploration expenditures at APP and Cerro Corona totaled approximately \$52.5 million during fiscal 2005.

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

**Cerro Corona Project**

In December 2003, Gold Fields, through a subsidiary, signed a definitive agreement to purchase an 80.7% 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 a Peruvian company named Sociedad Minera La Cima S.A., or La Cima, in July 2004. The environmental impact assessment for the project was submitted to the Peruvian Ministry of Energy and Mines, or MEM, in May 2005. Following public consultation and comment, the MEM approved the environmental impact assessment on December 2, 2005. Gold Fields has now commenced steps to complete the purchase for a total consideration of \$40 million. Additional permits are required to construct the mine and are being processed now that the environmental impact assessment has been approved. Gold Fields expects these permits to be issued by the end of the third quarter of fiscal 2006.

The Cerro Corona Project forms part of a porphyry copper-gold deposit located within Hualgayoc Mining District approximately 40 kilometers northwest of the Yanacocha Gold Mine in the Department of Cajamarca, northern Peru. At the time the definitive purchase agreement was signed, SMC already owned 141.7 hectares, comprising the surface rights over much of the Cerro Corona deposit, the Mina Carolina plant and campsite, and about half of the valley that would be used for tailing storage. The remaining parcels needed for the Cerro Corona Project, which total 382.06 hectares, have been acquired or options have been agreed to acquire such land.

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The Cerro Corona Project 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 departmental capital of Cajamarca (population approximately 100,000) and near the village of Hualgayoc. Access from Cajamarca is by means of an all-weather road to the Yanacocha Mine (45 kilometers), followed by approximately 45 kilometers of gravel road that continues on to the village of Hualgayoc and the town of Bambamarca.

The Cerro Corona Project has been the subject of extensive exploration and several feasibility studies over the last 10 years. Together with La Cima, Gold Fields' recent efforts have been focused on community relations, further environmental baseline data gathering and completion of an updated environmental impact study. However, in fiscal 2005, the Peruvian mining industry experienced sporadic social unrest resulting in a six-month delay to the envisioned project timetable. During the fiscal year, Gold Fields completed an updated geologic resource model for the deposit as well as numerous other enhancements related to mining and processing optimizations. Although the regulatory permitting process is not yet complete, for the first time, Gold Fields has included reserve numbers for Cerro Corona in its ore reserves as of June 30, 2005. At mid-fiscal year, Gold Fields commissioned detailed engineering studies to generate +/-10% accuracy estimates of project operating and capital costs. The feasibility study is now complete. The current schedule anticipates commencement of initial earthworks early in the third quarter of fiscal 2006 with production scheduled to commence in the third quarter of calendar 2007. An additional \$100 million of capital expenditure for fiscal 2006 at Cerro Corona was approved by the Gold Fields' Board of Directors in November 2005.

### *Arctic Platinum Project*

The Arctic Platinum Project, or APP, is located near the city of Rovaniemi in northern Finland. APP was set up in 2000 as a joint venture to develop potential platinum group metal deposits through surface and underground operations. Gold Fields held 51% of APP during fiscal 2003, with the remainder owned by Outokumpu Oy, or Outokumpu, a Finnish industrial conglomerate with over 50 years' experience designing and

supplying technology for the mining and metallurgical industries. On September 11, 2003, Gold Fields exercised its pre-emptive right to acquire Outokumpu's 49% interest in APP, for consideration of \$31 million, comprising \$23 million in cash and Gold Fields ordinary shares worth \$8 million.

APP was 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. The feasibility study for the Suhanko Project was completed 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 creation of a large-scale surface mining complex and to continue investigations into smaller scale, high-margin projects as well as offers from third parties. Exploration drilling at Konttijarvi and Ahmavaara continued until mid-August 2005. On October 18, 2005, Gold Fields announced that it had entered into a letter of intent with North American Palladium, 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. See [Recent Developments](#).

#### *Essakane Joint Venture*

The Essakane Joint Venture, or EJV, is located 330 kilometers northeast of Burkina Faso's capital city of Ouagadougou, adjacent to the artisanal miner village of Essakane. EJV is a 50%/50% venture between Gold Fields and Orezone Resources and Orezone is currently the operating partner. The Essakane Main Zone, or EMZ, deposit is a wide, near surface oxide mineralized zone hosted within a volcano-sedimentary sequence in a greenstone belt. Gold Fields' 50% interest vested in the last quarter of fiscal 2005 when Gold Fields had expended \$8 million on exploration and development since entering the joint venture. Fiscal 2005 expenditures were focused on drilling out and proving up the EMZ. An initial geologic block model of the EMZ was developed in May 2005. Simultaneously Gold Fields began a preliminary feasibility study on the EMZ. The completion of a new geological resource model has been delayed to the third quarter of fiscal 2006, pending confirmation of the geological model and resolution of sampling quality assurance. Gold Fields has the opportunity to obtain an additional 10% interest in the project by completing a bankable feasibility study which would be scheduled to begin in September 2006 if the project proceeds.

#### **Living Gold**

At the end of calendar 2002, Gold Fields initiated the Living Gold project, an export-oriented business which produces roses as part of the South African cut-flower industry. The rationale was to establish a job-creating, economically sustainable community investment project in the Carletonville area in which Gold Fields' Driefontein mine operates. Living Gold involves a partnership with the Industrial Development Corporation, which owns 40% of the company. In fiscal 2005, Living Gold produced approximately 23 million stems and had revenue of approximately R44 million (\$6.8 million). Although it originally targeted markets in Western Europe, as a result of the strengthening of the Rand against the Euro during fiscal 2005, Living Gold adjusted its export marketing focus more towards the United States, Japan, Australia and Eastern Europe and also began selling roses in the South African domestic market. Gold Fields anticipates that Living Gold will increase its area under production during fiscal 2006 through the use of third party financing.

#### **Recent Developments**

##### *Cerro Corona Project*

Following approval of the environmental impact assessment for the Cerro Corona Project by the Peruvian Ministry of Energy and Mines on December 2, 2005, Gold Fields has now commenced steps to complete the purchase of an 80.7% economic interest and 92% voting interest in the Cerro Corona Project. See Exploration Gold Fields Exploration Projects Cerro Corona Project.

*Acquisition of Bolivar Gold Corp.*

On November 21, 2005, Gold Fields and Bolivar Gold Corp., or Bolivar, jointly announced that they had entered into an agreement providing for Gold Fields to acquire, through a court approved plan of arrangement, all of the outstanding securities of Bolivar not currently held by Gold Fields for total cash consideration of approximately \$330 million. Holders of Bolivar common shares will be offered C\$3.00 per Bolivar common share and holders of Bolivar warrants expiring on March 17, 2008, August 25, 2008 and December 22, 2009 will be offered C\$1.90, C\$1.25 and C\$0.90 per warrant, respectively. The consideration for the warrants expiring on March 17, 2008, and August 25, 2008, is calculated based on the amount of consideration per common share minus the warrant strike price and the consideration for the warrants expiring on December 22, 2009, is calculated based on a premium equal to the premium payable to common shareholders based on the closing price of the common shares on November 18, 2005. Furthermore, the transaction will trigger the redemption of C\$26 million principal amount of convertible debentures of Bolivar at a redemption price of C\$1,905.25 in cash per C\$1,000 principal amount of debentures for a total amount of \$24.1 million, which is included in the total purchase consideration referred to above.

Gold Fields currently holds approximately 15.5% of the common shares and 32% of the warrants expiring on August 25, 2008, which is approximately 16% of the total warrants outstanding. Definitive agreement documentation was executed on December 1, 2005, and the SARB has approved the proposed transaction.

Each of Gold Fields and Bolivar's Boards of Directors have voted to approve the transaction and it is anticipated that the transaction will close in January 2006, subject to, among other things, satisfaction of the following principal conditions precedent:

court approval of the plan of arrangement;

approval by two-thirds of the holders of common shares of Bolivar present in person or by proxy at an extraordinary general meeting of Bolivar to be held to approve the transaction;

approval by two-thirds of the holders of warrants of Bolivar, voting together as a single class, present in person or by proxy at an extraordinary general meeting of Bolivar to be held to approve the transaction;

no more than 10% of holders of Bolivar common shares exercising dissent rights; and

approval, to the extent necessary, of any regulatory authorities having jurisdiction over the transaction.

Bolivar is listed on the Toronto Stock Exchange and operates the Choco 10 open pit gold mine in the El Callao gold district in the Bolivar State, Venezuela.

#### *Arctic Platinum Joint Venture with North American Palladium*

On October 18, 2005, Gold Fields announced that it had entered into a letter of intent with North American Palladium, or NAP, a Canadian platinum metals group producer, to form a joint venture to further explore mining properties and develop a mine at APP. APP's location and geology are similar to that of NAP's other properties and it is expected that NAP will be able to utilize its operating and development experience in the design and construction of a mine at APP. The letter of intent provides that NAP will be granted an option to acquire up to a 60% undivided interest in APP including the Suhanko, SJ Reef and SK Reef mining properties and claims located south of Rovaniemi, Finland. NAP's option to acquire its interest in APP will vest upon NAP satisfying the following conditions on or before June 30, 2008: (i) completing a \$7.5 million re-scoping study and exploration program and \$5.0 million feasibility study; (ii) making a decision to develop a mine at APP; and (iii) paying Gold Fields up to \$45.0 million through the issuance of NAP common shares. The price per share will be \$4.88, which is the weighted average trading price of NAP's common stock on the American Stock Exchange for 11 trading days commencing October 11, 2005. During the next stage of work, NAP is expected to manage the exploration, engineering and evaluation activity on APP. This work is to be divided into two phases, Phase I, a re-scoping study, and Phase II, a feasibility study. The proposed exploration program will focus on APP's SK Reef and SJ Reef projects. The feasibility study is expected generate a report with sufficient engineering detail and cost estimates in order for the APP to be considered for project financing or other suitable financing alternatives.

The re-scoping and feasibility studies are expected to commence in the first quarter of 2006 and take approximately 30 months to complete. It is expected that a joint venture will be formed with NAP holding a 60% interest and Gold Fields holding a 40% interest. Gold Fields would have a back-in right to acquire an additional 10% interest in the joint venture to be paid for by reducing the number of NAP common shares issued to Gold Fields by 20%. NAP would remain operator of the joint venture which would be managed under a joint venture arrangement. Completion of the transaction is subject to a number of conditions including, among other things, negotiating and executing a formal option and joint venture agreement and receipt of all required regulatory and third party approvals and consents, including certain regulatory approvals, such as the South African Reserve Bank.

#### **Insurance**

Gold Fields holds insurance policies providing coverage for accidental loss or damage, business interruption in the form of fixed operating costs or standing charges, public liability, material damage and other losses which it holds through a captive insurance company domiciled in Gibraltar. Gold Fields' insurance policies covering material damage and business interruption based on fixed operating costs or standing charges provide coverage in amounts up to \$125 million per event occurring underground and up to \$400 million per event occurring on the surface. Gold Fields is self insured up to \$8.5 million per event. In fiscal 2003, Gold Fields changed from business interruption cover based on gross profit to cover based on fixed operating costs or standing charges only in an effort to reduce costs.

Management believes that the scope and amounts of coverage of its insurance policies are adequate and in accordance with customary practice for a gold mining company of its size with multinational operations.

## **Regulatory and Environmental Matters**

### *South Africa*

#### *Environmental*

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

Environmental legislation in South Africa has become increasingly more onerous while enforcement of environmental requirements in South Africa is now more rigorous than in the past. Specific environmental rules pertaining to prospecting and mining are set out in the Mineral and Petroleum Resources Development Act 28 of 2002, or the New Minerals Act, and its regulations. The environmental obligations imposed by

the New Minerals Act are significantly more stringent than the provisions of the former legislation. In particular, the New Minerals Act makes express provision for directors' liability in circumstances when environmental harm arises pursuant to mining operations. See Mineral Rights.

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. All prospecting and mining operations required by the New Minerals Act are to be conducted according to an environmental management plan which must be approved by the Department of Minerals and Energy.

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, 2005, Gold Fields had contributed a total of approximately Rand 401.2 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. Gold Fields' non-South African operations received full ISO 14001 certification in fiscal 2003.

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

#### *Health and Safety*

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

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

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The Mine Health and Safety Act requires employers, among other things, to establish health and safety policies, to provide employees with health and safety training, assess and respond to risk and establish a system of medical surveillance.

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

### *Mineral Rights*

#### The New Minerals Act

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



Under the former regulatory regime, mineral rights (which encompassed the right to prospect and mine) in South Africa were held either privately or by the government of South Africa. Ownership of private mineral rights was held through title deeds and constituted real rights in land, which were enforceable against any third party. Prospecting and mining are now regulated by the provisions of the New Minerals Act, including the transitional provisions included therein.

The transitional provisions of the New Minerals Act phase out existing rights to prospect and mine granted under the old legislation. The transitional provisions contemplate three scenarios, applicable when the New Minerals Act came into effect: (1) mineral rights in respect of which no prospecting permit or mining authorization has been issued and/or no prospecting or mining activities are taking place; (2) mineral rights that are the subject of prospecting permits and prospecting is taking place; and (3) mineral rights in respect of which a mining authorization has been issued and mining is taking place. The rights described in the three categories are referred to as old order rights. Under category (1), the holders of privately-held mineral rights would need to apply for a prospecting or mining right in their own names to replace their existing mineral rights. Application has to be made within one year of the relevant provision of the New Minerals Act becoming operational. Under categories (2) and (3), any prospecting permit or mining authorization granted under the old legislation would continue to be valid for the period granted under the old legislation, subject to a maximum period of two or five years, respectively. After the lapse of the one year period referred to in category (1) and the two and five year periods in categories (2) and (3) respectively, the mineral rights would cease to exist. Within these periods, in order to continue with mining or prospecting operations, the holders of mineral rights and prospecting permits or mining authorizations would have to apply for a new prospecting right or mining right in respect of category (1) and for conversion to new prospecting or mining rights in respect of categories (2) and (3). Gold Fields is entitled to conversion of its existing old order rights provided that it complies with the requirements for conversion, some of which are of a discretionary nature.

Under the New Minerals Act prospecting rights are initially granted for a maximum period of five years and can be renewed once upon application for a further period not exceeding three years. Mining rights are valid for a maximum period of 30 years, and can be renewed upon application for further periods each of which may not exceed 30 years. Provision is made for the grant of retention permits, which would have a maximum term of three years and could be renewed once upon application for a further two years. A wide range of factors and principles, including proposals relating to black economic empowerment and social responsibility, will be considered by the Minister of Minerals and Energy, or the Minister, when exercising her discretion whether to grant these applications including, for example, evidence of an applicant's ability to conduct mining operations optimally. Gold Fields might not be successful in its applications for new prospecting rights or mining rights.

The provisions of the New Minerals Act provide that a mining or prospecting right granted under the New Minerals Act could be cancelled if the mineral to which such mining right relates is not mined at an optimal rate. Furthermore, royalties not payable under the old legislation may become payable to the State. See The Royalty Bill.

The Mining Titles Registration Amendment Act, or the Mining Titles Act, came into force on May 1, 2004. The Mining Titles Act provides for the registration of rights granted under the New Minerals Act. The Mining Titles Act repeals certain sections of the current legislation dealing with the registration of mineral rights, subject to the transitional provisions of the New Minerals Act. Until rights held under the previous regime are converted to rights under the New Minerals Act, rights held under the previous regime that become subject to a change in ownership during the transition period will not be able to be registered under the name of the new owner. See Risk Factors Gold Fields mineral rights in South Africa have become subject to new legislation which could impose significant costs and burdens The New Minerals Act.

The New Minerals Act contains a provision requiring the Minister, within six months of the relevant provision becoming operational, to develop a broad-based socio-economic empowerment charter for effecting entry of historically disadvantaged South Africans, or HDSAs, into the mining industry. The South African government appointed a task team which included representatives from mining companies, including Gold Fields, to develop a charter. On October 11, 2002, the Minister and representatives of certain mining companies and the National Union of Mineworkers signed a charter that reflects the consultation process called for by the New Minerals Act. The Mining Charter became effective on May 1, 2004.

The charter's stated objectives are to:

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

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

utilize the existing skills base for the empowerment of HDSAs;

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

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

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

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

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

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

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

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

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

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

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

offer every employee the opportunity to become functionally literate and numerate by the year 2005;

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

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

identify current levels of beneficiation and indicate opportunities for growth.

When considering applications for the conversion of existing licenses, the government will take a scorecard approach to the different facets of promoting the objectives of the charter. In February 2003, the Department of Minerals and Energy, or DME, published the scorecard, which is intended to facilitate the application of the charter and measure compliance with the empowerment requirements of the New Minerals Act for the purpose of determining whether an application for conversion of old order rights to new order rights should be granted. The scorecard sets out the requirements of the charter in tabular form which allows the DME to tick off areas where a mining company is in compliance. The scorecard covers the following areas:

human resource development;  
employment equity;  
migrant labor;  
mine community and rural development;  
housing and living conditions;  
ownership and joint ventures;  
beneficiation; and  
reporting.

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

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

On March 8, 2004, the shareholders of Gold Fields approved a series of transactions, referred to in this discussion as the Mvela Transaction, involving the acquisition by Mvela Resources of a 15% beneficial interest in the South Africa gold mining assets of Gold Fields for cash consideration of R4,139 million. See Operating and Financial Review and Prospects Overview Mvelaphanda Transaction. The Mvela Transaction is intended to meet the charter's requirement that mining companies achieve a 15% HDSA ownership within five years of the mining charter coming into effect. There is no guarantee, however, that the Mvela Transaction will not have a negative effect on the value of Gold Fields' ordinary shares. In addition, any further adjustment to the ownership structure of Gold Fields' South African mining assets in order to meet the mining charter's 10 year HDSA ownership requirement of 26% could have a material adverse effect on the value of Gold Fields' ordinary shares and failing to comply with the charter's requirements could subject Gold Fields to negative consequences, the scope of which has not yet been fully determined. Gold Fields may also incur expenses to give effect to the mining charter's other requirements, and may need to incur additional indebtedness in order to comply with the industry-wide commitment to assist HDSAs in securing Rand 100 billion

of financing during the first five years of the mining charter's effectiveness. Moreover, there is no guarantee that any steps Gold Fields has already taken or might take in the future will ensure the successful conversion of any or all of its existing mining rights or for the grant of new mining rights or that the terms of any conversion or grant would not be significantly less favorable to Gold Fields than the terms of its current rights. See Risk Factors Gold Fields mineral rights in South Africa have become subject to new legislation which could impose significant costs and burdens The New Minerals Act. Management believes that Gold Fields is well positioned to meet the requirements of the mining charter within the prescribed periods.

#### The Royalty Bill

On March 20, 2003, the draft Mineral and Petroleum Royalty Bill, or the Royalty Bill, was released for public comment. The South African National Treasury subsequently missed an August 1, 2003, deadline for submitting a revised draft to the South African Parliament and, as yet, no revised draft has been submitted or published.

The Royalty Bill proposes to impose a 3% revenue based royalty on the South African gold mining sector payable to the South African government. The royalty would be calculated on the basis of published tradable value or, where no published tradable value is available, on an imputed gross sales value of the relevant mineral. The royalty would be deductible as an expense for income tax purposes as opposed to a rebate against income tax. Under the terms of the proposed Royalty Bill, the royalty is to take effect when companies convert to new order mining rights in accordance with the New Minerals Act, although the Minister has indicated that the royalty is not expected to take effect until the transitional period for the conversion of mining rights under the New Minerals Act expires. The Minister of Finance in his Budget Speech in February 2004 indicated that the royalty will be based on revenues and will take effect in 2009. The Royalty Bill is in the process of being drafted and is expected to contain an ad valorem royalty on gross sales. If adopted, in either its current or a revised form, the Royalty Bill could have an adverse effect on Gold Fields South African operations and therefore an adverse effect on its business, operating results and financial condition. See Key Information Risk Factors Gold Fields mineral rights in South Africa have become subject to new legislation which could impose significant costs and burdens The Royalty Bill.

#### *Land Claims*

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

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

If land is restored without fair compensation it is possible that a constitutional challenge to the restoration could be successful. Once a notice of a land claim has been published in the Government Gazette the rights of any person in respect of such land are restricted in that he may not

perform certain actions, including, but not limited to, selling, leasing or developing such land, unless the Regional Land Claims Commissioner has been given one month's written notice. The Commission is obligated to notify the owner of land in respect of which a claim has been lodged or any other party which might have an interest in a claim. All claims were required to be lodged with the Commission by December 31, 1998. Although this was the final date for filing claims, many claims lodged before the deadline are still being reviewed and not all parties who are subject to claims have yet been notified. However, new land claims may only be instituted after December 31, 1998, if an original claim was filed incorrectly. Gold Fields has not been notified under the Land Claims Act of any land claims against it but it may be notified of claims in the future. If Gold Fields is notified of land claims in the future, these claims could have a material adverse effect on Gold Fields' right to the properties to which the land claims relate. See Key Information Risk Factors Gold Fields' land and mineral rights in South Africa could be subject to land restitution claims which could impose significant costs and burdens.

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

#### *Exchange Controls*

South African law provides for exchange control regulations, which restrict the export of capital from the Common Monetary Area, comprising South Africa, the Kingdoms of Lesotho and Swaziland and the Republic of Namibia. The exchange control regulations, which are administered by the SARB, are applied throughout the Common Monetary Area and regulate transactions involving South African residents, including companies. The basic purpose of exchange controls is to mitigate the decline of foreign capital reserves in South Africa and the devaluation of

the Rand against other currencies, in particular the U.S. dollar. It is anticipated that South African exchange controls will continue to operate for the foreseeable future. The South African government has, however, committed itself to gradually relaxing exchange controls and a significant relaxation has occurred in recent years. It is the stated objective of the authorities to achieve equality of treatment between residents and non-residents in relation to inflows and outflows of capital. The gradual approach to the abolition of exchange controls adopted by the South African government is designed to allow the economy to adjust more smoothly to the removal of controls that have been in place for a considerable period of time.

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

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

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

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

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

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

In his speech to Parliament towards the end of October 2004, the Minister of Finance outlined the South African Treasury's medium term budget policy statement and repeated that it was the government's eventual goal to replace all remaining exchange controls with prudential benchmarks. He also announced the abolition of exchange control limits on new outward foreign direct investments by South African corporations and the lifting of their obligation to repatriate foreign dividends.

*Ghana*

*Environmental*

The laws and regulations relating to the environment in Ghana have their roots in the 1992 Constitution which charges both the state and individuals with a duty to take appropriate measures to protect and safeguard the natural environment. Mining companies are also required under the Minerals and Mining Law, 1986 (P.N.D.C. Law 153), to have due regard to the effect of their operations on the environment and to take steps to prevent pollution of the environment.

The principal legislation regulating activities which affect the environment is the Environmental Protection Act, 1994 (Act 490), and the Environmental Assessment Regulations (LI 1652) and related guidelines. Mining operations are required by these laws to undergo an environmental impact assessment process, to obtain approval for an environmental permit prior to commencing operations and subsequently, after a period of operation, to submit an environmental management plan for the operations to obtain an environmental certificate. The laws also require mining operations to rehabilitate land disturbed as a result of mining operations pursuant to an environmental reclamation plan agreed with the Ghanaian environmental authorities. This obligation is included in a reclamation security agreement signed by the mining company and negotiated with the Environmental Protection Agency, or EPA, and is secured by posting reclamation bonds and a cash deposit, which serve as a security deposit against default.



In Ghana, environmental management plans are submitted every three years and include details regarding the likely impact of the operation on the environment, including local communities, as well as a comprehensive plan and timetable for actions to lessen and remediate adverse impacts. Updated reclamation plans are submitted to the EPA every two years with readjustment of the calculated bond. Gold Fields Ghana has posted a reclamation bond of \$7.4 million representing 50% of the liability estimated to have occurred by December 2005. Estimated rehabilitation costs totaling \$26.6 million are forecast over the life of Tarkwa Reclamation bonds are assessed based on 50% of the agreed estimated rehabilitation costs for the two year period after the date of the last reclamation plan.

Gold Fields Ghana has an environmental permit for the Tarkwa property. Gold Fields Ghana has been issued an environmental certificate dated October 27, 2003 which expires on October 26, 2006.

Gold Fields has implemented environmental management systems in compliance with ISO 14001 throughout its operations in Ghana and has received full certification under ISO 14000. Gold Fields operations in Ghana received full ISO 14001 certification in fiscal 2003.

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

Abosso has submitted the required environmental management plans and reclamation plans and is in compliance with all permit, certificate and reclamation requirements. An environmental certificate for the Damang mine was issued on October 9, 2003 for a two year period to October 8, 2005. On August 24, 2005, Abosso submitted an application supported by an environmental management plan for the years 2005 to 2008 to the EPA for renewal of its environmental certificate. Although Gold Fields renewal has not yet been granted, Gold Fields is not aware of any impediment to the renewal of its environmental certificate.

Abosso was the first mining company in Ghana to sign a reclamation security agreement, in May 2001. This agreement was re-negotiated to include rehabilitation cost estimates in respect of additional expansion areas of the mine and to take account of a reduction in its reclamation liability after achieving certain prescribed reclamation criteria for a portion of the mining area covered by its lease. An amended and restated reclamation security agreement for Damang was signed in March 2003. Abosso has posted a reclamation bond of \$2.0 million and deposited \$200,000 cash to secure the agreement. Estimated rehabilitation costs totaling \$6.3 million are forecast over the life of Damang.

#### *Health and Safety*

A mine owner is statutorily obligated to, among other things, take steps to ensure that the mine is managed and worked in accordance with the provisions of the Mining Regulations, 1970 L.I. 665, which provide for the safety and proper discipline of the mine workers. The regulations prescribe the measures to be taken at every mining operation to ensure the safety and health of mine workers. Additionally, Gold Fields is required under the terms of its mining leases to comply with the reasonable instructions of the Chief Inspector of Mines regarding health and safety on the mine. A violation of the provisions of the health and safety regulations or failure to comply with the reasonable instructions of the Chief Inspector of Mines could lead to, among other things, a shut down of all or a portion of the mine or the imposition of costly compliance procedures, and, in the case of a violation of the regulations relating to health and safety, constitutes an offence. Gold Fields, as the holder of the mining lease, has potential liability arising from injuries to, or deaths of, workers, including, in some cases, workers employed by its contractors. Although Ghanaian law provides statutory workers compensation for injuries or fatalities to workers, it is not the exclusive means for workers to claim compensation. Gold Fields insurance for health and safety claims or the relevant workers compensation may not be adequate to meet the costs which may arise upon any future health and safety claims. As a result, Gold Fields may suffer adverse consequences. See Key Information

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

On September 12, 2003, the National Health Insurance Act, 2003 (Act 650), came into effect. The act requires every person resident in Ghana to belong to either a public or private health insurance scheme. To fund the National Health Insurance Fund, the act imposes a levy of 2.5% on goods and services produced or provided in, or imported into, Ghana. By the National Health Insurance (Commencement of Levy) Instrument, 2004 (L.I. 1973), the imposition of the levy came into force on August 1, 2004. Certain types of machinery used in mining, as well as water and certain types of fuel are exempt from the levy. Employers who establish or contribute to a private health insurance scheme are not exempt from payment of the levy. As a result, the imposition of the levy could increase Gold Fields costs with respect to goods and services utilized in Ghana, including labor costs. See Key Information Risk Factors Gold Fields operations in Ghana are subject to health and safety regulations which could impose significant costs and burdens.

#### *Mineral Rights*

Under the Minerals and Mining Law 1986 (PNDCL 153), or the Minerals and Mining Law, neither a landowner nor any other person may search for minerals or mine on any land without having been granted a mineral right by the Minister responsible for mines.

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

and the terms of the mining leases, all of the Tarkwa property and Teberebie property mining leases are renewable by agreement between Gold Fields Ghana and the government of Ghana. Abosso has applied to the Minister responsible for mines for the conversion of a prospecting licence to a mining lease to allow it to commence mining in its Lima South Pit at Damang.

Abosso holds a mining lease in respect of the Damang mine dated April 19, 1995, as amended by an agreement dated April 4, 1996. This lease expires in 2025. As with the Tarkwa and Teberebie mining leases, this lease is renewable under its terms and the provisions of the Minerals and Mining Law by agreement between Abosso and the government of Ghana.

In addition, under Ghanaian law, the Tarkwa property mining leases are subject to the ratification of Parliament. 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, but they have not yet been ratified. See [Key Information](#) [Risk Factors](#) [Gold Fields](#) mineral rights in Ghana are currently subject to regulations, and will become subject to new regulations, which could impose significant costs and burdens.

The Minerals and Mining Bill, or the Minerals Bill, proposing amendments to Ghana's minerals and mining laws has been laid before the Ghanaian Parliament. The Minerals Bill, if passed, will repeal the Minerals and Mining Law and the amendments to it. The major provisions contemplated by the Minerals Bill are as follows:

applications for the grant of a mineral right would be considered on a first come first served basis;

the government of Ghana's right to a 10% free carried interest in mineral operations will be restricted to mining leases;

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

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

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

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

changes to the definition of a mining company. Under the existing Minerals and Mining Law, a mining company is defined as a company which or whose subsidiary is the holder of a mining lease. The Minerals Bill proposes to define a mining company as a company which or whose subsidiary is the holder of a mineral right (which includes

prospecting and reconnaissance licence holders) and will exclude companies listed on a stock exchange and companies whose holding in mining companies or whose subsidiary's assets are less than 50% of the market value of their total assets. The effect of this re-definition appears to be that prospecting or reconnaissance licence holders as well as mining lease holders would be required to notify the Minister responsible for mines of changes in control. Additionally, similar to its rights currently in respect of companies holding mining licenses, the government of Ghana would be entitled to a special share in prospecting or reconnaissance licence holders. See Government Option to Acquire Shares of Mining Companies.

The Minerals Bill provides that leases, permits and licences granted or issued under the repealed enactments will continue under those laws unless the Minister responsible for minerals by regulation provides otherwise.

A license is required for the export, sale or other disposal of minerals and the permission of the Chief Inspector of Mines is required to remove minerals obtained by the holder of a mineral right. Under Ghanaian law, the government has the right to compel the sale to it of all mineral rights obtained in Ghana and all products derived from the refining or treatment of minerals. However, the current project development agreement between, among others, Gold Fields Guernsey Limited and the government of Ghana, entitles Gold Fields to export and sell its entire production of gold and by-products. In respect of Abosso, the government has agreed pursuant to a deed of warranty dated April 26, 1996, not to exercise these pre-emption rights for as long as Abosso follows the procedure for marketing its products as may be approved by the Bank of Ghana acting on the advice of the Minerals Commission.

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

#### *Recent Fiscal Measures*

The Ghanaian elections of 2000 resulted in the principal opposition party winning and therefore forming the present government which was re-elected in 2004. Since this government came into power it has passed legislation imposing a national reconstruction levy for the calendar years

2001 and 2002, which in the case of mining companies is 2.5% of operating profit. This levy was extended for the calendar years 2003, 2004 and 2005. Additionally the current Ghana government has introduced measures imposing levies on mining equipment previously exempt from customs duty.

In January 2005, the Ghana budget statement reduced the corporate tax rate from 32.5% to 28% and the national reconstruction levy from 2.5% to 1.5%. There have been some indications that for 2006 the corporate tax rate may be reduced to 25% and the national reconstruction levy may be eliminated.

#### *Government Option to Acquire Shares of Mining Companies*

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

Under the Minerals and Mining Law, the government has a further option to acquire a special share in a mining company for no consideration or in exchange for such consideration as the government and that company shall agree. This interest, when acquired, constitutes a special share which gives the government the right to attend and speak at any general meeting of shareholders, but does not entitle the government to any voting rights. The special share does not entitle the government to distributions of profits of the company which issues it to the government. The written consent of the government is required to make any amendment to a company's articles of incorporation relating to the government's option to acquire a special share. Although the government of Ghana has agreed not to exercise this option for Gold Fields Ghana, it has retained this option for Abosso.

#### *Exchange Controls*

Ghana's exchange control laws require permission from the Ghanaian authorities for transactions involving foreign currency. Under a foreign exchange retention account agreement with the government of Ghana, Gold Fields Ghana is required to repatriate 20% of its revenues derived from the Tarkwa mine to Ghana and use the repatriated revenues in Ghana or maintain them in a Ghanaian bank account. Abosso is currently obligated to repatriate 25% of its revenue to Ghana, although the level of repatriation under the deed of warranty between Abosso and the government of Ghana is subject to renegotiation every two years. The most recent negotiations were concluded in February 2003. While management has no reason to believe that the repatriation level will increase as a result of the next set of negotiations, there is no agreed ceiling on the repatriation level, and it could be increased. Any increase could adversely affect Gold Fields' ability to use the cash flow from the Damang mine outside Ghana, including to fund working costs and capital expenditures at other operations, to provide funds for acquisitions and to repay principal and interest on indebtedness.

During the first half of 2000 the central bank, or the Bank of Ghana, requested mining companies, including Gold Fields Ghana and Abosso, to repatriate an additional 25% of their revenues to foreign currency accounts with local banks. Gold Fields Ghana and Abosso were specifically asked to do so by letter from the then Minister of Finance. Gold Fields Ghana responded that it was at the time repatriating more than its required percentage of revenues to Ghana and expected to continue to, although it could not guarantee that it would, do so for the foreseeable

future. Neither Gold Fields Ghana nor Abooso has heard anything further from either the Bank of Ghana or the Minister of Finance. Because of its need to fund operating costs for the Ghana operation, Gold Fields currently repatriates approximately 40% of revenues from the Ghana operation to Ghana. The Bank of Ghana or the Ministry of Finance may in the future request or direct Gold Fields to repatriate higher amounts to Ghana. Management believes that Gold Fields Ghana is entitled to rely on the provisions of the foreign exchange retention account agreement for the duration of the Tarkwa mining leases.

*Australia*

*Environmental*

While Australia's national government retains the power to regulate activities which impact upon matters of national environmental significance, the Constitution vests the power to legislate environmental matters principally in the states. Gold Fields' gold operations in Australia are primarily subject to the environmental laws and regulations of the State of Western Australia. The Western Australia Environmental Protection Act 1986 and Mining Act require, among other things, that Gold Fields obtain environmental licenses, work approvals and mining licenses to begin mining operations.

During the operational life of its mines, Gold Fields is required by law to make provisions for the ongoing rehabilitation of its mines and to provide for the cost of post-closure rehabilitation and monitoring once mining operations cease. Gold Fields guarantees its environmental obligations by providing the Western Australian government with unconditional bank-guaranteed performance bonds. However, these bonds

would not cover any environmental events requiring remediation that were unforeseen at the time the bonds were issued or which occur as a result of a breach of Gold Fields' environmental licensing conditions.

The Contaminated Site Act 2003 is expected to come into effect in late 2005. This legislation will require Gold Fields to report known or suspected contaminated sites. Gold Fields may also be required to remediate an affected site if there is contamination that is likely to cause harm to human health or the environment. The government of Western Australia recently amended the Environmental Protection Act 1986 to create new offenses in relation to environmental harm (some of which provide for strict liability) and other obligations with which Gold Fields must comply. One of the purposes for these amendments is to broaden the Department of Environmental Protection's power to prosecute for environmental harms. As a result, Gold Fields' exposure to prosecution for environmental harms may be increased. Further, as a result of these changes, Gold Fields' environmental duties and responsibilities will be increased, which could impose significant costs and burdens. See Key Information Risk Factors Gold Fields' operations in Australia are subject to environmental regulations which could impose significant costs and burdens.

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

#### *Health and Safety*

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

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

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

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

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

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

### *Mineral Rights*

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

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

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

### *Land Claims*

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



which affects native title and constitutes a future act under the Native Title Act. The existence of these claims does not necessarily prevent continued mining under existing tenements. Certain of Gold Fields' tenements are currently subject to native title claims.

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

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

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

## Property

Gold Fields' operations as of June 30, 2005 comprised the following:

Gold Fields' operative mining areas as of June 30, 2005	
Operation	Size
Driefontein	8,594 hectares
Kloof	20,087 hectares
Beatrix	16,821 hectares
Ghana	
Tarkwa	20,825 hectares
Damang	5,239 hectares
Australia	
St. Ives	87,363 hectares
Agnew	59,272 hectares

Gold Fields leases its corporate headquarters in Johannesburg.

As discussed earlier, the New Minerals Act came into operation on May 1, 2004 and vests the right to prospect and mine in the state with administration by the government of South Africa.

The transitional provisions of the New Minerals Act phase out existing rights to prospect and mine granted under the old legislation. Gold Fields owned substantially all of the mineral rights under the previous regime for which it has mining authorizations under that regime. Gold Fields is in the process of applying for conversion of its mineral rights into mining rights under the New Minerals Act. Although Gold Fields has not yet received its mining rights under the New Minerals Act, it believes it is in compliance with the criteria for such rights and expects the rights to be issued in fiscal 2006. Gold Fields has submitted its applications for the conversion of the mineral rights for Driefontein, Beatrix and Kloof under the New Minerals Act. Gold Fields also owns most of the surface rights with respect to its South African mining properties. Where Gold Fields conducts surface operations on land the surface rights of which it does not own, it does so in accordance with applicable mining and property laws. In addition, Gold Fields owns various mineral rights, under the previous regime, and surface rights contiguous to its operations in South Africa. As required under the New Minerals Act, Gold Field has submitted its surface rights utilized for mining purposes for registration. Gold Fields has received mining rights on properties which it has identified as being able to contribute, now or in the future, to its business and will similarly seek to convert those mining rights to mining rights under the New Minerals Act. See Regulatory and Environmental Matters South Africa Mineral Rights.

Gold Fields Ghana obtained the mining rights for the Tarkwa property from the government of Ghana in 1993. In August 2000, with the consent of the government of Ghana, Gold Fields Ghana was assigned the mining rights for the northern portion of the Teberebie property. The Tarkwa rights expire in 2027, while the Teberebie rights expire in 2018. Abosso holds the right to mine at the Damang property under a mining lease from the government of Ghana which expires in 2025. Gold Fields may exploit all surface and underground gold at all three sites until the rights expire, provided that Gold Fields pays the government of Ghana a royalty which is calculated on the basis of a formula which ranges from 3% to 12% of revenues derived from mining at the sites. For fiscal 2005, this formula resulted in Gold Fields Ghana paying royalties

equivalent to approximately 3% of the revenues from gold produced at the Tarkwa and Teberebie properties, and Abosso paying approximately 3% of the revenues from gold produced at the Damang property.

In Australia, mining rights and property are leased from the state. Australian mining leases have an initial term of 21 years with one automatic 21-year renewal period and thereafter an indefinite number of 21-year renewals with government approval. Gold Fields pays a royalty to the state of 2.5% of revenues from gold produced at St. Ives and Agnew.

Gold Fields also holds exploration tenements covering a total of approximately 22.5 million hectares (excluding mining leases and the Cerro Corona exploration leases) in various countries, including China, Indonesia, Finland, South Africa, Ghana and Australia. Gold Fields' ownership interests in these sites vary with its participation interests in the relevant exploration projects. See Exploration.

Gold Fields holds title to numerous non-mining properties in South Africa, including buildings, shops, farmland and hospitals. In addition, Gold Fields controls, directly and indirectly, approximately 66,000 hectares of land in the West Wits region, including, among other things, a nature reserve, wetlands and a golf course.

## Research and Development

Gold Fields undertakes various research and development projects relating to gold production technology and potential uses of gold. In particular, Gold Fields has developed a patented technology called Biox<sup>®</sup> through its wholly-owned Swiss subsidiary Biomin Technologies S.A. Biox<sup>®</sup> involves a process by which bacteria releases gold from sulfide bearing gold ore to permit more economical recovery of the gold. During fiscal 2004, Gold Fields reevaluated the potential future income arising from existing and possible new contracts for Biox<sup>®</sup>, and as a result reduced the carrying value of the patent. See Operating and Financial Review and Prospects Years ended June 20, 2004 and 2003 Impairment of assets.

Gold Fields is also participating, along with AngloGold Limited and Mintek, as well as other partners, in Project AuTek. Project AuTek involves research into and development of new industrial applications for gold and gold alloys. Gold Fields is also involved in a project called Future Mine with a consortium of other mining companies. The project is focused on researching and developing advanced technologies with applications for underground mining.

## Legal Proceedings

Gold Fields is not a party to any material legal or arbitration proceedings, nor is any of its property the subject of pending material legal proceedings.

## Glossary of Mining Terms

The following explanations are not intended as technical definitions, but rather are intended to assist the reader in understanding some of the terms used in this annual report.

**Absorption, desorption and recovery (AD&R):** a treatment process involving the extraction of gold in solution using activated carbon, followed by removal of the gold from the carbon.

**Agglomeration:** a method of concentrating gold based on its adhesive characteristics.

**Backfill:** material, generally sourced from tailings or waste rock, used to refill mined-out areas to increase the long term stability of mines and mitigate the effects of seismicity.

**Call option:** a contract which provides the owner with the right, but not the obligation, to purchase an asset at a specified price on or before a specified date.

**Carbon absorption:** a treatment process which uses activated carbon to remove gold in solution.

**Carbon in leach (CIL):** a process similar to CIP (described below) except that the ore slurries are not leached with cyanide prior to carbon loading. Instead, the leaching and carbon loading occur simultaneously.

**Carbon in pulp (CIP):** a common process used to extract gold from cyanide leach slurries. The process consists of carbon granules suspended in the slurry and flowing counter-current to the process slurry in multiple-staged agitated tanks. The process slurry, which has been leached with cyanide prior to the CIP process, contains soluble gold. The soluble gold is absorbed onto the carbon granules which are subsequently separated from the slurry by screening. The gold is then recovered from the carbon by electrowinning onto steel wool cathodes or by a similar process.

**Cleaning:** the process of removing broken rock from a mine.

**Closely spaced dip pillar mining method:** a mining method where support pillars are left in place at relatively close intervals to increase the stability of the mine. Mining is conducted using conventional drilling and blasting techniques.

**Comminution:** the breaking, crushing or grinding of ore by mechanical means.

**Crosscut:** a mine working driven horizontally and at right angles to a level.

**Cut-off grade:** the grade which distinguishes the material within the orebody that is to be extracted and treated from the remainder. See also Paylimit.

**Decline or Incline:** a sloping underground opening for machine access from the surface to an underground mine or from level to level in a mine. Declines and inclines are often driven in a spiral to access different elevations in the mine.

**Depletion:** the decrease in quantity of ore in a deposit or property resulting from extraction or production.

**Development:** activities (including shaft sinking and on-reef and off-reef tunneling) required to prepare for mining activities and maintain a planned production level and those costs incurred to enable the conversion of mineralization to reserves.

**Development end:** the end of an underground excavation or tunnel.

**Dilution:** the mixing of waste rock with ore, resulting in a decrease in the overall grade.

**Dissolution:** the process whereby a metal is dissolved and becomes amenable to separation from the gangue material.

**Electrowinning:** the process of removing gold from solution by the action of electric currents.

**Elution:** removal of the gold from the activated carbon.

**Exploration:** activities associated with ascertaining the existence, location, extent or quality of mineralization, including economic and technical evaluations of mineralization.

**Flotation:** the process whereby certain chemicals are added to the material fed to the leach circuit in order to float the desired minerals to produce a concentrate of the mineral to be processed. This process can be carried out in column floatation cells.

**Footwall:** the area below a geological feature.

**Forward sale contract:** the sale of a specified quantity of an asset at a future specified date at a fixed price.

**Gangue:** commercially valueless material remaining after ore extraction from rock.

**Gold in process:** gold in the processing circuit that is expected to be recovered during or after operations.

**Gold reserves:** the gold contained within proven and probable reserves on the basis of recoverable material (reported as mill delivered tonnes and head grade).

**Grade:** the quantity of metal per unit mass of ore expressed as a percentage or, for gold, as grams of gold per tonne of ore.

**Greenfield:** a potential mining site of unknown quality.

**Grinding:** reducing rock to the consistency of fine sand by crushing and abrading in a rotating steel grinding mill.

**Head grade:** the grade of the ore as delivered to the metallurgical plant.

**Heap leaching:** a relatively low cost technique for extracting metals from ore by percolating leaching solutions through heaps of ore placed on impervious pads. Generally used on low-grade ores.

**In situ:** within unbroken rock or still in the ground.

**Jig:** a rock drill mounted on a bar which can be moved up and down quickly. Used in the stope for drilling holes parallel to each other.

**Jumbo cut and mullock fill mining method:** a mining method using a Jumbo multi-head drilling rig and waste rock, or mullock, as opposed to tailings, as backfill.

**Leaching:** dissolution of gold from the crushed and milled material, including reclaimed slime, for absorption and concentration on to the activated carbon.

**Level:** the workings or tunnels of an underground mine which are on the same horizontal plane.

**Life of mine, or LoM:** the expected remaining years of production, based on production rates and ore reserves.

**London afternoon fixing price:** the afternoon session open fixing of the gold price which takes place daily in London and is set by a board comprising five financial institutions.

**London morning fixing price:** the morning session open fixing of the gold price which takes place daily in London and is set by a board comprising five financial institutions.

**Longwall mining method:** a mining method involving mining over large continuous spans without the use of pillars.

**Mark-to-market:** the current fair value of a derivative based on current market prices, or to calculate the current fair value of a derivative based on current market prices, as the case may be.

**Measures:** conversion factors from metric units to U.S. units are provided below.

Metric unit		U.S. equivalent
1 tonne	= 1 t	= 1.10231 short tons
1 gram	= 1 g	= 0.03215 ounces
1 gram per tonne	= 1 g/t	= 0.02917 ounces per short ton
1 kilogram per tonne	= 1 kg/t	= 29.16642 ounces per short ton
1 kilometer	= 1 km	= 0.62137 miles
1 meter	= 1 m	= 3.28084 feet
1 centimeter	= 1 cm	= 0.39370 inches
1 millimeter	= 1 mm	= 0.03937 inches
1 hectare	= 1 ha	= 2.47104 acres



**Metallurgical plant:** a processing plant used to treat ore and extract the contained gold.

**Metallurgical recovery factor:** the proportion of metal in the one delivered to the mill, that is recovered by the metallurgical process or processes.

**Metallurgy:** in the context of this document, the science of extracting metals from ores and preparing them for sale.

**Mill delivered tonnes:** a quantity, expressed in tonnes, of ore delivered to the metallurgical plant.

**Milling/mill:** the comminution of the ore, although the term has come to cover the broad range of machinery inside the treatment plant where the gold is separated from the ore.

**Mine call factor:** the ratio, expressed as a percentage, of the specific product recovered at the mill (plus residue) to the specific product contained in an orebody calculated based on an operation's measuring and valuation methods.

**Mineralization:** the presence of a target mineral in a mass of host rock.

**Net smelter return:** the volume of refined gold sold during the relevant period multiplied by the average spot gold price and the average exchange rate for the period, less refining, transport and insurance costs.

**Open pit/open cut:** mining in which the ore is extracted from a pit. The geometry of the pit may vary with the characteristics of the orebody.

**Ore:** a mixture of material containing minerals from which at least one of the minerals can be mined and processed at an economic profit.

**Orebody:** a well defined mass of material of sufficient mineral content to make extraction economically viable.

**Ore grade:** the average amount of gold contained in a tonne of gold bearing ore expressed in grams per tonne.

**Ore reserves or reserves:** that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.

**Ounce:** one Troy ounce, which equals 31.1035 grams.

**Overburden:** the soil and rock that must be removed in order to expose an ore deposit.

**Paylimit:** the value at which the orebody can be mined without profit or loss, calculated using an appropriate gold price, production costs and recovery factors. See also Cut-off grade.

**Payshoot:** a linear to sub-linear zone within a reef for which gold grades or accumulations are predominantly above the cut-off grade.

**Paytrend:** an ore zone which occurs in a specific direction and which has a concentration of minerals that is above the average concentration of minerals in the orebody.

**Probable reserves:** reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

**Production stockpile:** the selective accumulation of low grade material which is actively managed as part of the current mining operations.

**Prospect:** to investigate a site with insufficient data available on mineralization to determine if minerals are economically recoverable.

**Prospecting permit or right:** permission to explore an area for minerals.

**Proven reserves:** reserves for which: (1) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and (2) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.

**Pumpcell:** a carbon absorption process whereby gold in solution is absorbed onto activated carbon.

**Reef:** a gold-bearing sedimentary horizon, normally a conglomerate band, that may contain economic levels of gold.

**Refining:** the final stage of metal production in which final impurities are removed from the molten metal by introducing air and fluxes. The impurities are removed as gases or slag.

**Rehabilitation:** the process of restoring mined land to a condition approximating its original state.

**Remnant pillar mining:** the removal of blocks of ground previously left behind for various reasons during the normal course of mining.

**Rock burst:** an event caused by seismicity which results in damage to underground workings and/or loss of life and equipment.

**Rock dump:** the historical accumulation of low grade material derived in the course of mining which is processed in order to take advantage of spare processing capacity.

**Run of Mine (RoM):** a loose term to describe ore of average grade.

**Sampling:** taking small pieces of rock at intervals along exposed mineralization for assay (to determine the mineral content).

**Scattered mining method:** conventional mining which is applied in a non-systematic configuration.

**Seismicity:** a sudden movement within a given volume of rock that radiates detectable seismic waves. The amplitude and frequency of seismic waves radiated from such a source depend, in general, on the strength and state of stress of the rock, the size of the source of seismic radiation, and the magnitude and the rate at which the rock moves during the fracturing process. Rock bursts, as defined above, involve seismicity.

**SAG ball crushing (SABC) mill:** a comminution process in which a SAG mill is used in conjunction with a ball mill and a crushing circuit.

**Semi-autogenous grinding (SAG) mill:** a piece of machinery used to crush and grind ore which uses a mixture of steel balls and the ore itself to achieve comminution. The mill is shaped like a cylinder causing the grinding media and the ore itself to impact upon the ore.

**Shaft:** a shaft provides principal access to the underground workings for transporting personnel, equipment, supplies, ore and waste. A shaft is also used for ventilation and as an auxiliary exit. It may be equipped with a surface hoist system that lowers and raises conveyances for men, materials and ore in the shaft. A shaft generally has more than one conveyancing compartment.

**Slimes:** the finer fraction of tailings discharged from a processing plant after the valuable minerals have been recovered.

**Slurry:** a fluid comprising fine solids suspended in a solution (generally water containing additives).

**Smelting:** thermal processing whereby molten metal is liberated from beneficiated ore or concentrate with impurities separating as lighter slag.

**Spot price:** the current price of a metal for immediate delivery.

**Stockpile:** a store of unprocessed ore.

**Stope:** the underground excavation within the orebody where the main gold production takes place.

**Stripping:** the process of removing overburden to mine ore.

**Stripping ratio:** the number of units of overburden which must be removed in order to mine one unit of ore.

**Sulfide:** a mineral characterized by the linkages of sulfur with a metal or semi-metal, such as pyrite (iron sulfide). Also a zone in which sulfide minerals occur.

**Sweeping:** the clean-up of residual ore in a mine left behind during the normal cleaning operations.

**Tailings:** finely ground rock from which valuable minerals have been extracted by milling.

**Tailings dam/slimes dam:** dams or dumps created from tailings or slimes.

**Tonnage:** quantities where the ton or tonne is an appropriate unit of measure. Typically used to measure reserves of gold-bearing material in situ or quantities of ore and waste material mined, transported or milled.

**Tonne:** one tonne is equal to 1,000 kilograms (also known as a metric ton).

**Total cash costs per ounce:** a measure of the average cost of producing an ounce of gold, calculated by dividing the total cash costs in a period by the total gold production over the same period. Total cash costs represent production costs as recorded in the statement of operations less offsite (i.e., central) general and administrative expenses (including head office costs charged to the mines, central training expenses, industry

association fees, refinery charges and social development costs), rehabilitation costs, plus royalties and employee termination costs. In determining the total cash cost of different elements of the operations, production overheads are allocated pro rata.

**Total production costs per ounce:** a measure of the average cost of producing an ounce of gold, calculated by dividing the total production costs in a period by the total gold production over the same period. Total production costs represent total cash costs, plus amortization, depreciation and rehabilitation costs.

**Uphole bench and fill mining method:** a mining method where a section of ore is drilled from the level below the section to the level above the section, blasted and removed. The void is then filled with waste rock or tailings to form a working platform for removing the next section of ore.

**Uphole open stoping mining method:** a mining method where a section of ore is drilled from the level below the section to the level above the section. Then, vertical slices of the section are blasted and removed in succession. The void is not filled at the production stage, but may be filled with waste rock or tailings once production has ceased.

**Waste:** rock mined with an insufficient gold content to justify processing.

**Yield:** the actual grade of ore realized after the mining and treatment process.

**Zinc precipitation:** a chemical reaction using zinc dust that converts gold solution to a solid form for smelting into unrefined gold bars.



**Item 5: OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

*You should read the following discussion and analysis together with Gold Fields' consolidated financial statements including the notes, appearing elsewhere in this annual report. Certain information contained in the discussion and analysis set forth below and elsewhere in this annual report includes forward-looking statements that involve risks and uncertainties. See "Forward-Looking Statements and Key Information - Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in this annual report.*

**Overview**

**General**

Gold Fields is a significant producer of gold and major holder of gold reserves in South Africa, Ghana and Australia. Gold Fields is primarily involved in underground and surface gold mining and related activities, including exploration, extraction, processing and smelting. Gold Fields is currently the second largest gold producer in South Africa, on the basis of annual production, and one of the largest gold producers in the world. Gold Fields is also currently engaged in exploration activities for platinum group metals primarily in Finland. In the year ended June 30, 2005, Gold Fields produced 4.5 million ounces of gold, 4.2 million ounces of which were attributable to Gold Fields, and the remainder of which were attributable to minority shareholders in Gold Fields Ghana Limited, or Gold Fields Ghana, and Abosso Gold Fields Limited, or Abosso. Gold Fields reported attributable gold reserves of 62.8 million ounces as of June 30, 2005 (including 2.4 million ounces of proven and probable gold reserves for the Cerro Corona Project that will be attributable to Gold Fields upon completion of its acquisition of an 80.7% economic interest in the Cerro Corona Project; see "Information on the Company - Exploration - Gold Fields - Exploration Projects - Cerro Corona Project").

The Gold Fields group holdings evolved through a series of transactions, principally in 1998 and 1999. With effect from January 1, 1998, a company formed on November 21, 1997 and referred to in this discussion as Original Gold Fields acquired substantially all of the gold mining assets and interests previously held by Gold Fields of South Africa Limited, or GFSA, Gencor Limited, New Wits Limited and certain other shareholders in the companies owning the assets and interests. These assets and interests included all of the Beatrix, Oryx and Kloof mines, a 70.0% interest in the Tarkwa mine (which was increased to 71.1% through dilution of some of the other shareholders in 1999), a 54.2% interest in the St. Helena mine and a 37.3% interest in the Driefontein mine. The transaction involved a purchase of the assets and interests held by the three selling companies, as well as offers to the minority shareholders of the three companies holding the Beatrix, Oryx and Kloof mines to acquire their shares in exchange for Original Gold Fields shares. Original Gold Fields accounted for the transaction as a purchase. Because Original Gold Fields was formed as a subsidiary of GFSA, the assets acquired from GFSA were accounted for at the value they had been carried at on GFSA's books. The assets acquired from Gencor Limited, New Wits Limited and the minority shareholders were accounted for at fair value.

With legal effect from January 1, 1999, Original Gold Fields was acquired by the company that is today Gold Fields. For accounting purposes, Original Gold Fields was fully consolidated with effect from June 1, 1999. Although for legal purposes Gold Fields acquired Original Gold Fields, for accounting purposes, Original Gold Fields was considered the acquirer because the Original Gold Fields shareholders obtained the majority interest in the enlarged company. As part of this transaction, the remaining interest in the Driefontein mine came into the Gold Fields group.

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With effect from July 1, 1999, Gold Fields acquired the remaining interest in the St. Helena mine and reorganized the group to simplify its holding structure. For further details of the evolution of the Gold Fields group structure, see [Information on the Company History](#).

Total gold production was 4.577 million ounces in fiscal 2003 (4.334 million ounces of which were attributable to Gold Fields with the remainder attributable to minority shareholders in Gold Fields Ghana and Abosso). Total gold production decreased to 4.406 million ounces in fiscal 2004 (4.158 million ounces of which were attributable to Gold Fields with the remainder attributable to minority shareholders in Gold Fields Ghana and Abosso). This decrease was due to the closure of two loss making shafts, Kloof Shaft No. 9 and Driefontein Shaft No. 10 and the planned reduction of marginal mining at the South African operations. This strategy was due to the sharp reduction in the rand gold price in the latter half of the year. In fiscal 2005 total gold production increased to 4.488 million ounces (4.219 million ounces of which were attributable to Gold Fields with the remainder attributable to minority shareholders in Gold Fields Ghana and Abosso). This increase was mainly due to the increase in underground yields at the South African operations, in line with the strategy to reduce marginal mining, and increased production at Tarkwa, in Ghana, following commissioning of a new mill in October 2004.

### *St. Helena Disposal*

On October 30, 2002, Gold Fields disposed of the St. Helena gold mining operation to the ARMgold/Harmony Freegold Joint Venture Company (Proprietary) Limited, or Freegold, for a gross consideration of Rand 120.0 million and a monthly 1% royalty payment to Gold Fields on the net revenues from gold sales from the St. Helena mine for a period of four years after October 30, 2002.

*Driefontein Mining Area Disposal*

On September 18, 2003, Gold Fields and AngloGold Limited, or AngloGold, announced that an agreement has been reached on the sale of a portion of the Driefontein mining area to AngloGold for cash consideration of Rand 315 million. The transaction related to the mining area Block IC11, which covers an area of 280,000 square meters and is located on the western boundary of the Driefontein mine. The mining area can be accessed from the adjacent TauTona mining operation of AngloGold. The sale, which was conditional upon approval by the South African Competition Commission, was finalized in January 2004.

*Mvelaphanda Transaction*

On March 8, 2004, the shareholders of Gold Fields approved a series of transactions, referred to in this discussion as the Mvela Transaction, involving the acquisition by Mvelaphanda Resources Limited, or Mvela Resources, of a 15% beneficial interest in the South African gold mining assets of Gold Fields for cash consideration of Rand 4,139 million.

The Mvela Transaction was preceded by an internal restructuring of Gold Fields, whereby each of the Driefontein, Kloof and Beatrix mining operations, as well as certain ancillary assets and operations, were transferred to a new, wholly-owned subsidiary of Gold Fields, GFI Mining South Africa (Proprietary) Limited, or GFIMSA.

On November 26, 2003, Gold Fields, Mvela Resources, Mvelaphanda Gold (Proprietary) Limited, or Mvela Gold, a wholly owned subsidiary of Mvela Resources, and GFIMSA entered into a covenants agreement, or the Covenants Agreement, regulating their rights and obligations with respect to GFIMSA. This agreement became effective following the advance by Mvela Gold of the loan to GFIMSA described below, which is referred to in this discussion as the Mvela Loan, and, among other things, provides for Mvela Gold to nominate two members of GFIMSA's board of directors and two members of each of GFIMSA's Operations Committee and Transformation Committee, the latter of which has been established to monitor compliance with the mining charter promulgated under the Mineral and Petroleum Resources Development Act 2002. See Information on the Company Regulatory and Environmental Matters South Africa Mineral Rights. Under the Covenants Agreement, GFIMSA cannot dispose of any material assets, enter into, cancel or alter any material transaction between GFIMSA and any related party or make any material amendment to its constitutive documents without the prior written consent of Mvela Gold. In addition, if Gold Fields or GFIMSA wants to increase the interest of black empowerment entities in GFIMSA or in any business or assets of GFIMSA, other than pursuant to an employee share incentive scheme, Gold Fields must offer to Mvela Gold the opportunity to increase its interest in GFIMSA. By its terms, the Covenants Agreement remains in force for so long as Gold Fields remains a shareholder in GFIMSA and Mvela Gold holds the right to subscribe for 15% of the shares in, or is a shareholder of, GFIMSA, provided that it terminates if the shares of GFIMSA are listed on the JSE Securities Exchange South Africa.

On December 11, 2003, Gold Fields, GFIMSA, and Mvela Gold entered into a subscription and share exchange agreement, or the Subscription and Share Exchange Agreement, pursuant to which, upon repayment of the Mvela Loan, Mvela Gold must subscribe for shares equal to 15% of GFIMSA's outstanding share capital, including the newly issued shares, for consideration of Rand 4,139 million. In addition, for a period of one year after the subscription by Mvela Gold of the GFIMSA shares, each of Gold Fields and Mvela Gold will be entitled to require the exchange of Mvela Gold's GFIMSA shares for ordinary shares of Gold Fields of an equivalent value based on an exchange ratio equal to 15% of a discounted cash flow calculation as applied to GFIMSA's operations divided by the same calculation as applied to Gold Fields' operations, with certain adjustments. In the event that the parties do not agree on the number of Gold Fields ordinary shares to be issued to Mvela Gold in such exchange, then the exchange ratio will be determined by an independent merchant bank or investment bank appointed by the parties. Mvela Gold has ceded its rights under the Subscription and Share Exchange Agreement to secure its obligations under certain mezzanine financing it incurred to fund, in part, the Mvela Loan. Mvela Gold is entitled to dispose of the GFIMSA shares and any Gold Fields ordinary shares it may hold only in accordance with the terms of a pre-emptive rights agreement entered into by the parties whereby if Mvela Gold receives an offer

for, or otherwise wishes to sell, any GFIMSA or Gold Fields shares, it must first offer to sell them to Gold Fields. The Subscription and Share Exchange Agreement became unconditional following the advance of the Mvela Loan to GFIMSA on March 17, 2004.

On December 11, 2003, Gold Fields, GFIMSA, Mvela Gold, First Rand Bank Limited, Gold Fields Australia Pty Limited, or Gold Fields Australia, and Gold Fields Guernsey Limited, or Gold Fields Guernsey, entered into a loan agreement, or the Mvela Loan Agreement, pursuant to which Mvela Gold advanced a loan of Rand 4,139 million, or the Mvela Loan, to GFIMSA on March 17, 2004. GFIMSA applied the loan toward funding its acquisition of Gold Fields' South African mining operations and certain ancillary assets and operations as part of the internal restructuring of Gold Fields. The Mvela Loan has a term of five years, bears interest at a rate of 10.57% per annum and is guaranteed by Gold Fields, Gold Fields Australia and Gold Fields Guernsey. GFIMSA may elect to repay the Mvela Loan, together with the present value of the then outstanding interest payment obligations and the tax payable by Mvela Gold as a result of such repayment, at any time starting 12 months after the Mvela Loan was advanced. While the Mvela Loan is outstanding, Gold Fields and any of its material subsidiaries, which is defined as any subsidiary whose gross turnover in the most recently ended financial year represents more than 5% of the consolidated gross turnover of Gold Fields and its subsidiaries, may not, subject to certain exceptions, (i) sell, lease, transfer or otherwise dispose of any assets, (ii) enter into any merger or similar transaction, or (iii) encumber its assets. The Mvela Loan will become immediately due and payable upon the occurrence of any event of default, which includes, among other things:

failure to make payments of interest or principal;

breach of the covenants in the agreement or of any material provision of the documents relating to the Mvelaphanda Transaction;

any representation or statement of GFIMSA or any guarantor in the documents relating to the Mvela Loan being incorrect or misleading in a material and adverse way;

default under other indebtedness of Gold Fields or any of its material subsidiaries in excess of Rand 75 million;

insolvency of Gold Fields or any of its material subsidiaries;

failure of Gold Fields or any of its material subsidiaries to pay any judgment in excess of Rand 75 million within five days of it becoming due;

government expropriation of Gold Fields or any of its material subsidiaries or their respective material assets;

a change in the business, condition or prospects of any guarantor or Gold Fields and its subsidiaries taken as a whole that is reasonably likely to have a material adverse effect on the ability of GFIMSA or of any guarantor to perform its obligations or on the validity or enforceability of any document relating to the Mvela Loan;

any litigation, arbitration, administrative proceedings or governmental or regulatory investigations or proceedings against Gold Fields or any of its material subsidiaries that is reasonably likely to be adversely determined and if so determined, could reasonably be expected to have a material adverse effect on the ability of GFIMSA or any guarantor to perform its obligations or on the validity or enforceability of any document relating to the Mvela Loan;

any change in control of Gold Fields that occurs without the written consent of the agent of the providers of the commercial bank debt that funded, in part, the Mvela Loan, or the Senior Agent, where the change in control could reasonably be expected to have a material adverse effect on the ability of any guarantor to perform its obligations or on the validity or enforceability of any document relating to the Mvela Loan; and

GFIMSA ceasing to be a wholly owned subsidiary of Gold Fields.

The Mvela Loan was funded by way of commercial bank debt of approximately Rand 1,300 million and mezzanine finance of approximately Rand 1,100 million, with the balance of approximately Rand 1,700 million being raised by way of an international private placement of shares of Mvela Resources. In connection with the mezzanine finance, Gold Fields subscribed for preference shares in an amount of Rand 200 million in Micawber 325 (Proprietary) Limited, or Micawber, a special purpose entity established by the mezzanine lenders. Further, Gold Fields subscribed for Rand 100 million of the shares issued by Mvela Resources in the private placement. In addition, pursuant to an agreement entered into on February 13, 2004, or the PIC Agreement, Gold Fields has effectively guaranteed a loan of Rand 150 million made by the PIC to Micawber, or the PIC Loan. Interest on the PIC Loan accrues at the rate of 14.25%, is compounded semi-annually and is payable in one lump sum at the end of the term of the loan. Under the terms of the PIC Agreement, the PIC has the right to require Gold Fields to assume all its rights and obligations under the PIC Loan, together with its underlying security, which consists of the PIC's proportionate share of Mvela Gold's rights under the Subscription and Share Exchange Agreement and a guarantee of Rand 200 million from Mvela Resources, at a price equal to the value of the principal and interest of the PIC Loan, net of a guarantee fee equal to 3.75% per annum of the value of the principal and interest of the loan, if, at the time the PIC Loan is due for repayment, Micawber does not repay the loan in full. Whether or not the PIC requires Gold Fields to assume its rights and obligations under the PIC Loan, the PIC is obligated to pay the guarantee fee to Gold Fields on the date on which the PIC Loan is repaid to the PIC. See Liquidity and Capital Resources Cash Resources Investing and Credit Facilities Mvela Loan.

On February 13, 2004, the Mvela Loan Agreement was amended, principally in order to add and clarify certain definitions.

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On November 17, 2004, GFL Mining Services Limited, or GFLMSL, Gold Fields, Mvela Gold, Mvela Resources and GFIMSA entered into an agreement, referred to in this discussion as the Amendment Agreement, amending the existing agreements relating to the Mvelaphanda Transaction, including the Subscription and Share Exchange Agreement and the Covenants Agreement. Pursuant to the Amendment Agreement, among other things, (i) GFIMSA agrees not to repay any debt owing, as at the date on which the Mvela Loan was advanced, to Gold Fields or any subsidiary of Gold Fields that is not a subsidiary of GFIMSA prior to the time Mvela Gold may exchange its shares in GFIMSA for Gold Fields ordinary shares, pursuant to the Subscription and Share Exchange Agreement, (ii) GFIMSA must utilize 50% of its free cash flow to pay certain intra-group indebtedness and (iii) Mvela Gold will be entitled to not less than 45,000,000 or not more than 55,000,000 Gold Fields ordinary shares in the event that GFIMSA shares are exchanged for Gold Fields shares pursuant to the Subscription and Share Exchange Agreement. These minimum and maximum numbers of ordinary shares are subject to adjustment to take account of changes to Gold Fields capital structure and certain corporate activities of Gold Fields. The amendments were approved by the Senior Agent and by the lenders who provided the commercial bank debt and mezzanine finance to Mvela Gold to fund, in part, the Mvela Loan.

### **Strategy**

#### *General*

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

#### *Global Context*

Gold Fields' strategy was developed in the context of a global market characterized by an extended period of low gold prices, reduced global expenditure on gold exploration and increasing industry consolidation. This strategy has evolved over time, but despite the recent increase in

the price of gold, Gold Fields has maintained a strategy of general caution with respect to financial commitments while maintaining full exposure to the effects of the gold price.

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

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

Growing Gold Fields by diversifying geographical, technical and product risk through acquiring and developing additional long-life assets. Starting in fiscal 2004, Gold Fields set a goal of achieving an additional 1.5 million ounces of annual gold production by the end of calendar 2009;

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 upholding strong principles of corporate governance. Gold Fields views its ability to conduct its operations as involving a reciprocal commitment from Gold Fields to the communities where it is located to deal with issues related to sustainable development.

#### *Operational Excellence*

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

Increasing development rates at the South African operations to provide for ore reserve and mining flexibility

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

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

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

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

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

### *Acquisitions and Exploration*

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

For acquisitions of gold assets or companies outside South Africa, Gold Fields is at somewhat of a disadvantage to certain of its competitors, but this also has offsetting strengths. First, South African exchange control regulations limit Gold Fields' ability to provide guarantees or borrow outside South Africa without express approval from the South African Reserve Bank, or the SARB. However, in his speech to Parliament towards the end of October 2004, the Minister of Finance outlined the South African Treasury's medium term budget policy statement and repeated that it was the government's eventual goal to replace all remaining exchange controls with prudential benchmarks. He also announced the abolition of exchange control limits on new outward foreign direct investments by South African corporations and the lifting of their obligation to repatriate foreign dividends. Second, shares of South African companies tend to be viewed as less attractive acquisition currency than shares of non-South African companies, despite the relaxation of exchange controls. On the other hand, Gold Fields has a strong balance sheet and low debt-to-equity ratio that diminishes the equity pricing disadvantage, and also has a skilled and effective corporate evaluation and acquisition team, and a sound track record in project development.

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

### *Hedging*

Generally, Gold Fields does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for future gold production. Gold Fields believes that investors in Gold Fields' shares seek an unlimited exposure to movements in the U.S. dollar gold price and the resulting effect on Gold Fields' earnings.

However, commodity hedges are sometimes undertaken on a project specific basis as follows:

to protect cash flows at times of significant expenditure;



for specific debt servicing requirements; and

to safeguard the viability of higher cost operations.

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

## Revenues

Substantially all of Gold Fields' revenues are derived from the sale of gold. As a result, Gold Fields' revenues are directly related to the price of gold. Historically, the price of gold has fluctuated widely. The gold price is affected by numerous factors over which Gold Fields does not have control. See Key information Risk Factors Changes in the market price for gold, which in the past has fluctuated widely, affect the profitability of Gold Fields' operations, and the cash flows generated by those operations.

The volatility of gold prices is illustrated in the following table, which shows the annual high, low and average of the London afternoon fixing price of gold in U.S. dollars for the past 12 calendar years and to date in calendar year 2005:

Year	Price per ounce		
	High (\$)	Low (\$)	Average (\$)
1993	406	326	360
1994	396	370	384
1995	396	372	384
1996	415	367	388
1997	367	283	331
1998	313	273	294
1999	326	253	279
2000	313	264	282
2001	293	256	270
2002	349	278	310
2003	416	320	363
2004	454	375	409
2005 (through November 30, 2005)	496	411	439

Source: Bloomberg

On November 30, 2005, the London afternoon fixing price of gold was \$495.65 per ounce.

As a general rule, Gold Fields sells the gold it produces at market prices to obtain the maximum benefit from prevailing gold prices and does not enter into hedging arrangements such as forward sales or derivatives which establish a price in advance for the sale of its future gold production.

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However, hedges are sometimes undertaken on a project specific basis as follows: to protect cashflows at times of significant expenditure; for specific debt servicing requirements; and to safeguard the viability of higher cost operations. See Quantitative and Qualitative Disclosure About Market Risk Commodity Price Sensitivity Commodity Hedging Policy.

Significant changes in the price of gold over a sustained period of time may lead Gold Fields to increase or decrease its production in the near-term, which could have a material impact on Gold Fields revenues.

### Gold Fields realized gold price

The following table sets out the average, the high and the low London afternoon fixing price of gold and Gold Fields average U.S. dollar realized gold price during the past three fiscal years:

	Year ended June 30		
	2003 (\$/oz)	2004 (\$/oz)	2005 (\$/oz)
Average	334	389	422
High	382	427	454
Low	302	342	387
Gold Fields average realized gold price(1)	333	387	422

Note:

(1) Gold Fields average realized gold price differs from the average gold price due to the timing of its sales of gold within each year.

## Costs

Over the last three fiscal years, Gold Fields' total cash costs have typically made up approximately 80% of total costs and consist primarily of labor and, where applicable, contractor costs, and consumable stores, which include explosives, timber and other consumables, including diesel fuel and other petroleum products.

Gold Fields' South African operations are labor intensive due to the use of deep level underground mining methods. As a result, over the last three fiscal years labor has represented on average approximately 50% of total cash costs at the South African operations. At the South African operations, power and water make up approximately 11% of costs. At the Ghana operations, mining operations at Damang are conducted by an outside contractor, while starting in fiscal 2005, Tarkwa began engaging in owner mining, having purchased its own mining equipment which was fully commissioned by September 2004 and therefore significantly reducing its use of outside contractors. Contractor costs represented on average 42% of total cash costs at Tarkwa over the last three fiscal years, and 22% of total cash costs during fiscal 2005. Over the last three fiscal years contractor costs represented on average 47% of total cash costs at Damang. Direct labor costs represent on average a further 10% of total cash costs at Tarkwa and 12% in fiscal 2005. Over the last three fiscal years direct labor costs represented on average 8% at Damang. At the Australian operations, mining operations are conducted by outside contractors. Over the last three fiscal years, total contractor costs represented on average 61% at Agnew and 74% at St. Ives of total cash costs and direct labor costs represented on average a further 26% at Agnew and 12% at St. Ives of total cash costs. For open-pit operations, such as those at the Ghana and Australia operations, cash costs tend to vary over the life of the open pit. Initially, cash costs are relatively high because the proportion of waste rock to ore, or stripping ratio, is higher when operations first commence. As an open pit evolves, the stripping ratio and cash cost per ounce tend to decrease. Stripping ratios can however increase over the life of an operation. Gold Fields' operations in Ghana consume large quantities of diesel fuel for the running of its mining fleet. The cost of diesel fuel is directly related to the oil price and any movement in the oil price will have an impact on the cost of diesel fuel and therefore the cost of running the mining fleet. Over the last three fiscal years, fuel costs have represented approximately 12% of total cash costs at the Ghana operations. Fuel use is proportionately higher at the Ghana operations than at the South African or Australian operations because open pit mining in general requires more fuel usage than underground mining and because of the configuration of the Ghana operations, including the scale of certain of the open pits and the distances between the pits and the plants. In addition, the strengthening of the Rand and the Australian dollar against the US dollar over the period has helped to reduce the impact of oil price increases at those operations, whereas fuel prices in Ghana are generally priced in, or indexed to, the US dollars. In order to provide some protection against future rises in oil prices, and therefore in diesel fuel prices, on June 8, 2005, Gold Fields Ghana Limited and Abosso Gold Fields Limited purchased an Asian-style International Petroleum Exchange, or IPE, Gasoil call option for one year, expiring May 31, 2006, for a total of 51.6 million liters at a strike price of US\$0.45 per liter. Two thirds of this hedge is for Tarkwa and one third is for Damang. See Quantitative and Qualitative Disclosures About Market Risk Commodity Price Sensitivity, Commodity Hedging Policy Oil, Commodity Hedging Experience Oil and Commodity Hedging Policy Oil, Price Contract Position Oil.

The remainder of Gold Fields' total costs consist primarily of amortization and depreciation, exploration costs, and selling, administration and general and corporate charges.

## Income and Mining Taxes

### *South Africa*

Gold Fields pays taxes on mining income and non-mining income. As a result of the consolidation of the South African assets into GFIMSA, the mines are no longer separate tax entities but are treated as a single tax entity except in respect of capital expenditure, which is ring fenced to each mine separately. The amount of Gold Fields' mining income tax is calculated on the basis of a formula, which takes into account total revenue and profits from, and capital expenditures for, mining operations. Five percent of total mining revenue is exempt from taxation. The

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amount of revenue subject to taxation is calculated by subtracting capital expenditures from operating profit, and making certain other minor adjustments to derive taxable income. The amount by which the adjusted profit figure exceeds 5% of total mining revenue constitutes taxable mining income.

The tax rate applicable to the mining and non-mining income of a gold mining company depends on whether the company has elected to be exempt from the Secondary Tax on Companies, or STC. STC is a tax on dividends declared, and at present the STC tax rate is 12.5% on the net amount of dividends declared. In 1993, all existing gold mining companies had the option of electing to be exempt from STC. If the election was made, a higher tax rate would apply for both mining and non-mining income. In each of fiscal 2004 and 2003 the tax rates for taxable mining income for companies that elected the STC exemption were 46%, compared to 37% if the STC exemption election was not made. For fiscal 2005 these tax rates decreased to 45% for taxable mining and non-mining income and 35% if the STC exemption election was not made. The non-mining tax rate decreased to 37% in fiscal 2005 from 38% in fiscal 2004. All of Gold Fields' operating subsidiaries in South Africa have elected the STC exemption. However, Gold Fields itself, as a holding company without its own gold mining operations, is not eligible to be exempt from STC. To the extent Gold Fields receives dividends from any of its South African gold mining subsidiaries, such received dividends are offset against the amount of dividends paid by Gold Fields for purposes of calculating the amount subject to the 12.5% STC tax.

During fiscal 2000, Gold Fields obtained a tax ruling allowing the Beatrix and Oryx (now called Beatrix Shaft No. 4) mines to be treated as one mine for income tax purposes, with effect from July 1, 1999. As a result of this arrangement, assessed losses and unredeemed capital

allowances at the Oryx mine can be utilized against the Beatrix mine's income, resulting in no mining tax being paid by the combined Beatrix and Oryx tax entity. As a result of the sale of assets and liabilities of the St. Helena mine, Beatrix Mining Ventures Company was liable for excess recoupments tax on the difference between the proceeds on the disposal and the assessed losses and unredeemed capital allowances brought forward.

### *Ghana*

Ghanaian resident companies are subject to tax on the basis of income derived from, accruing in or brought into Ghana. The standard corporate income tax rate is currently 28% having been reduced from 32.5% with effect from January 1, 2005. As a result, an average rate of 30.25% was applied to fiscal 2005 taxable income. There is also a reconstruction and development levy, introduced on January 1, 2001, of 2.5% on operating profit. The Tarkwa and Damang operations are also subject to a 3% gold royalty, which came into effect from July 4, 1986, because the mineral rights are owned by the state. This royalty is included in Gold Fields' income and mining tax benefit/(expense) line item in Gold Fields' consolidated statements of operations.

Tax depreciation of capital equipment operates under a capital allowance regime. The capital allowances consist of an initial allowance of 80% of the cost of the asset and the balance is depreciated at a rate of 50% per year on a declining balance basis. For the purposes of computing depreciation for the year following its acquisition, 5% of the cost of the asset is included in the balance. Under the project development agreement entered into between the Ghanaian government and Gold Fields Ghana and the deed of warranty entered into between the Ghanaian government and Abosso, the government has agreed that no withholding tax shall be payable on any dividend or capital repayment declared by Gold Fields Ghana or Abosso which is due and payable to any shareholder not normally resident in Ghana. Gold Fields Ghana does not currently incur tax liabilities due to capital allowances carried forward.

### *Australia*

Generally, Australia will impose tax on the worldwide income (including capital gains) of all of Gold Fields' Australian incorporated and tax resident entities. The current income tax rate for companies is 30%. Exploration costs are deductible in full as incurred and other capital expenditure is deductible over the lives of the assets acquired. In addition, other expenditures, such as export market development, mine closure costs and the defense of native title claims, may be deducted from income. The St. Ives and Agnew operations are also subject to a 2.5% gold royalty, which came into effect from July 1, 1998, because the mineral rights are owned by the state. This royalty is included in Gold Fields' income and mining tax benefit/(expense) line item in Gold Fields' consolidated statements of operations.

With effect from July 1, 2001 the Australian legislature introduced a Uniform Capital Allowance, which allows tax deductions for:

depreciation attributable to assets; and

certain other capital expenditures.

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Under current Australian tax law, certain grouping concessions are available to companies with the same ultimate head entities. These concessions include the ability to group losses and obtain capital gains tax roll over relief from the transfer of assets. Gold Fields' subsidiaries in Australia will therefore also qualify to transfer losses from one entity to another in the event that a loss is made in any one entity and a profit is generated in another.

The Australian tax legislation makes provision for companies that consolidate for tax purposes to recalculate their tax values based on a market value calculation. This gross up calculation was performed in fiscal 2005 by Gold Fields' subsidiaries in Australia and Gold Fields recorded a net gross up of \$26.8 million. This gross-up has been included in the income and mining tax benefit for fiscal 2005.

Withholding tax is payable on dividends, interest and royalties paid by Australian residents to non-residents. In the case of dividend payments to non-residents, withholding tax at a rate of 30% will apply. However, where the recipient of the dividend is a resident of a country with which Australia has concluded a double taxation agreement, the rate of withholding tax is generally limited to 15% (or 10% where the dividend is paid to a company's parent company). Where dividends are paid out of profits that have been subject to Australian corporate tax there is no withholding tax, regardless of whether a double taxation agreement is in place.

### **Exchange Rates**

Gold Fields' South African revenues and costs are very sensitive to the Rand/U.S. dollar exchange rate because revenues are generated using a gold price denominated in U.S. dollars, while the costs of the South African operations are incurred principally in Rand. Depreciation of the Rand against the U.S. dollar reduces Gold Fields' average costs when they are translated into U.S. dollars, thereby increasing the operating margin of the South African operations. Conversely, appreciation of the Rand results in South African operating costs being translated into U.S. dollars at a lower Rand/U.S. dollar exchange rate, resulting in lower operating margins. The impact on profitability of any change in the value of the Rand against the U.S. dollar can be substantial. Furthermore, the exchange rates obtained when converting U.S. dollars to Rand are set by foreign exchange markets, over which Gold Fields has no control. For more information regarding fluctuations in the value of the Rand against the U.S. dollar, see Key Information Exchange Rates.

With respect to its operations in Ghana, a substantial portion of Gold Fields' operating costs (including wages) are either directly incurred in U.S. dollars or are determined according to a formula by which costs are indexed to the U.S. dollar. Accordingly, fluctuations in the Cedi do not materially impact operating results for the Ghana operation.

With respect to the Australian operations, Gold Fields expects that the effect of fluctuations in the value of the Australian dollar against the U.S. dollar will be similar to that for the Rand, with weakness in the Australian dollar resulting in improved earnings for Gold Fields and strength in the Australian dollar producing the opposite result. Gold Fields agreed with the lenders providing the loans for the acquisition of St. Ives and Agnew to manage its exposure to fluctuations in the value of the Australian dollar against the U.S. dollar by entering into financial instruments that fix the exchange rates for a portion of the expected future revenues from the operations. These financial instruments were closed out on January 7, 2004. However, in order for the Group to participate in any future Australian dollar appreciation, a strip of quarterly maturing Australian dollar/US dollar call options were purchased of which the value dates and amounts matched those of the original structure. See [Quantitative and Qualitative Disclosures About Market Risk - Foreign Currency Hedging Experience - St. Ives and Agnew Australian Dollar Instruments](#). Gold Fields accounts for these financial instruments on a mark-to-market basis, using exchange rates prevailing at the end of the relevant accounting period. See [Quantitative and Qualitative Disclosures About Market Risk - Foreign Currency Hedging Experience - Foreign Currency Sensitivity Analysis - St. Ives and Agnew Dollar Instruments](#).

## **Inflation**

It is possible that a period of significant inflation in South Africa could adversely affect Gold Fields' results and financial condition. However, because the majority of Gold Fields' costs at the South African operations are in Rand while its revenues from gold sales are in U.S. dollars, the extent to which the Rand devalues against the U.S. dollar will offset the impact of South African inflation. In Ghana, Gold Fields' operations are not significantly impacted by Ghanaian inflation because a substantial portion of Gold Fields' costs are either incurred directly in U.S. dollars or are determined according to a formula by which U.S. dollar amounts are converted into Cedi. Gold Fields expects that the impact of Australian inflation will be similar to that of South Africa.

## **South African and Ghanaian Economic and Political Environment**

Gold Fields is a South African company and a substantial portion of its operations, based on gold production, are in South Africa. As a result, Gold Fields is subject to various economic, fiscal, monetary and political policies and factors that generally affect South African companies. See [Key Information - Risk Factors - Political or economic instability in South Africa or regionally may have an adverse effect on Gold Fields' operations and profits](#).

South African companies, including Gold Fields, are subject to exchange control restrictions which require companies to repatriate some or all of its offshore profits. While exchange controls have been relaxed in recent years, South African companies remain subject to restrictions on their ability to deploy capital outside of the Southern African Common Monetary Area. In particular, in his speech to Parliament towards the end of October 2004, the Minister of Finance outlined the South African Treasury's medium term budget policy statement and repeated that it was the government's eventual goal to replace all remaining exchange controls with prudential benchmarks. He also announced the abolition of exchange control limits on new outward foreign direct investments by South African corporations and the lifting of their obligation to repatriate foreign dividends. An exchange control circular from the South African Reserve Bank detailing and regulating the above relaxations is expected shortly. See [Information on the Company - Regulatory and Environmental Matters - South Africa - Exchange Controls](#).

Gold Fields also has significant operations in Ghana and is therefore subject to various economic, fiscal, monetary and political policies and factors that affect companies operating in Ghana. See Key Information Risk Factors Political or economic instability in Ghana may have an adverse effect on Gold Fields' operations and profits. In addition, pursuant to an agreement which it has entered into with the Ghanaian government with respect to the Tarkwa mine, Gold Fields is required to repatriate at least 20% of the revenues derived from the Tarkwa mine to Ghana and either use such amounts in Ghana or maintain them in a Ghanaian bank account. Abosso is currently obligated to repatriate 25% of its revenue to Ghana, although the level of repatriation under the deed of warranty between Abosso and the government of Ghana is subject to renegotiation every two years. See Information on the Company Regulatory and Environmental Matters Ghana Mineral Rights. Although it has been more than two years since the last set of negotiations with the Bank of Ghana regarding the Damang mine's level of repatriation, the next set of negotiations has not been scheduled pending the execution of a new development agreement with the government of Ghana. Gold Fields currently repatriates approximately 40% of revenues from the Ghana operation to Ghana. While management has no reason to believe that the repatriation level will increase as a result of the next set of negotiations, there is no agreed ceiling on the repatriation level, and it could be increased. Any increase could adversely affect Gold Fields' ability to use the cash flow from the Damang mine outside Ghana, including to fund working costs and capital expenditures at other operations, to provide funds for acquisitions and to repay principal and interest on indebtedness.

### **Critical Accounting Policies and Estimates**

Gold Fields' significant accounting policies are more fully described in note 2 to its audited consolidated financial statements included elsewhere in this annual report. Some of Gold Fields' accounting policies require the application of significant judgment and estimates by management that can affect the amounts reported in the financial statements. By their nature, these judgments are subject to a degree of uncertainty and are based on Gold Fields' historical experience, terms of existing contracts, management's view on trends in the gold mining industry, information from



outside sources and other assumptions that Gold Fields considers to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions.

Management believes the following significant accounting policies, among others, reflect its more significant judgments and estimates used in the preparation of Gold Fields' consolidated financial statements.

#### ***Business combinations***

Management accounts for its business acquisitions under the purchase method of accounting. The total value of consideration paid for acquisitions is allocated to the underlying net assets acquired, based on their respective estimated fair values determined by using internal or external valuations. Management uses a number of valuation methods to determine the fair value of assets and liabilities acquired including discounted cash flows, external market values, valuations on recent transactions or a combination thereof and others and believes that it uses the most appropriate measure or a combination of measures to value each asset or liability. In addition, management believes that it uses the most appropriate valuation assumptions underlying each of those valuation methods based on current information available including discounted rates, market risk rates, entity risk rates, cash flow assumptions and others. The accounting policy for valuation of business acquisitions is considered critical because judgments made in determining the estimated fair value and expected useful lives assigned to each class of assets and liabilities acquired can significantly impact the value of the asset or liability, including the impact on deferred taxes, the respective amortization periods and ultimately net profit. Therefore the use of other valuation methods, as well as other assumptions underlying these valuation methods, could significantly impact the determination of financial position and the results of operations.

#### ***Amortization of mining assets***

Amortization charges are calculated using the units of production method and are based on Gold Fields' current gold production as a percentage of total expected gold production over the lives of Gold Fields' mines. An item is considered to be produced at the time it is removed from the mine. The lives of the mines are estimated by Gold Fields' geology department using interpretations of mineral reserves, as determined in accordance with the SEC's industry guide number 7. The estimate of the total expected future lives of Gold Fields' mines could be materially different from the actual amount of gold mined in the future and the actual lives of the mines due to changes in the factors used in determining Gold Fields' mineral reserves, such as the gold price and foreign currency exchange rates. Any change in management's estimate of the total expected future lives of Gold Fields' mines would impact the amortization charge recorded in Gold Fields' consolidated financial statements.

#### ***Impairment of long-lived assets***

Gold Fields reviews and tests the carrying amounts of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The lowest level at which such cash flows are generated are generally at an individual operating mine, even if the individual operating mine is included in a larger mine complex.

If there are indications that an impairment may have occurred, Gold Fields prepares estimates of expected future cash flows for each group of assets. Expected future cash flows are based on a probability-weighted approach applied to potential outcomes and reflect:

Estimated sales proceeds from the production and sale of recoverable ounces of gold contained in proven and probable reserves;

Expected future commodity prices and currency exchange rates (considering historical and current prices, price trends and related factors). In impairment assessments conducted in fiscal 2005, the Group used an expected future market gold price of \$420 per ounce, and expected future market exchange rates of R7.50 to \$1.00 and A\$1.51 to \$1.00;

Expected future operating costs and capital expenditures to produce proven and probable gold reserves based on mine plans that assume current plant capacity, but exclude the impact of inflation; and

Expected cash flows associated with value beyond proven and probable reserves, which includes the expected cash outflows required to develop and extract the value beyond proven and probable reserves.

Gold Fields records a reduction of a group of assets to fair value as a charge to earnings if expected future cash flows are less than the carrying amount. Gold Fields estimates fair value by discounting the expected future cash flows using a discount factor that reflects the risk-free rate of interest for a term consistent with the period of expected cash flows.

Expected future cash flows are inherently uncertain, and could materially change over time. They are significantly affected by reserve estimates, together with economic factors such as gold prices, and currency exchange rates, estimates of costs to produce reserves and future sustaining capital.

Because of the significant capital investment that is required at many mines, if an impairment occurs, it could materially impact earnings. Due to the long-life nature of many mines, the difference between total estimated undiscounted net cash flows and fair value can be substantial. An impairment is only recorded when the carrying amount of a long-lived asset exceeds the total estimated undiscounted net cash flows. Therefore, although the value of a mine may decline gradually over multiple reporting periods, the application of impairment accounting rules could lead

to recognition of the full amount of the decline in value in one period. Due to the highly uncertain nature of future cash flows, the determination of when to record an impairment charge can be very subjective. Management makes this determination using available evidence taking into account current expectations for each mining property.

For acquired exploration-stage properties, the purchase price is capitalized, but post-acquisition exploration expenditures are expensed. The future economic viability of exploration stage properties largely depends upon the outcome of exploration activity, which can take a number of years to complete for large properties. Management monitors the results of exploration activity over time to assess whether an impairment may have occurred. The measurement of any impairment is made more difficult because there is not an active market for exploration properties, and because it is not possible to use discounted cash flow techniques due to the very limited information that is available to accurately model future cash flows. In general, if an impairment occurs at an exploration stage property, it would probably have minimal value and most of the acquisition cost may have to be written down.

Gold Fields recorded impairment charges on its long-lived assets amounting to \$233.1 million in fiscal 2005, \$72.7 million in fiscal 2004 and \$29.6 million in fiscal 2003.

#### *Deferred taxation*

When determining deferred taxation, management makes estimates as to the future recoverability of deferred tax assets. If management determines that a deferred tax asset will not be realized, a valuation allowance is recorded for that portion of the deferred tax asset which is not considered more likely than not recoverable. These determinations are based on the projected taxable income and realization of tax allowances and tax losses. In the event that these tax assets are not realized, an adjustment to the valuation allowance would be required, which would be charged to income in the period that the determination was made. Likewise, should management determine that Gold Fields would be able to realize tax assets in the future in excess of the recorded amount, an adjustment to reduce the valuation allowance would be recorded generally as a credit to income in the period that the determination is made.

Gold Fields is periodically required to estimate the tax basis of assets and liabilities. Where tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period of changes. The most significant estimate is the tax basis of certain Australian assets following elections in 2005 under new tax regimes in Australia. These elections resulted in the revaluation of certain assets in Australia for income tax purposes. Part of the revalued tax basis of these assets was estimated based on a valuation completed for tax purposes. This valuation is under review by the Australian Tax Office, or ATO, and the amount finally accepted by the ATO may differ from the assumption used to measure deferred tax balances at the end of fiscal 2005. See note 6 to the audited consolidated financial statements which appear elsewhere in this annual report.

#### *Derivative financial instruments*

The determination of the fair value of derivative financial instruments, when marked-to-market, takes into account estimates such as interest rates and foreign currency exchange rates under prevailing market conditions, depending on the nature of the financial derivatives. These estimates may differ materially from actual interest rates and foreign currency exchange rates prevailing at the maturity dates of the financial derivatives and, therefore, may materially influence the values assigned to the financial derivatives, which may result in a charge to or an increase in Gold Fields' earnings through maturity of the financial derivatives.

*Environmental rehabilitation costs*

Gold Fields makes provision for environmental rehabilitation costs and related liabilities when incurred based on management's interpretations of current environmental and regulatory requirements. The provisions are recorded by discounting the expected cash flows associated with the environmental rehabilitation using a discount factor that reflects the risk-free rate of interest. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; changes in the quantities of material in reserves and a corresponding change in the life of mine plan; changing ore characteristics that ultimately impact the environment; changes in water quality that impact the extent of water treatment required; and changes in laws and regulations governing the protection of the environment. In general, as the end of the mine life becomes nearer, the reliability of expected cash flows increases, but earlier in the mine life, the estimation of rehabilitation liabilities is inherently more subjective. Significant judgments and estimates are made when estimating the fair value of rehabilitation liabilities. In addition, expected cash flows relating to rehabilitation liabilities could occur over periods up to the planned life of mine at the time the estimate is made and the assessment of the extent of environmental remediation work is highly subjective. While management believes that the environmental rehabilitation provisions made are adequate and that the interpretations applied are appropriate, the amounts estimated for the future liabilities may, when considering the factors discussed above, differ materially from the costs that will actually be incurred to rehabilitate Gold Fields mine sites in the future.

*Employee benefits*

Management's determination of Gold Fields' obligation and expense for pension and provident funds, as well as post-retirement health care

liabilities, depends on the selection of certain assumptions used by actuaries to calculate the amounts. These assumptions are described in notes 16 and 17 to Gold Fields' consolidated financial statements and include, among others, the discount rate, health care inflation costs and rates of increase in compensation costs. Actual results that differ from management's assumptions are accumulated and charged over future periods, which will generally affect Gold Fields' recognized expense and recorded obligation in future periods. While management believes that these assumptions are appropriate, significant changes in the assumptions may materially affect Gold Fields' pension and other post retirement obligations as well as future expenses, which will result in an impact on earnings in the periods that the changes in the assumptions occur.

### Recent Accounting Pronouncements

In March 2005, the FASB ratified Emerging Issues Task Force, or EITF, Issue No. 04-03, Mining Assets: Impairment and Business Combinations, or EITF 04-03. The EITF addressed the concern that an acquired mining asset may be subject to a day-two impairment if the value beyond proven and probable reserves, or VBPP, and anticipated future market price increases are considered in the purchase price allocation but subsequently excluded in cash flow analysis used in an impairment test performed under FASB Statement No. 144, Accounting for the Impairment and Disposal of Long-Lived Assets (FAS 144). The Task Force reached a consensus that an entity should include VBPP and the effects of anticipated fluctuations in the market price of minerals in the value allocated to mining assets in a purchase price allocation, and similarly, include the cash flows associated with VBPP and anticipated fluctuations in the market price of gold in estimates of future cash flows (both discounted and undiscounted) used for determining whether a mining asset is impaired under FAS 144. The Task Force noted in both cases that estimates should be consistent with the estimates of a market participant (i.e. the entity should consider all available information including current prices, historical averages and forward pricing curves). The consensus reached by the Task Force was effective for business combinations and asset impairments performed in periods beginning after March 31, 2004. Accordingly, Gold Fields followed the consensus of the EITF in performing its impairment analyses at June 30, 2005.

In March 2005, the FASB ratified EITF Issue No. 04-06, Accounting for Stripping Costs Incurred during Production in the Mining Industry, or EITF 04-06. EITF 04-06 addresses the accounting for stripping costs incurred during the production stage of a mine and refers to these costs as post-production stripping costs. EITF 04-06 requires that post-production stripping costs be considered costs of the extracted minerals and recognized as a component of inventory to be recognized in costs applicable to sales in the same period as the revenue from the sale of inventory. As a result, capitalization of post-production stripping costs is appropriate only to the extent product inventory exists at the end of a reporting period. The guidance in EITF 04-06 is effective for the first reporting period in fiscal years beginning after December 15, 2005, with early adoption permitted. The guidance in the EITF is consistent with Gold Fields' current accounting for stripping costs. As such, Gold Fields does not expect the adoption of the EITF to have a significant impact on its consolidated financial statements.

In December 2004, the FASB issued SFAS No. 123R, Share-Based Payment, which revised SFAS No. 123, Accounting for Stock-Based Compensation and superseded APB Opinion 25, Accounting for Stock Issued to Employees and its related implementation guidance (APB No. 25). SFAS No. 123R requires measurement and recording in the financial statements of the costs of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award, recognized over the period during which an employee is required to provide services in exchange for such award. Gold Fields anticipates adopting the provisions of SFAS No. 123R on July 1, 2005, using the modified prospective method. Accordingly, compensation expense will be recognized for all newly granted awards and awards modified, repurchased, or cancelled after July 1, 2005. Compensation cost for the unvested portion of awards that are outstanding as of July 1, 2005 will be recognized rateably over the remaining vesting period. The compensation cost for the unvested portion of awards will be based on the fair value at date of grant as calculated for our pro forma disclosure under SFAS No. 123. The effect on net (loss) income and (loss) earnings per share in the periods following adoption of SFAS No. 123R are expected to be consistent with Gold Fields' pro forma disclosure under SFAS No. 123, except that estimated forfeitures will be considered in the calculation of compensation expense under SFAS No. 123R. Additionally, the actual effect on net income and earnings per share will vary depending upon the number and fair value of options granted in future years compared to prior years.

### Results of Operations

*Years Ended June 30, 2005 and 2004*

*Revenues*

Product sales increased by \$186.9 million, or 11.0%, from \$1,706.2 million in fiscal 2004 to \$1,893.1 million in fiscal 2005. The increase in product sales was due to an increase in the average realized gold price of 9.0% from \$387 per ounce in fiscal 2004 to \$422 per ounce in fiscal 2005 together with an increase of approximately 0.082 million ounces, or 1.9%, of total gold sold from 4.406 million ounces in fiscal 2004 to 4.488 million ounces in fiscal 2005. The increase in ounces sold resulted from an overall increase in production at both the international and at the South African operations.

The increase in ounces sold from the South African operations from 2.804 million ounces in fiscal 2004 to 2.824 million ounces in fiscal 2005 resulted from an increase in underground yields from 7.1 to 7.4 grams per tonne. This was as a result of the reduction in production from marginal areas and processing of low grade surface material, coupled with some increased production from higher grade areas, in line with the change from a high-volume low-grade production strategy to a lower-volume higher-grade production strategy to increase margins. Gold output from Driefontein increased by 21,000 ounces while production at Kloof and Beatrix was unchanged in fiscal 2005 when compared with

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fiscal 2004. Production at the international operations increased by 3.7% from 1.603 million ounces in fiscal 2004 to 1.664 million ounces in fiscal 2005. A significant increase in production at Tarkwa resulting from the commissioning of the mill during October 2004 and a smaller increase in production at Agnew more than offset decreases in production at Damang and St. Ives. See Information on the Company Gold Fields Mining Operations.

Differences between total gold sold and total gold produced are due to timing differences between gold production and gold sales.

### Costs and Expenses

The following table sets out Gold Fields' total ounces produced, weighted average total cash costs and total production costs per ounce for fiscal 2004 and fiscal 2005.

	Fiscal 2004			Fiscal 2005			Percentage increase/(decrease) in unit total cash costs	Percentage increase/(decrease) in unit total production costs
	Gold Production ( '000oz)	Total cash costs (1)	Total production costs (2) (\$/oz)	Gold production ( '000oz)	Total cash costs (1) (\$/oz)	Total production costs (2) (\$/oz)		
South Africa								
Driefontein	1,141	311	355	1,163	330	380	6.1	7.0
Kloof	1,038	341	388	1,037	379	448	11.1	15.5
Beatrix	625	356	393	624	406	452	14.0	15.0
Ghana								
Tarkwa (3)	550	230	258	677	234	290	1.7	12.4
Darnang (4)	308	222	245	248	282	302	27.0	23.3
Australia (5)								
St. Ives	543	300	377	527	336	439	12.0	16.5
Agnew	202	221	303	212	232	325	5.0	7.3
Total (6) (7)	4,406			4,488				
Weighted average		302	349		331	393	9.6	12.6

#### Notes:

(1) Gold Fields has calculated total cash costs per ounce by dividing total cash costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. The Gold Institute was a non-profit international industry association of miners, refiners, bullion suppliers and manufacturers of gold products, that ceased operation in 2002, which developed a uniform format for reporting production costs on a per ounce basis. The Gold Institute has now been incorporated into the National Mining Association. The guidance was first adopted in 1996 and revised in November 1999. Total cash costs, as defined in the Gold Institute industry guidance, are production costs as recorded in the statement of operations, less offsite (i.e., central) general and administrative expenses (including head office costs charged to the mines, central training expenses, industry association fees and social development costs), rehabilitation costs, plus royalties and employee termination costs. Changes in total cash costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand and Australian dollar and 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 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 2005, 2004 and 2003, see Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2004 and 2005 and Years Ended June 30, 2003 and 2004.

(2) 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 Australian dollar and the U.S. dollar. Management, however, believes that total production costs per ounce provides a measure for comparing Gold Fields' operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total production costs per ounce is not a U.S. GAAP measure. An investor should not consider total production costs per ounce in isolation or as an alternative to 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 2005, 2004 and 2003, see Operational and Financial Review and Prospects Results of Operations Years Ended June 30, 2004 and 2005 and Years Ended June 30, 2003 and 2004.

(3) In fiscal 2004 and 2005, 0.391 million ounces and 0.481 million ounces of production, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Tarkwa operation.

(4) In fiscal 2004 and 2005, 0.219 million ounces and 0.176 million ounces of production, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Damang operation.

(5) The consideration paid for the Australian operations in excess of the book value of the underlying net assets was allocated pro rata to the value of the underlying assets, which affected the allocation of amortization between St. Ives and Agnew.

(6) In fiscal 2004, and 2005, 4.158 million ounces and 4.219 million ounces of production, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operations.

(7) The total may not reflect the sum of the line items due to rounding.

The following tables set out a reconciliation of Gold Fields' production costs to its total cash costs and total production costs for fiscal 2005 and fiscal 2004.

	Driefontein	Kloof	Beatrix	For the year ended June 30, 2005			Agnew	Corporate	Group
				Tarkwa	Damang	St. Ives			
	(in \$ millions except as otherwise noted) (1)								
<b>Production Costs</b>	386.4	393.6	252.9	158.2	68.6	184.5	56.4		1,500.6
Less:									
G&A other than corporate costs	(6.5)	(5.4)	(3.8)	(8.9)	(1.8)	(4.7)	(1.5)		(32.6)
GIP adjustment				0.2		2.1	(0.1)		2.2
Exploration				(1.2)		(10.7)	(7.5)		(19.4)
Plus:									
Employment termination cost	3.7	5.0	4.3					0.7	13.7
Royalty				8.6	3.1	5.7	2.1		19.5
<b>Total cash costs</b>	383.6	393.2	253.4	156.9	69.9	176.9	49.4	0.7	1,484.0
Plus:									
Amortization (2)	56.9	67.9	28.0	38.1	4.8	56.5	19.3	3.0	274.5
GIP adjustments(2)				(0.2)		(2.1)	0.1		(2.2)
Rehabilitation	1.8	3.5	1.0	1.3	0.2	0.3	0.3		8.4
<b>Total production costs</b>	442.3	464.6	282.4	196.1	74.9	231.6	69.1	3.7	1,764.7
Gold produced ( '000 oz) (3)	1,162.6	1,037.1	624.3	676.8	247.7	527.0	212.5		4,488.0
<b>Gold sold per production cost ( '000 oz)</b>	1,162.6	1,037.1	624.3	676.8	247.7	527.0	212.5		4,488.0
<b>Total cash costs (\$/oz) (4)</b>	330	379	406	232	282	336	232		331
<b>Total production costs (\$/oz)(5)</b>	380	448	452	290	302	439	325		393

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Notes:

- (1) Calculated using an exchange rate of R6.21 per \$1.00.
- (2) Non-cash portion of GIP adjustments shown separately. Gold in process, or GIP, represents gold in the processing circuit, which is expected to be recovered.
- (3) In fiscal 2005, 0.481 million ounces of production, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Tarkwa operation.
- (4) Gold Fields has calculated total cash costs per ounce by dividing total cash costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total cash costs, as defined in the Gold Institute industry guidance, are production costs as recorded in the statement of operations, less offsite (i.e., central) general and administrative expenses (including head office costs charged to the mines, central training expenses, industry association fees and social development costs), rehabilitation costs, plus royalties and employee termination costs. Changes in total cash costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand and Australian dollar and 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 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 2005, 2004 and 2003, see Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2004 and 2005 and Years Ended June 30, 2003 and 2004.
- (5) 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 Australian dollar and the U.S. dollar. Management, however, believes that total production costs per ounce provides a measure for comparing Gold Fields' operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total production costs per ounce is not a U.S. GAAP measure. An investor should not consider total production costs per ounce in isolation or as an alternative to 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 2005, 2004 and 2003, see Operational and Financial Review and Prospects Results of Operations Years Ended June 30, 2004 and 2005 and Years Ended June 30, 2003 and 2004.

	For the year ended June 30, 2004							Corporate	Group
	Driefontein	Kloof	Beatrix	Tarkwa	Damang	St. Ives	Agnew		
	(in \$ millions except as otherwise noted) (1)								
<b>Production Costs</b>	356.1	354.7	223.7	126.5	66.7	182.2	45.3		1,355.2
Less:									
G&A other than corporate costs	(5.6)	(4.8)	(4.0)	(6.5)	(1.8)	(4.9)	(0.6)		(28.2)
GIP adjustment							(1.2)		(1.2)
Exploration							(19.9)	(1.0)	(20.9)
Plus:									
Employment termination cost	4.0	3.9	2.5				0.1		10.5
Royalty				6.4	3.6	5.1	2.0		17.1
<b>Total cash costs</b>	354.5	353.8	222.2	126.4	68.5	162.6	44.5		1,332.5
Plus:									
Amortization (2)	49.5	46.0	22.8	15.2	6.8	41.8	15.3	1.2	198.6
GIP adjustments(2)							1.2		1.2
Rehabilitation	1.6	3.2	0.5	0.1	0.2	0.3	0.1		6.0
<b>Total production costs</b>	405.6	403.0	245.5	141.7	75.5	204.7	61.1	1.2	1,538.3
Gold produced ( 000 oz) (3)	1,141.2	1,037.6	624.9	550.0	308.3	542.6	201.5		4,406.1
<b>Gold sold per production cost ( 000 oz)</b>	1,141.2	1,037.6	624.9	550.0	308.3	542.6	201.5		4,406.1
<b>Total cash costs (\$/oz) (4)</b>	311	341	356	230	222	300	221		302
<b>Total production costs (\$/oz)(5)</b>	355	388	393	258	245	377	303		349

Notes:

- (1) Calculated using an exchange rate of R6.90 per \$1.00.
- (2) Non-cash portion of GIP adjustments shown separately. Gold in process, or GIP, represents gold in the processing circuit, which is expected to be recovered.
- (3) In fiscal 2004, 0.610 million ounces of production were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operations.
- (4) Gold Fields has calculated total cash costs per ounce by dividing total cash costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total cash costs, as defined in the Gold Institute industry guidance, are production costs as recorded in the statement of operations, less offsite (i.e., central) general and administrative expenses (including head office costs charged to the mines, central training expenses, industry association fees and social development costs), rehabilitation costs, plus royalties and employee termination costs. Changes in total cash costs per ounce are affected by operational performance, as well as changes in

the currency exchange rate between the Rand and Australian dollar and 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 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 2005, 2004 and 2003, see [Operating and Financial Review and Prospects](#) [Results of Operations](#) [Years Ended June 30, 2004 and 2005](#) and [Years Ended June 30, 2003 and 2004](#).

(5) 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 Australian dollar and the U.S. dollar. Management, however, believes that total production costs per ounce

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Gold Fields' weighted average total cash costs per ounce increased by \$29 per ounce, or 9.6%, from \$302 per ounce in fiscal 2004 to \$331 per ounce in fiscal 2005. The principal reason was the strengthening of the Rand against the U.S. dollar, which had a 10.0% negative impact on the costs converted from the South African operations. In Rand terms, weighted average total cash costs per ounce declined at the South African operations. Cash costs at the South Africa operations were affected by an increase in gold production as a result of the increase in underground yields during fiscal 2005, as compared to fiscal 2004, as well as cost saving initiatives, partially offset by above inflation increases in wages and prices of certain consumable store, including fuel, steel and cyanide and other reagents, and normal inflationary increases in prices of other consumable stores. Total cash costs per ounce in Rand terms at the international operations decreased slightly in fiscal 2005 with lower unit costs at Agnew and Tarkwa more than offsetting increases at St. Ives and Damang as the appreciation of the Rand against the U.S. dollar contributed to the lower total cash costs per ounce in Rand terms.

#### *Production costs*

Production costs increased by \$145.4 million, or 10.7%, from \$1,355.2 million in fiscal 2004 to \$1,500.6 million in fiscal 2005. This was primarily due to the increased production from Tarkwa, which was offset in part by slightly decreased production in South Africa and St. Ives, as well as significant increases in input costs, especially fuel, steel and cyanide and other reagents, wage increases in line with/above inflation at the South African operations, and the appreciation of the South African rand and the Australian dollar against the U.S. dollar. The Rand appreciated on average by 10.1% and the Australian dollar appreciated 5.4% against the US dollar during fiscal 2005 compared to fiscal 2004, resulting in increased costs in U.S. dollar terms.

#### *Depreciation and amortization*

Depreciation and amortization charges increased \$75.9 million, or 38.2%, from \$198.6 million in fiscal 2004 to \$274.5 million in fiscal 2005. Depreciation and amortization is calculated on the units of production method and is based on current gold production as a percentage of total expected gold production over the lives of the different mines. The principal reason for this increase was the increase in production compounded by the appreciation of the Rand and Australian dollar against the U.S. dollar. In addition, the decrease in reserves at Kloof Shaft No. 7, the additional amortization and depreciation of the new mills at Tarkwa and St. Ives and the owner mining fleet at Tarkwa contributed to the increase.

The table below depicts the changes from June 30, 2003 to June 30, 2004 for proven and probable reserves above current infrastructure and for the life of mine for each operation, and the resulting impact on the amortization charge in fiscal 2004 and 2005, respectively. The life of mine numbers below are taken from the operations' strategic plans, adjusted for proven and probable reserve balances. In basic terms, amortization is calculated using the life of mine for each operation, which is based on: (1) the proven and probable reserves above infrastructure for the operation at the start of the relevant year (which are taken to be the same as at the end of the prior fiscal year and using only above infrastructure reserves) and (2) the amount of gold produced by the operation during the year.

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	Proven and probable reserves as of June 30,		Life of mine(6) as of June 30,		Amortization as of June 30,	
	2003	2004	2003	2004	2004	2005
	( 000 oz)		(years)		(\$m)	
Driefontein	16,000	15,300	17	16	49.5	56.9
Kloof(1)	15,900	13,000	18	15	46.0	67.9
Beatrix(2)(3)	11,800	9,400	20	20	22.8	28.0
Ghana						
Tarkwa(4)	9,800	14,700	14	11	15.2	38.1
Damang(5)	900	900	3	5	6.8	4.8
Australia(7)						
St. Ives(8)	3,000	3,100	5	5	41.8	56.5
Agnew	500	700	4	3	15.3	19.3
Corporate and other					1.2	3.0
Total	57,900	57,100			198.6	274.5
Reserves below infrastructure(9)	26,600	23,000				
Total reserves(10)	84,500	80,100				

Notes:

(1) At Kloof, reserves previously planned to be mined through the shaft decline at Shaft No.7 will now be mined from current infrastructure at

Shaft No. 4. This reclassification of reserves from Shaft No. 7 to Shaft No. 4 reduced the reserves at Shaft No. 7, resulting in the cost base at that shaft being amortized over a shorter life than previously planned.

- (2) The Beatrix operation, formerly called the Free State operation, was renamed following the sale of the St. Helena mine to Freegold on October 30, 2002. The increase in amortization at Beatrix in fiscal 2005 is due to a decrease in proven and probable reserves.
- (3) Includes the former Oryx mine, designated as Beatrix Shaft No. 4 or the West section.
- (4) As of June 30, 2003 and 2004, reserves of 6.970 million ounces and 10.450 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Tarkwa operation. The increase in amortization at Tarkwa in fiscal 2005 is due to the depreciation of the new owner mining fleet and the new SAG mill commissioned during the year.
- (5) As of June 30, 2003 and 2004, reserves of 0.640 million ounces and 0.640 million ounces were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Damang operation.
- (6) The life of mine for each operation shown in the above table differs from that shown in Information on the Company Gold Fields Mining Operations. The information in the above table is based on the above infrastructure proven and probable reserves at June 30, 2004 for fiscal 2004 whereas the life of mine information in Item 4 is based on both above and below infrastructure proven and probable reserves at June 30, 2005.
- (7) The consideration paid for the Australian operations in excess of the book value of the underlying net assets was allocated pro rata to the value of the underlying assets, which affected the allocation of amortization between St. Ives and Agnew.
- (8) Amortization increased at St. Ives and Agnew due to an increase in ounces mined.
- (9) 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.
- (10) As of June 30, 2003 and 2004, reserves of 81.500 million ounces and 75.600 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operation.

*Corporate expenditure*

Corporate expenditure was \$22.5 million in fiscal 2005 compared to \$20.3 million in fiscal 2004, an increase of 10.8%. Corporate expenditure consists primarily of general corporate overhead and corporate service department costs, primarily in the areas of technical services, human resources and finance, which are used by the operations. Corporate expenditure also includes business development costs. This increase was primarily due to the appreciation of the Rand against the U.S. dollar. Rand costs remained constant at R140.0 million in fiscal 2005.

*Employment termination costs*

In fiscal 2005, Gold Fields incurred employment termination costs of \$13.7 million as compared to \$10.5 million in fiscal 2004. The increase in employee terminations costs resulted principally from higher retrenchments during fiscal 2005.

*Exploration expenditure*

Exploration expenditure was \$46.0 million in fiscal 2005, an increase of 15.3% from \$39.9 million in fiscal 2004. The increase was as a result of a deliberate effort to step up exploration activities, with \$11.5 million spent in Africa in fiscal 2005, compared to \$5.7 million in fiscal 2004. Exploration expenditure in fiscal 2005 also included \$14.3 million incurred at the Arctic Platinum Project, or APP, compared to \$11.4 million in fiscal 2004. See Information on the Company Exploration. In addition, in fiscal 2005 the costs associated with marketing the Biox® process were accounted for as Other (costs)/income, whereas in fiscal 2004 they were included within exploration expenditure. See Information on the Company Research and Development.

*Impairment of assets*

For fiscal 2005, Gold Fields had asset impairments of \$233.1 million, as compared to asset impairments of \$72.7 million in fiscal 2004. During fiscal 2005, there was an impairment charge of \$211.1 million relating to Beatrix North and South sections (formerly Beatrix Shaft Nos. 1, 2 and 3). Beatrix is a low grade mine and therefore very sensitive to changes in its cost profile. Changes in the cost profile affects the pay limits, which in turn affects the reserves. During fiscal 2005, there were cost increases at Beatrix, which resulted in an increase in the pay limit. Due to the increase in the pay limit, certain reserves at Shaft No. 2 (now part of the South section) and Vlakpan included in fiscal 2004 became uneconomical to mine and were therefore excluded from the 2005 life of mine profile. In addition, due to the restructuring at the South section, certain areas were closed which further impacted the life of mine plan.

During fiscal 2005, closures resulted in the following additional asset impairments:

at Driefontein, Shaft No. 10 shaft was closed, resulting in an impairment of \$2.0 million;

at Kloof, the No. 3 metallurgical plant was closed, resulting in an impairment of \$1.8 million; and

at St. Ives, the old mill was closed, resulting in an impairment of \$9.8 million.

Also during fiscal 2005, an impairment charge was incurred at Living Gold, the rose project at Driefontein. See Information on the Company Living Gold. As Living Gold is not a gold asset, its valuation was based on its business plan using a long term exchange rate of R8.51 to the euro, the currency in the markets where it anticipated making most of its sales, and a discounted cash flow valuation using a real discount



rate of 10 per cent. This resulted in an impairment of \$8.4 million. The main reason for the impairment is that the original plan forecast a higher exchange rate of R9.87 to the euro and thus higher earnings.

During fiscal 2004, following a geological study at the Beatrix West Section and an associated revision of the ore reserve, the latest life-of-mine plans indicated that future production of gold should be based on 2.0 million ounces as opposed to 2.8 million ounces as previously estimated. At this level of extraction and at a gold price of \$350 per ounce, the life-of-mine plans did not support the carrying value of the shaft on an undiscounted cash flow basis. Accordingly, an asset impairment of \$61.8 million was charged against income, which reduced the carrying value of the Beatrix West Section to \$11.9 million.

During fiscal 2004, the potential future income arising from existing and possible new contracts for Biox® was reevaluated. See Information on the Company Research and Development. This revised plan did not support the carrying value and accordingly, an impairment write-down of \$5.0 million was recorded, to reflect the fair value of the Biox® patent of \$15.0 million.

During fiscal 2004, new regulations were enacted in South Africa that will result in mining companies forfeiting those mineral rights not likely to be mined or explored. GFL Mining Services held certain mineral rights to which this new regulation applies. Accordingly, an impairment write-off of \$5.9 million was recorded for those minerals that would be forfeited as a result of this new regulation.

#### *Impairment of critical spares*

With the closure of the old St. Ives mill during fiscal 2005, \$2.8 million worth of critical spares kept for the maintenance of the old plant were impaired as they had become redundant.

#### *Decrease in provision for post-retirement health care costs*

In South Africa, Gold Fields provides medical benefits to employees in its operations through the Medisense Medical Scheme.

Under the medical plan which covers certain of its former employees, Gold Fields remains liable for 50% of the employees' medical contribution to the medical schemes after their retirement. During fiscal 2005 and fiscal 2004, 21% and 6%, respectively, of these former employees and dependants were bought out of the scheme at a 15% premium. At June 30, 2005, approximately 243 (fiscal 2004: 510) former employees were covered under this plan, which is not available to members of the scheme formerly available to employees of the Free State operation who retired after August 31, 1997 and members of the Medisense medical scheme who retired after January 31, 1999. See Directors, Senior Management and Employees' Employees' Benefits.

In fiscal 2005 an amount of \$4.2 million was credited to earnings, compared to \$5.1 million in fiscal 2004, in respect of Gold Fields' obligations under this medical plan, representing an 18% decrease. The \$4.2 million credit was the result of a reversal of \$4.5 million relating to the release of the cross subsidization liability as a result of the buyout and a \$2.2 million release as a result of benefits forfeited offset in part by the annual

interest and service charge of \$1.7 million and a \$0.8 million charge relating to the 15% premium mentioned above. In fiscal 2004, the credit was the result of a reversal of \$6.2 million relating to the release of the cross subsidization liability as a result of the buyout and a \$2.6 million release as a result of benefits forfeited, offset in part by the annual interest and service charge of \$3.0 million and a \$0.7 million charge relating to the 15% premium. The post-retirement health care provision is updated annually based on actuarial calculations, with any increase in the provision reflected in the statement of operations.

*Accretion expense on environmental rehabilitation*

For its South African operations, Gold Fields contributes to environmental trust funds it has established to provide for any environmental rehabilitation obligations and expected closure costs relating to its mining operations. The amounts invested in the trust funds are classified as non-current assets and any income earned on these assets is accounted for as interest income. For the Ghana and Australia operations Gold Fields does not contribute to a trust fund, but does make provision for estimated environmental rehabilitation costs. Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. The rehabilitation charge for fiscal 2005 was \$11.5 million compared to \$8.4 million in fiscal 2004. The increase was due primarily to the strengthening of the Rand against the U.S. dollar and decreases in the life of mines in South Africa

*Share-based compensation*

Gold Fields has elected to follow APB No. 25 and its related interpretations in accounting for its share option schemes. Under APB No. 25, because the exercise price of Gold Fields and its subsidiaries' employee share options equaled the market price of the underlying share on the date of the grant, no compensation expense has historically been recognized in the consolidated financial statements, other than on occasions where the terms of share option vesting schedules are modified or accelerated. During fiscal 2005 however, as a result of the inability by participants to exercise their share options during the period of the attempted Harmony hostile bid, Gold Fields extended the life of options for certain employees whose options would otherwise have expired by June 25, 2005. The Company accounted for the modification of the intrinsic value with a new measurement date and, since the options were fully vested on the modification date, recorded the incremental compensation cost of \$2.1 million as an expense.

*Harmony hostile bid costs*

On October 18, 2004, Harmony Gold Mining Company Limited, or Harmony, announced an unsolicited and hostile tender offer to acquire the entire issued share capital of Gold Fields. Gold Fields mounted a vigorous defense to the offer, which continued during much of the remainder of fiscal year 2005. The offer came to a conclusion on May 20, 2005 when the High Court of South Africa ruled that the tender offer had, in fact, lapsed on December 18, 2004 and was not capable of being revised or reinstated. Gold Fields incurred costs of \$50.8 million in defending against the Harmony offer which has been expensed.

*IAMGold transaction costs*

On September 30, 2004, Gold Fields, Gold Fields Ghana Holdings Limited, Gold Fields Guernsey and IAMGold Corporation, or IAMGold, signed a definitive agreement which would have resulted in Gold Fields combining its assets situated outside the Southern African Development Community with those of IAMGold by means of a reverse takeover. On December 7, 2004 this proposed transaction did not receive the required majority approval by shareholders and it was therefore not completed. Gold Fields incurred costs of \$9.3 million relating to the failed IAMGold deal during fiscal 2005 which has been expensed.

*Interest and dividends*

Interest and dividends increased by \$9.8 million or 50.5%, from \$19.4 million in fiscal 2004 to \$29.2 million in fiscal 2005. Interest received on cash and cash equivalents was \$26.3 million in fiscal 2005 as compared to \$17.1 million in fiscal 2004, primarily due to higher average cash balances during fiscal 2005 compared to fiscal 2004. Dividends received were \$2.8 million in fiscal 2005 as compared to \$2.3 million in fiscal 2004.

*Finance (expense)/ income*

Gold Fields recognized net finance expense of \$54.9 million in fiscal 2005 as compared to \$12.2 million in fiscal 2004. The main reason for the increase in fiscal 2005 was due to the Mvelaphanda loan being in place for the entire period of fiscal 2005, whereas in fiscal 2004 it was only in place for three months. Net finance expense in fiscal 2005 consisted of interest payments of \$57.6 million, comprising \$56.9 million on the Mvelaphanda loan and \$0.7 million of miscellaneous interest payments. This was offset in part by a \$2.7 million realized exchange gain on funds held in Euros.

Net finance expense in fiscal 2004 consisted of interest payments of \$27.2 million, comprising \$18.2 million on the Mvelaphanda loan and \$9.0 million on the loans used to acquire St. Ives, Agnew and Damang, offset in part by a \$3.6 million unrealized exchange gain on certain offshore funds held in Euros and a \$11.4 million realized exchange gain on the Australian loan.

*Unrealized gain on financial instruments*

Gold Fields recognized an unrealized gain of \$4.9 million in fiscal 2005 compared to an unrealized gain of \$39.2 million in fiscal 2004 relating to financial instruments.

The unrealized gain of \$4.9 million in fiscal 2005 comprised a \$5.3 million unrealized gain on the Australian dollar/US dollar currency financial instruments Gold Fields holds to allow it to participate in appreciation of the Australian dollar against the U.S. dollar and a \$0.3 million unrealized gain on the International Petroleum Exchange Gasoil call options Gold Fields entered into during fiscal 2005, offset in part by a \$0.7 million negative mark-to-market valuation as at June 30, 2005 in respect of the \$30.0 million US dollar/Rand currency financial instruments Gold Fields holds to cover any U.S. dollar commitments payable from South Africa. See Quantitative and Qualitative Disclosures About Market Risk Foreign Currency Sensitivity Foreign Currency Hedging Experience.

Of the \$39.2 million unrealized gain in fiscal 2004, \$40.2 million related to an unrealized gain on the Australian dollar/U.S. dollar currency financial instruments, offset by a \$1.0 million negative mark-to-market valuation as at June 30, 2004 of the \$50.0 million U.S. dollar/Rand currency financial instruments held at that time which were purchased to protect the Group's commitment in respect of the Tarkwa mill project and the shift to owner mining projects of \$159.0 million.

*Realized gain on financial instruments*

Gold Fields recognized a realized gain of \$2.1 million in fiscal 2005 compared to a realized loss of \$8.7 million in fiscal 2004 relating to financial instruments.

Of the \$2.1 million realized gain in fiscal 2005, a \$1.3 million gain was realized on the settlement of the \$50.0 million US dollar/Rand currency financial instruments and \$0.8 million related to an interest rate swap Gold Fields had entered into in connection with the Mvela Loan This swap was closed out on June 3, 2005 realizing a gain of \$36.2 million. This gain will be accounted for in the income statement over the remaining period of the underlying loan. \$0.8 million was accounted for in the income statement in fiscal 2005, with the balance of \$35.4

million to be accounted for in the income statement in fiscal 2006 to fiscal 2009. See [Quantitative and Qualitative Disclosures About Market Risk](#) [Interest Rate Sensitivity](#) [General](#) [Interest Rate Hedging Experience](#).

Of the \$8.7 million realized loss in fiscal 2004, a loss of \$13.0 million was realized on the settlement of the U.S. dollar/Rand forward purchases offset by a \$4.3 million gain on the U.S. dollar/Australian dollar financial instruments.

*Profit on disposal of listed investments*

During fiscal 2005, Gold Fields continued to liquidate certain non-current investments. The profit on the sale of these investments amounted to \$8.1 million resulting from the following sales:

\$6.2 million from the sale of 36.0 million shares in Zijin Mining Group Company Limited;

\$1.6 million from the sale of 8.5 million shares in African Eagle Resources Plc; and

\$0.3 million from the sale of 1.3 million shares in Radius Gold Incorporated.

During fiscal 2004, Gold Fields liquidated certain non-current investments in order to fund foreign debt repayments. The profit on the sale of these investments amounted to \$13.9 million resulting from the following sales:

\$7.7 million from the sale of 1.2 million shares in Harmony Gold Mining Company Limited/African Rainbow Minerals Limited;

\$2.1 million from the sale of 0.9 million shares in Chesapeake Gold Corporation;

\$1.0 million from the sale of 0.1 million shares in Glamis Gold Limited;

\$1.5 million from the sale of 2.5 million shares in Orozone Resources Inc.; and

\$1.6 million from the sale of 1.3 million shares in Committee Bay.

*Profit on disposal of exploration rights*

During fiscal 2005 Gold Fields sold its interest in the Angelina Project in Chile to its joint venture partner Meridian for \$7.5 million plus a 2% net smelter royalty on the majority of land within the joint venture. As the interest had a nil cost, the proceeds of \$7.5 million was also the profit.

*Profit on disposal of mineral rights*

During fiscal 2004, mineral rights and associated assets relating to Driefontein's block 1C11 were sold for \$45.7 million to AngloGold Ashanti, realizing a profit of \$27.1 million.

*Write-down of investments.*

During fiscal 2005 investments whose market value was lower than their original costs for a period of longer than 12 months were written-down by \$7.7 million.

The \$7.7 million comprises:

\$5.4 million on Mvelaphanda Resources Limited;

\$0.4 million on Conquest Mining Limited;

\$0.3 million on Oil Quest Resources Plc;

\$0.7 million on Lakota Resources; and

\$0.9 million on Ridge Mining Plc.

*Write-down of mineral rights*

During fiscal 2004, mineral rights held as trading stock to the value of \$3.6 million were written-off. This was in line with new regulations in South Africa that will result in mining companies forfeiting those mineral rights not likely to be mined or explored.

*Other (expenses)/income*

Other (expenses)/income represents miscellaneous revenue items such as scrap sales and rental income, net of miscellaneous corporate expenditure not allocated to the operations and therefore not included in the corporate expenditure line item. Other (expenses)/income decreased by \$7.3 million, from \$2.1 million other income in fiscal 2004 to \$5.2 million other expenses in fiscal 2005. Other income in fiscal 2005 consisted of \$3.7 million in revenues, comprised principally of mineral right sales and rent, which was more than offset by miscellaneous cost items totaling \$8.9 million which included:

auditors fees and other costs relating to Gold Fields becoming compliant with the requirements of the Sarbanes-Oxley Act of 2002;

costs related to marketing Biox®, which prior to fiscal 2005 were accounted for under exploration expense;

the cost of cash rewards given to all Gold Fields employees for the successful defense of the Harmony hostile bid; and

additional sundry professional fees incurred.

Other income in fiscal 2004 consisted of \$6.8 million in revenues, comprised principally of mineral right sales, rent and a rebate received from JP Morgan net of \$4.7 million in other expenses comprised principally of payments to The Business Trust, an initiative involving a large number of companies in South Africa undertaking targeted job creation and capacity building programs, and sundry professional fees.

*Income and Mining Tax Benefit/(Expense)*

The table below indicates that Gold Fields effective tax rate for fiscal 2004 and fiscal 2005, including normal and deferred tax.

Income and mining tax	Year ended June 30,	
	2004	2005
Effective tax (expense)/benefit rate	(14.3)%	35.1%

In fiscal 2005, the effective tax benefit rate of 35.1% differed from the maximum mining statutory tax rate of 45% for Gold Fields and its subsidiaries as a whole, primarily due to the effect of the mining tax formula of \$11.5 million (representing the tax-free status of the first 5% of mining revenue) on the South African mining operations taxable income, a \$26.8 million credit due to an increase in the tax values of the Australian operations following the consolidation of St. Ives and Agnew for tax purposes and \$8.4 million due to the reduction in fiscal 2005 of the Ghanaian tax rates from 32.5% to 28.0%. The Australian tax legislation makes provision for companies that consolidate for tax purposes to recalculate their tax values based on a market value calculation. The effect of these items was offset by an amount of \$38.6 million relating to the non-deductibility of certain exceptional items, namely the Harmony hostile bid costs, the IAMGold transaction costs and exploration costs and by an amount of \$21.8 million relating to foreign levies and royalties, which is included in the tax charge.

In fiscal 2004, the effective tax expense rate of 14.3% differed from the maximum mining statutory tax rate of 46% for Gold Fields and its subsidiaries as a whole, primarily due to the effect of the mining tax formula of \$7.0 million (representing the tax-free status of the first 5% of mining revenue) on the South African mining operations taxable income and \$15.1 million of non-taxable income primarily related to the profit on sale of certain investments. In addition, the tax expense rate is lower due to a credit of \$17.6 million relating to income from Australia and Ghana taxed at a lower rate. The effect of these items was partially offset by an amount of \$19.8 million relating to foreign levies and royalties, which is included in the tax charge.

*Minority Interests*

Minority interests represented an expense of \$20.6 million in fiscal 2005, compared to an expense of \$21.8 million in fiscal 2004. These amounts reflect the portion of the net income of Gold Fields Ghana, Abosso and Living Gold attributable to their minority shareholders. The



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minority shareholders' interest was 28.9% in Gold Fields Ghana and Abosso in fiscal 2005 and 2004, and 40% in Living Gold in fiscal 2005 and 2004. Higher amounts due to the minority shareholders of Gold Fields Ghana and Abosso were more than offset by the minority shareholders' share of the higher net loss of Living Gold in fiscal 2005 compared to fiscal 2004.

### *Net (Loss)/Income*

As a result of the factors discussed above, Gold Fields' net loss was \$206.2 million in fiscal 2005 compared with net income of \$48.9 million in fiscal 2004.

### *Years Ended June 30, 2004 and 2003*

#### *Revenues*

Product sales increased by \$168.0 million, or 10.9%, from \$1,538.2 million in fiscal 2003 to \$1,706.2 million in fiscal 2004. The increase in product sales was due to an increase in the average realized gold price of 16.2% from \$333 per ounce in fiscal 2003 to \$387 per ounce in fiscal 2004 partially offset by a net decrease of approximately 0.196 million ounces, or 4.3%, of total gold sold from 4.62 million ounces in fiscal 2003 to 4.41 million ounces in fiscal 2004. The decrease in sales resulted from a reduction at the South African operations from 3.081 million ounces to 2.804 million ounces offset in part by increases at the Ghanaian and Australian operations. The decline at the South African operations was due primarily to lower grades as well as the absence of St. Helena for the entire year, following its sale on October 30, 2002. Gold output from Kloof and Driefontein decreased by 120,000 ounces and 105,000 ounces, respectively. Production at the international operations increased by 8.1% from 1.253 million ounces in fiscal 2003 to 1.354 million ounces in fiscal 2004. Differences between total gold sold and total gold produced are mainly due to timing differences between gold production and gold sales.

#### *Costs and Expenses*

The following table sets out Gold Fields' total ounces produced, weighted average total cash costs and total production costs per ounce for fiscal 2003 and fiscal 2004.

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	Fiscal 2003			Fiscal 2004			Percentage increase/(decrease) in unit total cash costs	Percentage increase/(decrease) in unit total production costs (%)
	Gold Production ( 000oz)	Total cash costs (1)	Total production costs (2) (\$/oz)	Gold production ( 000oz)	Total cash costs (1) (\$/oz)	Total production costs (2) (\$/oz)		
South Africa								
Driefontein	1,238	202	233	1,141	311	355	54.0	52.4
Kloof	1,140	215	246	1,038	341	388	58.6	57.7
Free State								
Beatrix	659	229	260	625	356	393	55.5	51.2
St. Helena	44	289	289					
Ghana								
Tarkwa (3)	540	194	225	550	230	258	18.6	14.7
Damang (4)	299	243	260	308	222	245	(8.6)	(5.8)
Australia (5)								
St. Ives	513	198	295	543	300	377	51.5	27.8
Agnew	144	219	396	202	221	303	0.9	(23.5)
Total (6) (7)	4,577			4,406				
Weighted average		212	254		302	349	42.5	37.4

Except for gold production, all statistics are based on gold sold.

Notes:

(1) Gold Fields has calculated total cash costs per ounce by dividing total cash costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total cash costs, as defined in the Gold Institute industry guidance, are production costs as recorded in the statement of operations, less offsite (i.e., central) general and administrative expenses (including head office costs charged to the mines, central training expenses, industry association fees and social development costs), rehabilitation costs, plus royalties and employee termination costs. Changes in total cash costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand and Australian dollar and 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 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 2005, 2004 and 2003, see Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2004 and 2005 and Years Ended June 30, 2003 and 2004.

(2) 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 Australian dollar and the U.S. dollar. Management, however, believes that total production costs per ounce provides a measure for comparing Gold Fields' operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total production costs per ounce is not a U.S. GAAP measure. An investor should not consider total production costs per ounce in isolation or as an alternative to 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 2005, 2004 and 2003, see *Operational and Financial Review and Prospects* Results of Operations Years Ended June 30, 2004 and 2005 and Years Ended June 30, 2003 and 2004.

(3) In fiscal 2003 and 2004, 0.384 million ounces and 0.391 million ounces of production, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Tarkwa operation.

(4) In fiscal 2003 and 2004, 0.213 million ounces and 0.219 million ounces of production, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Damang operation.

(5) The consideration paid for the Australian operations in excess of the book value of the underlying net assets was allocated pro rata to the value of the underlying assets, which affected the allocation of amortization between St. Ives and Agnew.

(6) In fiscal 2003, and 2004, 4.334 million ounces and 4.158 million ounces of production, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operations.

(7) The total does not reflect the sum of the line items due to rounding.

The following tables set out a reconciliation of Gold Fields production costs to its total cash costs and total production costs for fiscal 2004 and fiscal 2003.

	For the year ended June 30, 2004						Agnew	Corporate	Group
	Driefontein	Kloof	Beatrix	Tarkwa	Damang	St. Ives			
	(in \$ millions except as otherwise noted) (1)								
<b>Production Costs</b>	356.1	354.7	223.7	126.5	66.7	182.2	45.3		1,355.2
Less:									
G&A other than corporate costs	(5.6)	(4.8)	(4.0)	(6.5)	(1.8)	(4.9)	(0.6)		(28.2)
GIP adjustment							(1.2)		(1.2)
Exploration						(19.9)	(1.0)		(20.9)
Plus:									
Employment termination cost	4.0	3.9	2.5			0.1			10.5
Royalty				6.4	3.6	5.1	2.0		17.1
<b>Total cash costs</b>	354.5	353.8	222.2	126.4	68.5	162.6	44.5		1,332.5
Plus:									
Amortization(2)	49.5	46.0	22.8	15.2	6.8	41.8	15.3	1.2	198.6
GIP adjustments (2)							1.2		1.2
Rehabilitation	1.6	3.2	0.5	0.1	0.2	0.3	0.1		6.0
<b>Total production costs</b>	405.6	403.0	245.5	141.7	75.5	204.7	61.1	1.2	1,538.3
Gold produced ( 000 oz)(3)	1,141.2	1,037.6	624.9	550.0	308.3	542.6	201.5		4,406.1
Gold inventory ( 000 oz)									
Gold sales ( 000 oz)	1,141.2	1,037.6	624.9	550.0	308.3	542.6	201.5		4,406.1
<b>Gold sold per production cost ( 000 oz)</b>	1,141.2	1,037.6	624.9	550.0	308.3	542.6	201.5		4,406.1
<b>Total cash costs (\$/oz) (4)</b>	311	341	356	230	222	300	221		302
<b>Total production costs (\$/oz) (5)</b>	355	388	393	258	245	377	303		349

All statistics are based on gold sold.

Notes:

(1) Calculated using an exchange rate of R6.90 per \$1.00.

(2) Non-cash portion of GIP adjustments shown separately. Gold in process, or GIP, represents gold in the processing circuit, which is expected to be recovered.

(3) In fiscal 2004, 0.610 million ounces of production were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operations.

(4) Gold Fields has calculated total cash costs per ounce by dividing total cash costs, as determined using the

guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total cash costs, as defined in the Gold Institute industry guidance, are production costs as recorded in the statement of operations, less offsite (i.e., central) general and administrative expenses (including head office costs charged to the mines, central training expenses, industry association fees and social development costs), rehabilitation costs, plus royalties and employee termination costs. Changes in total cash costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand and Australian dollar and 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 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 2005, 2004 and 2003, see Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2004 and 2005 and Years Ended June 30, 2003 and 2004.

(5) 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 Australian dollar and the U.S. dollar. Management, however, believes that total production costs per ounce provides a measure for comparing Gold Fields' operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total production costs per ounce is not a U.S. GAAP measure. An investor should not consider total production costs per ounce in isolation or as an alternative to 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

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The following table sets out a reconciliation of Gold Fields' production costs to its total cash costs and total production costs for fiscal 2003.

	For the year ended June 30, 2003									
	St.									
	Driefontein	Kloof	Beatrix	Helena	Tarkwa	Damang	St. Ives	Agnew	Corporate	Group
	(in \$millions except as otherwise noted) (1)									
<b>Production costs</b>	260.3	250.5	155.0	12.6	105.1	71.2	118.2	42.1		1,015.0
Less:										
G&A other than corporate cost	(7.5)	(6.1)	(3.9)		(5.5)	(1.6)	(3.6)	(0.8)		(28.2)
GIP adjustments	(0.4)						(1.1)	(5.1)		(6.6)
Exploration							(16.6)	(5.8)		(22.42)
Plus:										
Employment termination cost	2.3	1.5								3.8
Royalty					5.4	3.0	4.6	1.1		14.1
<b>Total cash costs</b>	254.7	245.9	151.1	12.6	105.0	72.6	101.5	31.5		863.4
Plus:										
Amortization (2)	37.2	34.2	19.5		16.0	5.0	49.4	25.3	1.5	188.1
Rehabilitation	1.8	1.3	0.9		0.5	0.3	0.4	0.1		5.3
<b>Total production costs</b>	293.7	281.4	171.5	12.6	121.5	77.9	151.3	56.9	1.5	1,168.3
Gold produced ( '000 oz) (2)	1,238.3	1,140.1	658.7	43.7	539.9	299.2	513.3	143.6		4,576.8
Gold inventory ( '000 oz)	23.2	2.0								25.2
Gold sales ( '000 oz)	1,261.5	1,142.1	658.7	43.7	539.9	299.2	513.3	143.6		4,602.0
<b>Gold sold per production cost ( '000 oz)</b>	1,261.5	1,142.1	658.7	43.7	539.9	299.2	513.3	143.6		4,602.0
<b>Total cash costs (4) (\$/oz)</b>	202	215	229	289	195	243	198	219		212
<b>Total production costs (5) (\$/oz)</b>	233	246	260	289	225	260	295	396		254

All statistics are based on gold sold.

Notes:

- (1) Calculated using an exchange rate of R9.07 per \$1.00.
- (2) Includes non-cash portion of GIP adjustments.
- (3) In fiscal 2003, 0.597 million ounces of production were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operations.
- (4) Gold Fields has calculated total cash costs per ounce by dividing total cash costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total cash costs, as defined in the Gold Institute industry guidance, are production costs as recorded in the statement of operations, less offsite (i.e., central) general and administrative expenses (including head office costs charged to the mines, central training expenses, industry association fees and social development costs), rehabilitation costs, plus royalties and employee

termination costs. Changes in total cash costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand and Australian dollar and 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 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 2005, 2004 and 2003, see [Operating and Financial Review and Prospects](#) [Results of Operations](#) [Years Ended June 30, 2004 and 2005](#) and [Years Ended June 30, 2003 and 2004](#).

(5) 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 Australian dollar and the U.S. dollar. Management, however, believes that total production costs per ounce provides a measure for comparing Gold Fields' operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total production costs per ounce is not a U.S. GAAP measure. An investor should not consider total production costs per ounce in isolation or as an alternative to 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 2005, 2004 and 2003, see Operational and Financial Review and Prospects Results of Operations Years Ended June 30, 2004 and 2005 and Years Ended June 30, 2003 and 2004.

Gold Fields' weighted average total cash costs per ounce increased \$90 per ounce, or 42.5%, from \$212 per ounce in fiscal 2003 to \$302 per ounce in fiscal 2004. The principal reason was the strengthening of the Rand against the U.S. dollar, which had a 23.9% negative impact on costs converted from the South African operations. In Rand terms, average total cash costs per ounce at the South African operations were affected by a decrease in mining volumes and a 12% decrease in yields during fiscal 2004 as compared to fiscal 2003, as well as wage increases above inflation. Total cash costs per ounce in Rand terms at the international operations were similar to fiscal 2003 with lower unit costs at Damang, Agnew and Tarkwa offsetting the increase at St. Ives, as the appreciation of the Rand against the U.S. dollar contributed to the lower total cash costs per ounce in Rand terms in fiscal 2004.

#### *Production costs*

Production costs increased by \$340.2 million, or 33.5%, from \$1,015.0 million in fiscal 2003 to \$1,355.2 million in fiscal 2004, primarily due to increased production from all the international operations, inflationary increases at the South African operations, and the appreciation of the South African rand and the Australian dollar against the U.S. dollar. Increased operating costs at the South African operations were due to wage increases above inflation and increases in the amount and cost of stoping and development, during fiscal 2004 as compared to fiscal 2003. In addition the Rand appreciated on average by 23.9% and the Australian dollar appreciated 22.3% against the U.S. dollar during fiscal 2004 compared to fiscal 2003, resulting in increased costs in U.S. dollar terms. In Australia, production costs increased primarily due to increased volumes mined and a shift towards underground mining. In Ghana, production costs increased primarily due to increased waste tonnage.

#### *Depreciation and amortization*

Depreciation and amortization charges increased \$10.5 million, or 5.6%, from \$188.1 million in fiscal 2003 to \$198.6 million in fiscal 2004. Depreciation and amortization is calculated on the units of production method and is based on current gold production as a percentage of total expected gold production over the lives of the mines. The principal reasons for this increase was the increase in production at the international operations compounded by the appreciation of the Rand against the U.S. dollar.

The table below depicts the changes from June 30, 2002 to June 30, 2003 for proven and probable reserves and for the life of mine for each operation, and the resulting impact on the amortization charge in fiscal 2003 and 2004. The life of mine numbers below are taken from the operations' strategic plans, adjusted for proven and probable reserve balances. In basic terms, amortization is calculated using the life of mine for each operation, which is based on: (1) the proven and probable reserves above infrastructure for the operation at the start of the relevant year (which are taken to be the same as at the end of the prior fiscal year and using only above infrastructure reserves) and (2) the amount of gold produced by the operation during the year.

	Proven and probable reserves as of		Life of mine as of		Amortization as of June 30,	
	2002	2003	2002	2003	2003	2004
	June 30,		June 30,		(\$ millions)	
	( 000 oz)		(years)			
Driefontein	16,400	16,000	19	17	37.2	49.5



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Kloof (1)	15,300	15,900	20	18	34.2	46.0
Free State						
Beatrix (2) (3)	11,800	11,800	20	20	19.5	22.8
St. Helena	370					
Ghana						
Tarkwa (4)	6,500	9,800	13	14	16.0	15.2
Damang (5)	1,190	900	4	3	5.0	6.8
Australia						
St. Ives (6)	2,340	3,000	6	5	49.4	41.8
Agnew (6)	600	500	4	3	25.3	15.3
Corporate and other					1.5	1.2
Total	54,500	57,900			188.1	198.6
Reserves below infrastructure (7)	26,600	26,600				
Total reserves (8)	81,100	84,500				

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Notes:

(1) A mineral resource study at Kloof during fiscal 2001 resulted in adjustments to grade zones, exclusions of certain mining blocks due to lack of adequate ventilation, a reduction in extraction from shaft pillars amongst other adjustments. The net effect on total reserves was insignificant but resulted in a movement from above infrastructure reserves to below infrastructure reserves at the end of fiscal 2002. As

amortization is calculated using the above infrastructure reserves as its denominator (the numerator being the produced ounces) the amortization charge for fiscal 2003 increased accordingly.

- (2) The Beatrix operation, formerly called the Free State operation, was renamed following the sale of the St. Helena mine to Freegold on October 30, 2002.
- (3) Includes the former Oryx mine, now designated as Beatrix Shaft No. 4.
- (4) As of June 30, 2002 and 2003, reserves of 4.620 million ounces and 6.970 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Tarkwa operation.
- (5) As of June 30, 2002 and 2003, reserves of 0.850 million ounces and 0.640 million ounces were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Damang operation.
- (6) The consideration paid for the Australian operations in excess of the book value of the underlying net assets was allocated pro rata to the value of the underlying assets, which affected the allocation of amortization between St. Ives and Agnew.
- (7) Below infrastructure reserves relate to mineralization which is located at a level at which an operation currently does not have infrastructure sufficient to allow mining operations to occur, but where the operation has made plans to install additional infrastructure in the future which will allow mining to occur at that level.
- (8) As of June 30, 2002 and 2003, reserves of 78.900 million ounces and 81.500 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operation.

#### *Corporate expenditure*

Corporate expenditure was \$20.3 million in fiscal 2004 compared to \$16.6 million in fiscal 2003, an increase of 22.3%. Corporate expenditure consists primarily of general corporate overhead and corporate service department costs, primarily in the areas of technical services, human resources and finance, which are used by the operations. Corporate expenditure also includes business development costs. The increase was due to the appreciation of the Rand against the U.S. dollar as Rand costs decreased from R150.8 million in fiscal 2003 to R140.0 million in fiscal 2004 due to higher profits generated by the Treasury Department which are reflected as a credit against these costs.

#### *Employment termination costs*

In fiscal 2004, Gold Fields incurred termination costs of \$10.5 million as compared to \$3.8 million in fiscal 2003. The increase in employment terminations costs was primarily as a result of higher retrenchments during fiscal 2004.

#### *Exploration expenditure*

Exploration expenditure was \$39.9 million in fiscal 2004, an increase of 34.8% from \$29.6 million in fiscal 2003. The increase was as a result of a deliberate effort to step up exploration activities, with \$6.2 million spent in South and Latin America in fiscal 2004, compared to \$1.9 million in fiscal 2003. Exploration expenditure in fiscal 2004 also included \$11.4 million incurred at APP compared to \$6.2 million in fiscal 2003. See Information on the Company Exploration.

#### *Impairment of assets*

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During fiscal 2004, following a geological study at Beatrix Shaft No. 4 and an associated revision of the ore reserve, the latest life-of-mine plans indicated that future production of gold should be based on 2.0 million ounces as opposed to 2.8 million ounces as previously estimated. At this level of extraction and at a gold price of \$350 per ounce, the life-of-mine plans did not support the carrying value of the shaft on an undiscounted cash flow basis. Accordingly, an asset impairment of \$61.8 million was charged against income, which reduced the carrying value of the Beatrix Shaft No. 4 to \$11.9 million.

During fiscal 2004, the potential future income arising from existing and possible new contracts for Biox® was reevaluated. See Information on the Company Research and Development. This reevaluation did not support the patent carrying value and accordingly, an impairment write-down of \$5.0 million was recorded, to reflect the fair value of the Biox patent of \$15.0 million.

During fiscal 2004, new regulations were enacted in South Africa that will result in mining companies forfeiting those mineral rights not likely to be mined or explored. GFL Mining Services held certain mineral rights to which this new regulation applies. The carrying value of these mineral rights was \$5.9 million. Accordingly, an impairment write-off of \$5.9 million was recorded for those minerals that would be forfeited as a result of this new regulation.

The allocation of the purchase price to the Agnew and St. Ives mines was based upon geological and other information available to Gold Fields at the purchase date. During fiscal 2003, Gold Fields revised the Agnew life of mine plan based on the latest reserves and mineralized material. The life of mine plan was revised because the results of the Agnew mine following the acquisition had been below those anticipated due to lower recovered gold content and certain events which rendered certain mineralized material unexploitable. The revised life of mine plan did not support the original allocation of the purchase price to the Agnew mine orebody, mining tenements and undeveloped properties. U.S. GAAP does not permit a company to reallocate the purchase price more than a year beyond the acquisition date, when sufficient data was available to make the initial purchase price allocation. Accordingly, an impairment write down of \$29.6 million was recorded to reflect the Agnew mine assets at their fair value.

*Decrease in post-retirement health care provision*

Under the medical plan which covers certain of its former employees, Gold Fields remains liable for 50% of the employees' medical contribution to the medical schemes after their retirement. During fiscal 2004 and fiscal 2003, 6% and 61%, respectively, of these former employees and dependants were bought out of the scheme at a 15% premium to the actuarial valuation. At June 30, 2004, approximately 510 (fiscal 2003: 850) former employees were covered under this plan, which is not available to members of the scheme formerly available to employees of the Free State operation who retired after August 31, 1997 and members of the Medisense medical scheme who retired after January 31, 1999. See Directors, Senior Management and Employees' Employees' Benefits.

In fiscal 2004 an amount of \$5.1 million was credited to earnings, compared to \$5.0 million in fiscal 2003, in respect of Gold Fields' obligations under this medical plan, a 2% increase. The \$5.1 million credit was the result of a reversal of \$6.2 million relating to the release of the cross subsidization liability as a result of the buyout and a \$2.6 million release as a result of benefits forfeited offset in part by the annual interest and service charge of \$3.0 million, and a \$0.7 million charge relating to the 15% premium mentioned above. In fiscal 2003, the credit was the result of a \$13.5 million reversal relating to the release of the cross subsidization liability as a result of the buyout, offset in part by the annual interest and service charge of \$5.5 million and a \$3.0 million charge related to the 15% premium. The post-retirement health care provision is updated annually based on actuarial calculations, with any increase in the provision reflected in the statement of operations.

*Increase in provision for environmental rehabilitation*

For its South African operations, Gold Fields contributes to environmental trust funds it has established to provide for any environmental rehabilitation obligations and expected closure costs relating to its mining operations. The amounts invested in the trust funds are classified as non-current assets and any income earned on these assets is accounted for as interest income. For the Ghana and Australia operations Gold Fields does not contribute to a trust fund, but does make provision for estimated environmental rehabilitation costs. Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. The rehabilitation charge for fiscal 2004 was \$8.4 million compared to \$5.3 million in fiscal 2003 principally because of the appreciation of the Rand against the U.S. dollar.

*Interest and dividends*

Interest and dividends decreased by \$1.9 million or 8.9%, from \$21.3 million in fiscal 2003 to \$19.4 million in fiscal 2004. Interest received on cash and cash equivalents was \$17.1 million in fiscal 2004 as compared to \$19.1 million in fiscal 2003, due to lower average cash balances during fiscal 2004 compared to fiscal 2003, including a depletion of cash balances at the South African operation for several months of the year, as well as lower interest rates. Dividends received were \$2.3 million in fiscal 2004 as compared to \$2.2 million in fiscal 2003.

*Finance (expense)/income*

Gold Fields recognized a net finance expense of \$12.2 million in fiscal 2004 as compared to finance income of \$4.2 million in fiscal 2003. Net finance expense in fiscal 2004 consisted of interest payments of \$27.2 million, comprising \$18.2 million on the Mvelaphanda loan and \$9.0 million on the loans used to acquire St. Ives, Agnew and Damang in Australia and Ghana, offset in part by a \$3.6 million unrealized

exchange gain on certain offshore funds denominated in Euros and a \$11.4 million realized exchange gain on the Australian loan.

Net finance income in fiscal 2003 consisted of a \$4.0 million unrealized exchange gain on the revaluation of the U.S. dollar loan incurred in connection with the acquisition of the Australian operations and a realized exchange gain of \$11.5 million on the repayment of \$119.5 million of the Australian loans, offset in part by interest payments of \$4.8 million and realized loss of \$6.5 million on certain other U.S. dollar denominated accounts in Australia.

*Unrealized gain on financial instruments*

Gold Fields recognized an unrealized gain of \$39.2 million in fiscal 2004 compared to an unrealized gain of \$35.7 million in fiscal 2003 relating to financial instruments.

Of the \$39.2 million unrealized gain in fiscal 2004, \$40.2 million related to an unrealized gain on the Australian dollar/U.S. dollar currency financial instruments purchased at the time of the acquisition of St. Ives and Agnew, offset by a \$1.0 million negative mark-to-market valuation as at June 30, 2004 of the \$50.0 million U.S. dollar/Rand currency financial instruments purchased to protect the Group's commitment of \$159.0 million in respect of the Tarkwa mill project and the conversion to owner mining. See *Quantitative and Qualitative Disclosures About Market Risk - Foreign Currency Hedging Experience*.

Of the \$35.7 million unrealized gain in fiscal 2003, \$36.7 million related to the positive mark-to-market valuation as at June 30, 2003 of the then remaining Australian dollar/U.S. dollar currency instruments offset by \$1.0 million negative mark-to-market valuation as at June 30, 2003 of the \$36.0 million U.S. dollar/Rand currency financial instruments purchased to protect the Group's commitment in respect of the Tarkwa mill project and the shift to owner mining projects, of \$159.0 million.

*Realized gain on financial instruments*

Gold Fields recognized a realized loss of \$8.7 million in fiscal 2004 compared to a realized gain of \$15.1 million in fiscal 2003 relating to financial instruments.

Of the \$8.7 million realized loss in fiscal 2004, a loss of \$13.0 million was realized on the settlement of the U.S. dollar/Rand forward purchases offset in part by a \$4.3 million gain on the U.S. dollar/Australian dollar financial instruments purchased at the time of the acquisition of St. Ives and Agnew.

Of the \$15.1 million realized gain in fiscal 2003, \$10.5 million was realized on the close-out of \$175.0 million of the Australian dollar/U.S. dollar currency financial instruments purchased at the time of the acquisition of St. Ives and Agnew during fiscal 2004. The balance of \$4.6 million relates to the amortization of deferred hedging gains relating to Abosso Goldfields forward sales contracts that Gold Fields acquired in connection with the purchase of Abosso.

*Profit on disposal of listed investments*

During fiscal 2004, Gold Fields continued to liquidate certain non-current investments in order to fund foreign debt repayments. The profit on the sale of these investments amounted to \$13.9 million resulting from the following sales:

- \$7.7 million from the sale of 1.2 million shares in Harmony Gold Mining Company Limited and African Rainbow Minerals Limited;
- \$2.1 million from the sale of 0.9 million shares in Chesapeake Gold Corporation;
- \$1.0 million from the sale of 0.1 million shares in Glamis Gold Limited;
- \$1.5 million from the sale of 2.5 million shares in Orezone Resources Inc; and
- \$1.6 million from the sale of 1.3 million shares in Committee Bay.

During fiscal 2003, the profit on the sale of non-current investments amounted to \$57.2 million resulting from the following sales:

- \$42.4 million from the sale of 30.5 million shares in Eldorado Gold Corporation;
- \$13.1 million from the sale of 1.5 million shares in Glamis Gold Limited;
- \$1.5 million from the sale of 0.4 million shares in African Rainbow Minerals Limited; and
- \$0.2 million from the sale of 73,000 shares in Chesapeake Gold Corporation.

*Profit on sale of mineral rights*

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During fiscal 2004, mineral rights and associated assets relating to a portion of Driefontein were sold for \$45.7 million to AngloGold, resulting in a profit of \$27.1 million.

### *Write-down of mineral rights*

During fiscal 2004, mineral rights classified as inventories to the value of \$3.6 million were written-off. This is in line with new regulations in South Africa that will result in mining companies forfeiting those mineral rights

not likely to be mined or explored.

### *Other (expenses)/income*

Other income decreased by \$1.3 million, from \$3.4 million in fiscal 2003 to \$2.1 million in fiscal 2004. Other income in fiscal 2004 consisted of \$6.8 million in revenues, comprised principally of mineral right sales, rent and a rebate received from J.P. Morgan net of \$4.7 million in other expenses comprised principally of payments to The Business Trust and sundry professional fees. Other income in fiscal 2003 consisted of \$4.7 million in revenues, comprised principally of rent, proceeds from insurance claims and scrap sales, net of \$0.1 million in other expenses.

### *Income and Mining Tax Expense*

The table below indicates Gold Fields' effective tax rate for fiscal 2003 and fiscal 2004, including normal and deferred tax.

Income and mining tax	Year ended June 30,	
	2003	2004
Effective tax expense rate	32.9%	14.3%

In fiscal 2004, the effective tax expense rate of 14.3% differed from the maximum mining statutory tax rate of 46% for Gold Fields and the subsidiaries as a whole, primarily due to the effect of the mining tax formula of \$7.0 million (representing the tax-free status of the first 5% of

mining revenue) on the South African mining operations taxable income and \$15.1 million of non-taxable income primarily related to the profit on sale of certain investments. In addition, the tax expense rate is lower due to a credit of \$17.6 million relating to income from Australia and Ghana being taxed at a lower rate. The effect of these items was partially offset by an amount of \$19.8 million relating to foreign levies and royalties, which is included in the tax charge.

In fiscal 2003, the effective tax rate expense of 32.9% differed from the maximum mining statutory tax rate of 46% for Gold Fields and its subsidiaries as a whole, primarily due to the effect of the mining tax formula of \$18.4 million (representing the tax-free status of the first 5% of mining revenue) on the South African mining operations taxable income, the utilization of assessed losses of \$13.7 million mainly related to the disposal of the St. Helena mine not previously recognized and \$30.6 million of non taxable income related primarily to the profit on the sale of certain investments. The effect of these items was offset in part by an amount of \$16.1 million relating to foreign levies and royalties, which is included in the tax charge.

#### *Minority Interests*

Minority interests represented a cost of \$21.8 million in fiscal 2004, compared to a cost of \$14.4 million in fiscal 2003. The increase is due to the higher net income of the Ghanaian operations in fiscal 2004 compared to fiscal 2003. These amounts reflect the portion of the net income of Gold Fields Ghana, and Abosso attributable to their minority shareholders. The minority shareholders interest was 28.9% in Gold Fields Ghana and Abosso in fiscal 2004 and fiscal 2003.

#### *Net (Loss)/Income*

As a result of the factors discussed above, Gold Fields net income was \$48.9 million in fiscal 2004 compared with net income of \$257.0 million in fiscal 2003.

### **Liquidity and Capital Resources**

#### *Cash resources*

#### *Operations*

Net cash provided by operations in fiscal 2005 was \$181.9 million compared to \$198.4 million in fiscal 2004. In fiscal 2005, Gold Fields realized gold price increased to an average of \$422 per ounce compared to \$387 per ounce in fiscal 2004. In addition, sales in fiscal 2005 increased by 0.082 million ounces, which together with the increase in the realized price, resulted in revenues from product sales increasing by \$186.9 million from \$1,706.2 million in fiscal 2004 to \$1,893.1 million in fiscal 2005.



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The increased revenues were offset in part by a \$145.4 million increase in production costs, which increased from \$1,355.2 million in fiscal 2004 to \$1,500.6 million in fiscal 2005. In addition, Gold Fields incurred costs of \$50.8 million and \$9.3 million on the Harmony hostile bid and the IAMGold transaction, respectively. The net effect of this was a \$12.0 million increase in cash flow provided by operations before taxation and working capital changes. The decrease in taxes paid of \$37.3 million was largely offset by the \$29.6 million increase in working capital changes.

Net cash provided by operations was \$198.4 million in fiscal 2004 compared to \$411.4 million in fiscal 2003. In fiscal 2004, Gold Fields realized gold price increased to an average of \$387 per ounce compared to \$333 per ounce in fiscal 2003. Sales in fiscal 2004 decreased by 0.2 million ounces but the increase in the realized price resulted in revenues from product sales increasing by \$168.0 million in fiscal 2004 to \$1,706.2 million compared to \$1,538.2 million in fiscal 2003. The increased revenues were more than offset by a \$340.2 million increase in production costs, which increased from \$1,015.0 million in fiscal 2003 to \$1,355.2 million in fiscal 2004. The net effect was a decrease in cash flow provided by operations before taxation and working capital changes. The decrease in cash provided by operations was partly offset by an increase in working capital changes of \$21.8 million.

Although revenues from Gold Fields South African operations are denominated in U.S. dollars, Gold Fields receives them in Rand, which are then subject to South African exchange control limitations. See Information on the Company Regulatory and Environmental Matters South Africa Exchange Controls. As a result, those revenues are generally not available to service Gold Fields non-Rand debt obligations or to make investments outside South Africa without the approval of the South African Reserve Bank.

Revenues from Gold Fields Ghanaian and Australian operations are also denominated in U.S. dollars, but unlike in South Africa, Gold Fields receives them in U.S. dollars or is freely able to convert them into U.S. dollars. These U.S. dollar amounts can be used by Gold Fields to service its U.S. dollar-denominated debt and to make investments in its non-South African operations.

### *Investing*

Net cash utilized in investing activities was \$318.3 million in fiscal 2005 compared to \$400.2 million in fiscal 2004. The decrease in net cash utilized of \$81.9 million was primarily due to a decrease in capital expenditure of \$60.2 million and a decrease in purchases of investments of

\$49.0 million. In addition, proceeds on disposal of property, plant and equipment were lower by \$46.6 million in fiscal 2005 and in fiscal 2004 \$45.7 million was received from the sale of Driefontein Block IC11 to AngloGold while \$23.0 million was spent on the acquisition of the minority interest in the Arctic Platinum Project.

Net cash utilized in investing activities was \$400.2 million in fiscal 2004 compared to \$150.6 million in fiscal 2003. The increase in net cash utilized of \$249.6 million was primarily due to an increase in capital expenditure of \$153.6 million and an increase in investments purchased of \$72.4 million. This was partially offset by the \$55.0 million increase in the proceeds on the disposal of property, plant and equipment from \$1.8 million in fiscal 2003 to \$56.8 million in fiscal 2004. This amount included the \$45.7 million received from the sale of Driefontein block IC11 to AngloGold Ashanti with the balance of \$11.1 million related mainly to the sale of shares received in exchange for the sale of various nickel mineral rights at the Australian operations in fiscal 2004.

Proceeds from the sale of listed investments decreased from \$29.3 million in fiscal 2004 to \$18.6 million in fiscal 2005. The investment disposals comprising the \$18.6 million in fiscal 2005 were:

- \$13.9 million from the sale of Zijin Mining Group Company Limited shares;
- \$3.2 million from the sale of African Eagle Resources Plc shares; and
- \$1.5 million from the sale of Radius Gold Incorporated shares.

Proceeds from the sale of listed investments decreased from \$72.1 million in fiscal 2003 to \$29.3 million in fiscal 2004. The \$29.3 million in fiscal 2004 comprised the following sales:

- \$19.6 million from the sale of 1.2 million shares in Harmony Gold Mining Company Limited and African Rainbow Minerals Limited;
- \$2.1 million from the sale of 0.9 million shares in Chesapeake Gold Corporation;
- \$1.1 million from the sale of 0.1 million shares in Glamis Gold Limited;
- \$1.9 million from the sale of 2.5 million shares in Orezone Resources Inc.;
- \$2.0 million from the sale of 1.3 million shares in Committee Bay; and
- \$2.6 million from the sale of various other shares.

During fiscal 2005 Gold Fields received \$7.5 million from the disposal of its interest in the Angelina exploration project in Chile to its joint venture partner Meridian Gold Incorporated. The consideration for the sale also includes a 2% net smelter royalty on the majority of land within the joint venture.

Capital expenditure decreased by \$60.2 million to \$317.7 million in fiscal 2005 compared to \$377.9 million in fiscal 2004. Capital expenditure was \$224.3 million in fiscal 2003. In Rand terms, capital expenditure decreased to R1,973.6 million in fiscal 2005 from R2,607.6 million in fiscal 2004 and R2,035.5 million in fiscal 2003. The decrease in capital expenditure was mainly due to the lower spending on growth projects at Tarkwa in Ghana and St. Ives in Australia due to most of these costs being incurred in fiscal 2004 and the curtailing of capital expenditure in South Africa due to the lower rand gold price.

Expenditure on Gold Fields major capital projects in fiscal 2005 included:

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\$21.7 million on the Beatrix Shaft No. 3 expansion project, as compared to \$24.7 million in fiscal 2004 and \$23.9 million in fiscal 2003;  
\$19.1 million on the Shaft No. 1 and Shaft No. 5 projects at Driefontein, as compared to \$20.1 million in fiscal 2004 and \$38.1 million in fiscal 2003;  
\$16.9 million on the Shaft No. 4 project at Kloof as compared to \$25.0 million in fiscal 2004 and \$24.6 million in fiscal 2003;  
\$46.6 million on the St. Ives mill, expansion project, compared to \$45.7 in fiscal 2004 and \$nil in fiscal 2003;  
\$25.7 million on the Tarkwa CIL process plant, as compared to \$75.9 million in fiscal 2004 and \$2.0 in fiscal 2003;  
\$16.1 million on the Tarkwa owner mining project, as compared to \$55.3 million in fiscal 2004 and \$nil in fiscal 2003; and  
\$11.8 million on the Songvang open pit at Agnew, as compared to \$nil in fiscal 2004 and 2003.

The \$30.4 million spent on the purchase of investments in fiscal 2005 was made up of:

\$18.7 million invested in Comaplex Corporation;  
\$1.5 million invested in Avoca Resources Limited;  
\$1.5 million invested in African Eagle Resources Plc on the exercising of warrants held;  
\$6.8 million lent to GBF, the open pit mining contractor at St. Ives, in terms of the alliance agreement between St. Ives and GBF to fund the purchase of mining equipment used on site; and  
\$1.9 million on other investments.

The \$79.4 million spent on the purchase of investments in fiscal 2004 was made up of:

\$14.5 million of shares in Mvela Resources  
\$29.0 million of redeemable preference shares in Micawber (Proprietary) Limited;  
\$12.6 million of shares in Bolivar Gold corporation;  
\$7.7 million of shares in Zijin Mining Group Company Limited;  
\$2.8 million of shares in CMQ Resources Inc.; and  
\$12.8 million of shares on numerous other investments.

### *Financing*

Net cash utilized in financing activities was \$11.4 million in fiscal 2005 as compared to net cash provided by financing activities of \$682.2 million in fiscal 2004. The main reason for the movement was that fiscal 2004 included the proceeds of the \$586.7 million loan (\$591.3 million less costs of \$4.6 million) raised as a result of the Mvelaphanda transaction. See Overview Mvelaphanda Transaction. In addition, in fiscal 2004 Gold Fields raised \$215.9 million from shares issued as a result of an international private placement of Gold Fields shares. In fiscal 2005, \$3.6 million was received as a result of share options exercised, as compared to \$3.8 million in fiscal 2004.

Dividends paid amounted to \$54.5 million in fiscal 2005 compared to \$92.6 million in fiscal 2004. The amount of dividends paid was lower than in fiscal 2004 principally due to the lower net income on which the dividend is calculated, partly offset by the stronger Rand/US dollar exchange rate. Dividend payments in fiscal 2005 amounted to Rand 344.5 million or 70 SA cents per ordinary share as compared to Rand 669.1 million or 140 SA cents per ordinary share in fiscal 2004. During fiscal 2005, Tarkwa and Damang each paid dividends and the minority shareholders share of these payments was \$17.3 million.

During fiscal 2005, \$36.2 million was received on the close out of the interest rate swap entered into in connection with the Mvela loan.

Net cash provided by financing activities was \$682.2 million in fiscal 2004 as compared to net cash utilized in financing activities of \$335.8 million in fiscal 2003. The increase in cash provided from financing was due primarily to the loan of \$586.7 million raised as a result of the Mvelaphanda transaction and \$219.7 million received from shares issued mainly as a result of an international private placement. The international private placement raised \$215.9 million. In fiscal 2004, \$3.8 million was received as a result of share options exercised, as compared to \$4.5 million in fiscal 2003.

In addition, during fiscal 2004 Gold Fields repaid the \$28.6 million balance owing on the \$165.0 million drawdown on the \$250.0 million credit facility entered into in connection with the purchase of the St. Ives and Agnew operations. It also repaid the \$12.2 million balance owing on \$35.0 million remaining on the \$50.0 million two-year facility to finance the acquisition of 71.1% of Abosso. In fiscal 2003, the amounts repaid were \$119.5 million and \$20.9 million, respectively.

Dividends paid amounted to \$92.6 million in fiscal 2004 as compared to \$184.3 million in fiscal 2003. The amount of dividends paid was lower than in fiscal 2003 principally due to the lower net income on which the dividend is calculated, partially offset by the stronger Rand/U.S. dollar exchange rate. Dividend payments amounted to Rand 669.1 million or 140 SA cents per ordinary share as compared to Rand 1,746.4 million or 370 SA cents per ordinary share in fiscal 2003.

## **Credit Facilities**

As of the date of this annual report, Gold Fields has no committed unutilized banking facilities. Substantial contractual arrangements for uncommitted borrowing facilities are maintained with several banking counterparties to meet Gold Fields' normal contingency funding requirements.

During fiscal 2006, Gold Fields expects to enter into a project finance facility of approximately \$150 million to fund capital costs in connection with the Cerro Corona project. In addition, Gold Fields may in the future undertake further acquisitions of mining assets. In the event that Gold Fields does undertake any such acquisition, it may need to incur further debt or arrange other financing to fund any costs of the acquisition, which could have an adverse effect on Gold Fields' liquidity, including increasing its level of debt.

## ***Australia Acquisitions***

On November 26, 2001, Gold Fields and several of its subsidiaries, including two newly-established Australian subsidiaries, entered into a \$250.0 million syndicated credit facility. Barclays Capital, the investment banking division of Barclays Bank plc, or Barclays, and Citibank, NA., or Citibank, acted as arrangers of the facility. The credit facility was used to fund Gold Fields' acquisition of St. Ives and Agnew from WMC with the balance to be used for general corporate purposes. The facility bore interest at LIBOR plus 1.15% per year and was subject to a commitment fee equal to 0.575% per year payable quarterly on all undrawn amounts under the facility.

The terms of the credit facility also required Gold Fields to maintain a foreign exchange hedging strategy over the life of the loan to reduce the impact of fluctuations in the Australian dollar/U.S. dollar exchange rate on the cash flow from St. Ives and Agnew. See *Quantitative and Qualitative Disclosure About Market Risk - Foreign Currency Sensitivity*.

The facility consisted of a \$160.0 million term loan facility and a \$90.0 million revolving credit facility. The principal of the term loan facility was repayable in ten equal semi-annual installments over five years, with the first repayment of \$16.0 million paid in May 2002. During fiscal 2003, Gold Fields repaid \$114.5 million of the \$160.0 million term loan facility and repaid the full \$5.0 million drawn down on the revolving credit facility. The repayments of \$114.5 million included prepayments of \$82.5 million, which was funded in part from the proceeds on the sale of non-current investments and dividends received from the Ghana operation. In January 2004, Gold Fields repaid the balance owing on the term loan facility. The \$90 million revolving credit facility was cancelled with effect from October 20, 2004.

### *Damang Acquisition*

On January 23, 2002, in connection with the purchase of Abosso, Gold Fields utilized the full amount of \$35.0 million available under a bilateral two-year term loan and letter of credit facility dated December 31, 2001 between Gold Fields and several of its subsidiaries and Barclays and Barclays Capital. During fiscal 2003, Gold Fields made prepayments of \$20.9 million on the \$33.0 million bilateral two-year term loan and the balance of \$12.1 million was fully repaid by December 31, 2003. The \$2.0 million letter of credit facility terminated on June 30, 2003. Also, on January 23, 2002, Gold Fields utilized the full amount of \$15.0 million available under a two-year term loan facility dated December 31, 2001 into between Gold Fields and several of its subsidiaries and Barclays Capital and Barclays Bank of Ghana Limited. By June 2002, Gold Fields repaid in full the \$15.0 million term loan facility.

### *Mvela Loan*

On March 17, 2004, as part of the transaction involving the acquisition by Mvela Resources of a 15% beneficial interest in the South African gold mining assets of Gold Fields, Mvela Gold advanced Rand 4,139 million, or the Mvela Loan, to GFIMSA. The Mvela Loan has a term of five years, bears interest at a rate of 10.57% per annum and is guaranteed by Gold Fields, Gold Fields Australia and Gold Fields Guernsey. GFIMSA may elect to repay the Mvela Loan (together with the present value of the then outstanding interest payment obligations and the tax payable by Mvela Gold as a result of such repayment) at any time starting 12 months after the Mvela Loan was advanced. While the Mvela Loan is outstanding, Gold Fields and any of its material subsidiaries, which is defined as any subsidiary whose gross turnover in the most recently ended financial year represents more than 5% of the consolidated gross turnover of Gold Fields and its subsidiaries may not, subject to certain exceptions, (i) sell, lease, transfer or otherwise dispose of any assets, (ii) enter into any merger or similar transaction, or (iii) encumber its assets. The Mvela Loan will become immediately due and payable upon the occurrence of an event of default. See [Overview Mvelaphanda Transaction](#).

The Mvela Loan was funded by way of commercial bank debt of approximately Rand 1,300 million and mezzanine finance of approximately Rand 1,100 million, with the balance of approximately Rand 1,700 million being raised by way of an international private placement of shares of Mvela Resources. In connection with the mezzanine finance, Gold Fields subscribed for preference shares in an amount of Rand 200 million in Micawber. Further, Gold Fields subscribed for Rand 100 million of the shares issued by Mvela Resources in the private placement. In addition, pursuant to the PIC Agreement, Gold Fields has effectively guaranteed the PIC Loan. Interest on the PIC loan accrues at the rate of 14.25%, is compounded semi-annually and is payable in one lump sum at the end of the term of the loan. Under the terms of the PIC Agreement, the PIC has the right to require Gold Fields to assume all its rights and obligations under the PIC Loan, together with its underlying security, which consists of the PIC's proportionate share of Mvela Gold's rights under the Subscription and Share Exchange Agreement and a guarantee of Rand 200 million from Mvela Resources, at a price equal to the value of the principal and interest of the PIC Loan, if, at the time the PIC Loan is due for repayment, Micawber does not repay the loan in full. Whether or not the PIC requires Gold Fields to assume its rights and obligations under the PIC loan, the PIC is obligated to pay a guarantee fee to Gold Fields equal to 3.75% per annum of the value of the principal and interest payable under the PIC Loan on the date on which the PIC Loan is repaid to the PIC.

GFIMSA applied the net proceeds of the Mvela Loan of \$586.7 million (R4,139 million less R32 million of costs at an exchange rate of R7.00 to \$1.00) toward funding its acquisition of Gold Fields' South African mining operations and certain ancillary assets and operations as part of an

internal restructuring of Gold Fields. In connection with the Mvela Loan, GFIMSA entered into two interest rate swaps, both of which were designated as fair value hedges and which were accounted for as a single swap. The fixed rate receivable on the interest rate swap was equal to the interest rate payable on the loan from Mvela Gold and the floating rate payable was the three month Johannesburg Inter-Bank Acceptance Rate, or JIBAR, plus a margin of 1.025%. The interest rate swap was closed out on June 3, 2005 with the loan reverting to the fixed interest rate mentioned above. Gold Fields realized mark-to-market gains on the swap of \$36.2 million and interest rate credits of \$14.8 million, giving a total gain of \$51.0 million. Of the \$36.2 million realized mark-to-market gain, \$0.8 million was accounted for in fiscal 2005 with the balance of \$35.4 million to be accounted for in fiscal 2006 to fiscal 2009. Of the \$14.8 million interest credits, \$12.9 million was accounted for in fiscal 2005 and the balance of \$1.9 million was accounted for in fiscal 2004. See [Quantitative and Qualitative Disclosures about Market Risk](#) [Interest Rate Sensitivity](#) [Interest Rate Hedging Experience](#).

#### *Living Gold Facility*

On May 28, 2004, Living Gold (Pty) Limited, or Living Gold, a subsidiary of GFIMSA, entered into a R16.6 million (\$2.5 million at an exchange rate of R6.5150, the noon buying rate on May 28, 2004) loan facility with the Industrial Development Corporation of South Africa, or the IDC. On November 24, 2004, Living Gold drew down the full amount of the facility. The facility bears interest at the prime overdraft rate of First National Bank of Southern Africa Limited. On June 30, 2005, that rate was 10.5%. The loan is repayable in 96 monthly installments

beginning on July 1, 2006.

### ***Bolivar Acquisition***

Gold Fields has agreed summary terms of, and expects to enter into, a \$200.0 million term loan facility with an interest rate LIBOR plus 0.35% per year and a term of three years to fund in part the acquisition of Bolivar Gold Corp and for general corporate purposes. The facility is subject to negotiation and execution of final documentation which is expected to include customary covenants by Gold Fields, including financial covenants. See Recent Developments Acquisition of Bolivar Gold Corp.

### **Capital expenditure**

Capital expenditure was \$317.7 million in fiscal 2005, compared to \$377.9 million in fiscal 2004. See Cash resources Investing. Gold Fields expects to incur approximately Rand 2.2 billion (\$331.2 million) in capital expenditure in fiscal 2006, which it expects to finance from internal sources and, to the extent required, credit facilities. Details regarding the specific capital expenditure for each operation are found in the individual operation sections under Information on the Company Gold Fields Mining Operations.

### **Contractual obligations and commitments as at June 30, 2005**

	Total	Less than 12 months	Payments due by period 12-36 months (\$ millions)	36-60 months	After 60 months
<b>Long-term debt (1)</b>					
Mvelaphanda Gold (Proprietary) Limited (5 years) (2)					
Capital	650.6		650.6		
Interest	274.8	65.3	130.6	78.9	
Industrial Development Corporation of South Africa Limited (3)					
Capital	2.5		0.6	0.6	1.3
Interest	1.3	0.2	0.5	0.3	0.3
Capital lease obligations - building	3.3	0.7	1.4	1.2	
<b>Other long-term obligations</b>					
Post-retirement healthcare (4)	9.0	0.4	0.8	0.8	7.0
Environmental obligations (5)	134.6	1.6	3.2	3.2	126.6
Total contractual cash obligations	1,076.1	68.2	137.1	735.6	135.2

#### Notes:

- (1) Gold Fields is party to certain long-term credit facilities, entered into in connection with the Mvelaphanda transaction and by Living Gold (Pty) Limited with the Industrial Development Corporation of South Africa Limited. See Liquidity and Capital Resources Credit Facilities.
- (2)



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On March 17, 2004, Mvelaphanda Gold advanced an amount of \$591.3 million to GFIMSA. The loan amount is repayable five years from the date of advance and interest is payable semi-annually. Pursuant to the Subscription and Share Exchange Agreement, upon repayment of the Mvela Loan, Mvela Gold must subscribe for shares equal to 15% of GFIMSA's outstanding share capital, including the newly issued shares. In addition, for a period of one year after the subscription by Mvela Gold of the GFIMSA shares, each of Gold Fields and Mvela Gold will be entitled to require the exchange of Mvela Gold's GFIMSA shares for ordinary shares of Gold Fields of an equivalent value based on an exchange ratio equal to 15% of a discounted cash flow calculation as applied to GFIMSA's operations divided by the same calculation as applied to Gold Fields' operations, with certain adjustments. See Overview General Mvelaphanda Transaction.

- (3) On May 28, 2004 Living Gold (Pty) Limited, a subsidiary of GFI Mining South Africa (Pty) Limited entered into an agreement with the Industrial Development Corporation of South Africa Limited in terms of which it would provide a \$2.5 million loan facility to Living Gold (Pty) Limited. The loan is repayable in 96 equal monthly installments commencing on July 1, 2006.
- (4) Gold Fields' provision for post-retirement healthcare obligations increases annually based on the expected increases in the level of individual contributions in order to settle its obligations to its former employees, set off by payments made on behalf of certain pensioners and dependants of former employees on a pay-as-you-go-basis.
- (5) Gold Fields makes full provision for all environmental obligations based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. This provision increases annually based on expected inflation. Management believes that the provisions made for environmental obligations are adequate to direct the expected volume of such obligations. See Significant Accounting Policies Environmental rehabilitation costs.

	Total	Amount of commitments expiring by period			After 60 months
		Less than 12 months	12-36 months (\$ millions)	36-60 months	
<b>Other commercial commitments</b>					
Lines of credit					
Standby letters of credit					
Guarantees (1)	51.3			26.8	24.5
Standby repurchase obligations					
Capital expenditure (2)	23.8	23.8			
Total commercial commitments	75.1	23.8		26.8	24.5

## Notes:

- (1) Guarantees consist of \$23.3 million committed to guarantee Gold Fields' environmental rehabilitation obligations with respect to its Ghanaian and Australian operations, \$26.8 million to the Public Investment Commissioners with regard to the Mvela loan and \$1.2 million for numerous other obligations.
- (2) Capital expenditure consists only of amounts committed to external suppliers, although as of June 30, 2005 an amount of \$454.6 million in respect of capital expenditure had been approved by Gold Fields' Board.

**Working capital**

Management believes that Gold Fields' working capital resources, by way of internal sources and banking facilities, are sufficient to fund Gold Fields' currently foreseeable future business requirements.

**Off balance sheet items**

As part of the Mvelaphanda Transaction, Mvela Gold is obliged to subscribe for 15% of the share capital of GFIMSA. Under the Subscription and Share Exchange Agreement entered into in connection with the Mvelaphanda Transaction, for a period of one year after the subscription of the GFIMSA shares each of Gold Fields and Mvela Gold will be entitled to require the exchange of Mvela Gold's GFIMSA shares for ordinary shares of Gold Fields of an equivalent value, but numbering not less than 45,000,000 and not more than 55,000,000 Gold Fields' ordinary shares, adjusted as necessary to reflect changes to Gold Fields' capital structure and certain corporate activities of Gold Fields. Shareholders' equity interests in Gold Fields will be diluted if Gold Fields or Mvela Gold requires the exchange of GFIMSA shares for Gold Fields' shares. See Overview - General - Mvelaphanda Transaction.

Other than the Mvelaphanda Transaction, at June 30, 2005 Gold Fields had no off balance sheet items.

**Recent Developments***Cerro Corona Project*

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Following approval of the environmental impact assessment for the Cerro Corona Project by the Peruvian Ministry of Energy and Mines on December 2, 2005, Gold Fields has now commenced steps to complete the purchase of an 80.7% economic interest and 92% voting interest in the Cerro Corona Project. See [Information on the Company](#) [Exploration](#) [Gold Fields](#) [Exploration Projects](#) [Cerro Corona Project](#).

### *Acquisition of Bolivar Gold Corp.*

On November 21, 2005, Gold Fields and Bolivar Gold Corp., or Bolivar, jointly announced that they had entered into an agreement providing for Gold Fields to acquire, through a court approved plan of arrangement, all of the outstanding securities of Bolivar not currently held by Gold Fields for total cash consideration of approximately \$330 million. Holders of Bolivar common shares will be offered C\$3.00 per Bolivar common share and holders of Bolivar warrants expiring on March 17, 2008, August 25, 2008 and December 22, 2009 will be offered C\$1.90, C\$1.25 and C\$0.90 per warrant, respectively. The consideration for the warrants expiring on March 17, 2008, and August 25, 2008, is calculated based on the amount of consideration per common share minus the warrant strike price and the consideration for the warrants expiring on December 22, 2009, is calculated based on a premium equal to the premium payable to common shareholders based on the closing price of the common shares on November 18, 2005. Furthermore, the transaction will trigger the redemption of C\$26 million principal amount of convertible debentures of Bolivar at a redemption price of C\$1,905.25 in cash per C\$1,000 principal amount of debentures for a total amount of \$24.1 million, which is included in the total purchase consideration referred to above.

Gold Fields currently holds approximately 15.5% of the common shares and 32% of the warrants expiring on August 25, 2008, which is approximately 16% of the total warrants outstanding. Definitive agreement documentation was executed on December 1, 2005, and the SARB has approved the proposed transaction.

Each of Gold Fields' and Bolivar's Boards of Directors have voted to approve the transaction and it is anticipated that the transaction will close in January 2006, subject to, among other things, satisfaction of the following principal conditions precedent:

court approval of the plan of arrangement;  
approval by two-thirds of the holders of common shares of Bolivar present in person or by proxy at an extraordinary general meeting of Bolivar to be held to approve the transaction;  
approval by two-thirds of the holders of warrants of Bolivar, voting together as a single class, present in person or by proxy at an extraordinary general meeting of Bolivar to be held to approve the transaction;  
no more than 10% of holders of Bolivar common shares exercising dissent rights; and  
approval, to the extent necessary, of any regulatory authorities having jurisdiction over the transaction.

Bolivar is listed on the Toronto Stock Exchange and operates the Choco 10 open pit gold mine in the El Callao gold district in the Bolivar State, Venezuela.

### ***Arctic Platinum Joint Venture with NAP***

On October 18, 2005, Gold Fields announced that it had entered into a letter of intent with North American Palladium, or NAP, a Canadian platinum metals group producer, to form a joint venture to further explore mining properties and develop a mine at APP. APP's location and geology are similar to that of NAP's other properties and it is expected that NAP will be able to utilize its operating and development experience in the design and construction of a mine at APP. The letter of intent provides that NAP will be granted an option to acquire up to a 60% undivided interest in APP including the Suhanko, SJ Reef and SK Reef mining properties and claims located south of Rovaniemi, Finland. NAP's option to acquire its interest in APP will vest upon NAP satisfying the following conditions on or before June 30, 2008: (i) completing a \$7.5 million re-scoping study and exploration program and \$5.0 million feasibility study; (ii) making a decision to develop a mine at APP; and (iii) paying Gold Fields up to \$45.0 million through the issuance of NAP common shares. The price per share will be \$4.88, which is the weighted average trading price of NAP's common stock on the American Stock Exchange for 11 trading days commencing October 11, 2005. During the next stage of work, NAP is expected to manage the exploration, engineering and evaluation activity on APP. This work is to be divided into two phases, Phase I, a re-scoping study, and Phase II, a feasibility study. The proposed exploration program will focus on APP's SK Reef and SJ Reef projects. The feasibility study is expected to generate a report with sufficient engineering detail and cost estimates in order for the APP to be considered for project financing or other suitable financing alternatives.

The re-scoping and feasibility studies are expected to commence in the first quarter of 2006 and take approximately 30 months to complete. It is expected that a joint venture will be formed with NAP holding a 60% interest and Gold Fields holding a 40% interest. Gold Fields would have a back-in right to acquire an additional 10% interest in the joint venture to be paid for by reducing the number of NAP common shares issued to Gold Fields by 20%. NAP would remain operator of the joint venture which would be managed under a joint venture arrangement. Completion of the transaction is subject to a number of conditions including, among other things, negotiating and executing a formal option and joint venture agreement and receipt of all required regulatory and third party approvals and consents, including certain regulatory approvals, such as the South African Reserve Bank.

See Information on the Company Recent Developments.

### **Trend and Outlook**

During the first quarter of fiscal 2006, Gold Fields' operating profit was lower while net earnings were higher than that achieved in the fourth quarter of fiscal 2005. The lower operating profit was primarily due to the slightly lower production. Net earnings in the first quarter of fiscal 2006 were higher mainly due to the absence of the impairment charges taken in the fourth quarter of fiscal 2005.

Gold production is expected to increase at the Gold Fields operations in the second quarter of fiscal 2006 compared with the first quarter. Should the Rand and U.S. dollar gold prices stay at current levels revenues and operating margins, including at the South African operations, are expected to increase.

**Item 6: DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES****Directors**

Gold Fields directors and their ages and positions are:

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Term Expires</b>
Alan J. Wright(1)	64	Non-executive Chairman	November 13, 2008
Ian D. Cockerill	51	Executive Director and Chief Executive Officer	November 16, 2006
Nicholas J. Holland	47	Executive Director and Chief Financial Officer	November 16, 2006
Rupert L. Pennant-Rea	57	Non-executive Director	November 16, 2006
Jakes G. Gerwel	59	Non-executive Director	November 16, 2006
Chris I. von Christierson	58	Non-executive Director	November 13, 2008
J. Michael McMahon	59	Non-executive Director	November 15, 2007
Patrick J. Ryan	68	Non-executive Director	November 15, 2007
Tokyo M. G. Sexwale	52	Non-executive Director	November 15, 2007
Kofi Ansah	61	Non-executive Director	November 15, 2007
Artem Grigorian(2)	48	Non-executive Director	November 13, 2008
Sergei Stefanovich(2)	35	Non-executive Director	November 13, 2008
Michael Sosnovski(3)	30	Non-executive Director	November 16, 2006

**Notes:**

- (1) On October 30, 2005, Christopher M.T. Thompson formally notified the Board of Directors of his intention to retire from the Board effective November 17, 2005. The Board unanimously voted Mr. Alan J. Wright to succeed Mr. Thompson as Non-executive Chairman.
- (2) Nominated by OJSC MMC Norilsk Nickel, Gold Fields largest shareholder, appointed on June 21, 2005 and elected at Gold Fields annual general meeting on November 17, 2005.
- (3) Representative of OJSC MMC Norilsk Nickel, Gold Fields largest shareholder, who was appointed on November 18, 2005.

Christopher M. T. Thompson, Bernard R. van Rooyen and Gordon R. Parker retired as directors at Gold Fields annual general meeting on November 17, 2005.

**Directors and Executive Officers**

The Articles of Association of Gold Fields provide that the Board must consist of no less than four and no more than 15 directors at any time. The Board currently consists of 13 directors. Three directors retired at Gold Fields annual general meeting on November 17, 2005, and one director, Michael Sosnovski, was appointed by the Board on November 18, 2005.

The Articles of Association of Gold Fields provide that the longest serving one-third of directors must retire from office at each annual general meeting of Gold Fields. Retiring directors normally make themselves available for re-election and are re-elected at the annual general meeting at which they retire. Executive directors appointed by contract with Gold Fields are not subject to retirement by rotation for a period of no longer

than five years. The number of directors serving under these contracts must at all times be less than one-half of the total number of directors in office. None of Gold Fields' current executive directors are appointed to their positions as directors by contract.

According to the Articles of Association, the Board may meet as it sees fit, and sets its own policies for adjourning and otherwise regulating meetings. Any director may call for a meeting at any time by requesting the company secretary to convene a meeting. The Articles of Association further provide for the following:

no director may vote on any contract or arrangement in which the director is interested. If the director votes on a transaction in which the director is interested, the director's vote will not be counted. An interested director, with certain exceptions, will not be counted for the purpose of determining a quorum for a meeting in which the Board is voting on a resolution in which the director is interested. However, a director who owns ordinary shares may vote his ordinary shares at a general meeting of shareholders in a transaction in which the director is interested;

a director may not vote as a director to determine his own compensation. The shareholders in a general meeting determine the fees for directors from time to time. Any additional compensation, including compensation for additional services performed by the director for Gold Fields' business or for other positions in Gold Fields or its subsidiaries, must be determined by a quorum of directors whose compensation would not be affected by the decision; and

the directors are not required to hold shares in Gold Fields, although a shareholding qualification may be imposed at any meeting of the shareholders.

The Articles of Association do not provide for a mandatory retirement age for directors. However, Gold Fields' Board charter specifies the retirement age to be 72 years of age.

Some of the executive officers and all of the executive directors are members of the boards of directors of various subsidiaries of Gold Fields.

The business addresses of all the directors and executive officers of Gold Fields is 24 St. Andrews Road, Parktown 2193, South Africa, the address of Gold Fields' head office.

#### **Executive Directors**

*Ian D. Cockerill* BSc Geology Hons, London; MSc Mining, Royal School of Mines. Executive Director and Chief Executive Officer. Mr. Cockerill has been a Director of Gold Fields since October 1999 and became Chief Executive Officer on July 1, 2002. Mr. Cockerill was Chief Operating Officer and Managing Director of Gold Fields from October 1999 to June 30, 2002. Mr. Cockerill has over 30 years' experience in the mining industry. Prior to joining Gold Fields he was the Executive Officer for Business Development and African International Operations for AngloGold Ashanti Limited.

*Nicholas J. Holland* BComm, BAcc, Witwatersrand; CA(SA). Executive Director and Chief Financial Officer. Mr. Holland has been a Director of Gold Fields since February 1998 and Executive Director of Finance since March 1998. On April 15, 2002, Mr. Holland's title changed to Chief Financial Officer. Mr. Holland has 25 years' experience in financial management. Mr. Holland is a director of Teba Bank Limited and Teba Controlling Company Ltd. Prior to joining Gold Fields he was Financial Director and Senior Manager of Corporate Finance of Gencor Limited. Mr. Holland is also a director of Rand Refinery Limited.

#### **Non-Executive Directors**

*Alan J. Wright* CA (SA). Chairman of the Board of Directors. Mr. Wright was unanimously elected to succeed Mr. Thompson as Non-executive Chairman of the Board upon Mr. Thompson's retirement on November 17, 2005. Prior to that, Mr. Wright had been Deputy Chairman of Gold Fields since November 1997. Prior to September 1998, Mr. Wright was the Chief Executive Officer of Gold Fields of South Africa Limited. Mr. Wright is currently retired and is not a Director of any other company.

*Rupert L. Pennant-Rea* BA, Trinity College, Dublin; MA, University of Manchester. Non-executive Director. Mr. Pennant-Rea was appointed as a Director of Gold Fields on July 1, 2002. Mr. Pennant-Rea is a Chairman of Henderson Group plc and is also a Director of British American Tobacco plc, Sherritt International Corporation, Rio



Narcea Gold Mines Limited, First Quantum Minerals Ltd. and a number of other companies. Previously, Mr. Pennant-Rea was editor of The Economist and Deputy Governor of the Bank of England.

*Jakes G. Gerwel* BA, Western Cape; Licentiate (Germanic Philology), Brussels; D.litt et Phil (magna cum laude), Brussels. Non-executive Director. Professor Gerwel was appointed a Director of Gold Fields on August 21, 2002. Professor Gerwel is the Chancellor of Rhodes University and Nelson Mandela Distinguished Professor in the Humanities at the University of Western Cape. Professor Gerwel is Non-executive Chairman and a Director of Brimstone Investment Corporation Limited, South African Airways (Proprietary) Limited and Africon Engineering International. Professor Gerwel is also a Director of Educor, Naspers, Media 24, Old Mutual Life Holdings (SA) Limited and a number of other companies. Previously, Professor Gerwel served in the Office of the President of South Africa as Director-General and Cabinet Secretary, and as Head of the South African President's Office and the South African Cabinet Office.

*Chris I. von Christierson* BComm, Rhodes; MA, Cambridge. Non-executive Director. Mr. von Christierson has been a Director of Gold Fields since February 1999. Mr. von Christierson is the Chairman of Rio Narcea Gold Mines Limited and a Director of Afri-Can Marine Minerals Corporation Limited and Southern Prospecting (UK) Limited. Mr. von Christierson was previously Chairman of Golden Shamrock Mines Limited and Managing Director of East Daggafontein Mines Limited.

*J. Michael McMahon* BSc (Mechanical Engineering), Glasgow. Non-executive Director. Mr. McMahon has been a Director of Gold Fields since December 1999. Mr. McMahon serves as Non-executive Director of Impala Platinum Holdings Limited and Murray & Roberts Holdings Limited. Previously, Mr. McMahon was Chairman and an Executive Director of Gencor Limited and Executive Chairman and Chief Executive Officer of Impala Platinum Holdings Limited.

*Patrick J. Ryan* PhD (Geology), Witwatersrand. Non-executive Director. Dr. Ryan has been a Director of Gold Fields since May 1998. Dr. Ryan is the Chairman of Frontera Copper Corporation and Cobre del Mayo S.A. de CV. Dr. Ryan was also previously the Executive Vice President, Mining Operations, Development and Exploration at Phelps Dodge Corporation.

*Tokyo M. G. Sexwale* Certificate of Business Studies, University of Botswana, Lesotho and Swaziland. Non-executive Director. Mr. Sexwale has been a Director of Gold Fields since January 2001. Mr. Sexwale is Executive Chairman of Mvelaphanda Holdings (Proprietary) Limited and of Mvelaphanda Resources Ltd. Mr. Sexwale is also Chairman of Global Village Network Technologies (Proprietary) Limited and Chairman of Trans Hex Group Limited. In addition, Mr. Sexwale is a Director of several of Mvelaphanda Holdings (Proprietary) Limited's subsidiaries, ABSA Bank Limited, Northam Platinum Limited, The Rand Mutual Assurance Company Limited, Arcus Gibb (Proprietary) Limited, ABSA Group Limited, African Maritime Logistics (Proprietary) Limited, Dunrose Investments 29 (Proprietary) Limited, Gem



Diamond Mining Corporation Limited, Global Village Network (Proprietary) Limited, Kas Maine Mining (Proprietary) Limited, Mvelamasefield (Proprietary) Limited, Moch Services South Africa (Proprietary) Limited, Power Matla (Proprietary) Limited, RMA Life Assurance Company Limited, Tepeco Petroleum (Proprietary) Limited and Voltex Holdings Limited.

*Kofi Ansah* BSc (Mechanical Engineering) UST Ghana, Msc (Metallurgy) Georgia Institute of Technology. Non-executive Director. Mr. Ansah was appointed a Director of Gold Fields in April 2004. Previously, Mr. Ansah was a Director of Ecobank (Togo) Limited. He is a Director of Metropolitan Insurance Company and Aluworks Limited.

*Artem Grigorian* PhD Political Science and History, USSR Academy of Science. Non-executive Director. Dr. Grigorian was appointed a Director in June 2005. He is vice-president and shareholder of Russian Spectra Company and chief executive officer of RMC. Mr. Grigorian was nominated to the Board by OJSC MMC Norilsk Nickel, Gold Fields largest shareholder.

*Sergei Stefanovich* English Studies (cum laude) Odessa State University, MBA Institute for Management Development (IMD) Lausanne, Switzerland. Non-executive Director. Mr. Stefanovich was appointed a Director in June 2005. He is head of the International Projects Department at OJSC MMC Norilsk Nickel. Previously, Mr. Stefanovich was Vice President in charge of Strategy for Golden Telecom. Mr. Stefanovich was nominated to the Board by OJSC MMC Norilsk Nickel, Gold Fields largest shareholder.

*Michael Sosnovski* International Law and Master of Laws (honors) Moscow State University for International Relations, Russia. Non-executive Director. Mr. Sosnovski was appointed a Director in November 2005. Previously, Mr. Sosnovski was Vice-President and Chief Counsel at LV Finance LLC. Mr. Sosnovski is a former Corporate Secretary of OJSC MMC Norilsk Nickel and currently an advisor to the General Director of OJSC MMC Norilsk Nickel. Mr. Sosnovski was nominated to the Board by OJSC MMC Norilsk Nickel, Gold Fields largest shareholder.

#### ***Retired Non-executive Directors***

The following former directors retired at Gold Fields annual general meeting held on November 17, 2005.

*Christopher M. T. Thompson* BA, Rhodes; MSc Management Studies, Bradford. Chairman of the Board of Directors. Mr. Thompson had been a Director of Gold Fields since May 1998 and Chairman of the Board since October 1998 prior to his retirement on November 17, 2005. Mr. Thompson was the Chief Executive Officer of Gold Fields from October 1998 to June 30, 2002. Mr. Thompson has over 36 years experience in the mining industry. Mr. Thompson is also Chairman and a member of the Executive Committee of the World Gold Council, a Director of Teck Cominco Corporation and Frontera Copper Corporation and a past Director of the South African Chamber of Mines and of

Business Against Crime. Prior to joining Gold Fields he was the President and Chief Executive Officer of the Castle Group Ltd.

*Bernard R. van Rooyen* BA, LLB, Witwatersrand. Non-executive Director. Mr. van Rooyen had been a Director of Gold Fields since May 1998 prior to his retirement. Mr. van Rooyen is the Deputy Chairman of Trans Hex Group Limited and Mvelaphanda Resources Limited and a Director of Banro Corporation, Northam Platinum Limited, Mvelaphanda Gold (Pty) Limited, and Ndowana Exploration (Proprietary) Limited.

*Gordon R. Parker* BS, MS, Montana College of Mineral Science and Technology; MBA, Cape Town. Non-executive Director. Mr. Parker had been a Director of Gold Fields since May 1998 prior to his retirement. Mr. Parker is a Director of Caterpillar Inc. and Phelps Dodge Corporation. Previously, Mr. Parker was Chairman, President and Chief Executive Officer of Newmont Mining Corporation.

#### **Executive Officers**

*James T. Nkosi* (54), D.Com (Leadership in Performance and Change), M.Com (Business Management), Rand Afrikaans University; Masters in Industrial and Organizational Psychology, University of Cape Town. Senior Vice President, Human Resources and Transformation. On July 1, 2004, Dr Nkosi was appointed Senior Vice President, Human Resources and Transformation. Since July 2001, Dr Nkosi had served as Vice President Human Resources, South African Operations, Gold Fields. Prior to that Dr Nkosi was an Executive Manager at Eskom for 12 years and a Transformation Director at Standard Bank for four years.

*James W. D. Dowsley* (47), BSc (Mining Engineering), Witwatersrand. Senior Vice President, Corporate Development. Mr. Dowsley has been General Manager of Corporate Development at Gold Fields since March 1998. On April 15, 2002, Mr. Dowsley's title changed to Senior Vice President, Corporate Development. Prior to his appointment as General Manager of Corporate Development, Mr. Dowsley served as General Manager of New Business, and also as Manager of the Mineral Economics Division of Gold Fields of South Africa Ltd.

*Craig J. Nelsen* (54), BA (Geology), Montana; MSc (Geology), New Mexico. Executive Vice President, Exploration; President and CEO of Gold Fields Exploration, Inc. Since April 1999, Mr. Nelsen has served as Senior Vice President of Exploration for Gold Fields and President and Chief Executive Officer of Gold Fields Exploration, Inc. On April 15, 2002, Mr. Nelsen's title changed to Executive Vice President, Exploration. Mr. Nelsen was previously Chairman and Chief Executive Officer of Metallica Resources Incorporated.

*Michael J. Prinsloo* (51), BSc (Mining Engineering), Witwatersrand; AMP, Harvard. Executive Vice President, South African Operations. On April 15, 2002, Mr. Prinsloo was appointed Executive Vice President, South African Operations. Mr. Prinsloo had served as Managing Director of the Driefontein operation since September 2001. Mr. Prinsloo was previously Managing Director and Chief Executive Officer



of Durban Roodepoort Deep Limited. Prior to that, Mr. Prinsloo was an independent consultant to small businesses in South Africa and a Senior Manager with AngloGold Ashanti Limited.

*Jan W. Jacobsz* (44), BA, Rand Afrikaans University. Senior Vice President, Investor Relations and Corporate Affairs. On April 15, 2002, Mr. Jacobsz was appointed Senior Vice President, Investor Relations and Corporate Affairs. Since January 1998, Mr. Jacobsz had served as Manager and Senior Manager of Investor Relations and Corporate Affairs of Gold Fields. Prior to that Mr. Jacobsz was Program Manager of the Vulindlela Transformation Program for Gold Fields of South Africa Limited and Administrator of The Gold Fields Foundation.

*John A. Munro* (37), BSc (Chemical Engineering), Cape Town. Head of Corporate Development. Mr. Munro was appointed to his current position on November 17, 2005. Mr. Munro served as Executive Vice President and Head of International Operations from September 1, 2003, and previously served as Senior Vice President and Head of International Operations, Senior Manager and General Manager of Corporate Development for Gold Fields. Prior to that Mr. Munro served as Assistant Manager and Manager of the Property Division of Gold Fields of South Africa Limited.

*Terence P. Goodlace* (46), National Higher Diploma Metalliferous Mining; BComm, Unisa; MBA, Wales. Executive Vice President, Head of International Operations. Mr. Goodlace was appointed Head of International Operations on November 17, 2005. From April 15, 2002, Mr. Goodlace served as Senior Vice President, Strategic Planning. Mr. Goodlace had previously served as Senior Manager of Strategic Planning. During the period between June 1998 and May 2000, Mr. Goodlace was the Senior Manager for Corporate Finance for Gold Fields. Prior to that, Mr. Goodlace was the Manager of various Gencor Limited mines.

*Paul Pretorius* (35), B Com LLB, Potchefstroom University for CHE; LLM (Corporate Law) Rand Afrikaans University. Acting Senior Vice President, Legal Counsel. Mr. Pretorius joined Gold Fields in April 1999 as Legal Advisor and was promoted to Senior Legal Advisor on July 1, 2004. Mr. Pretorius has been acting as Senior Vice President, Legal Counsel since December 2004. Previously, Mr. Pretorius worked for the Industrial Development Corporation for four years as Legal Advisor.

On November 17, 2005, Gold Fields announced certain executive management changes, including that effective January 1, 2006, Michael J. Prinsloo will assume the position of Chief Executive Officer, Gold Fields Academy. Gold Fields Academy is a center for education and training in the mining industry. Brendan Walker, who is currently the Managing Director of Gold Fields Ghanaian operations, will replace Mr. Prinsloo as Executive Vice President, South African Operations.

**Company Secretary**

*Cain Farrel* (56), FCIS, MBA, Southern Cross University Australia. Mr. Farrel was appointed Company Secretary on May 1, 2003. Mr. Farrel is past President of the Southern African Institute of Chartered Secretaries and Administrators. Previously, Mr. Farrel served as Senior Divisional Secretary of AngloAmerican Corporation of South Africa.

#### **Board of Directors Committees**

In order to ensure good corporate governance, the Board has formed an Audit Committee, a Compensation Committee, a Nominating and Governance Committee and a Health, Safety and Environment Committee. All the committees are comprised exclusively of non-executive Directors. All committees are chaired by an independent non-executive director. The remuneration of non-executive directors for their service on the various committees has been approved by the shareholders. Gold Fields intends to reorganize its committees in fiscal 2006 to include its new board members and the retirements of Christopher M.T. Thompson, Bernard R.van Rooyen and Gordon R. Parker.

The Audit Committee monitors and reviews Gold Fields' accounting controls and procedures, including the effectiveness of the Group's information systems and other systems of internal control; the effectiveness of the internal audit function; reports of both external and internal auditors; quarterly reports, the annual report and the annual financial statements; the accounting policies of the Group and any proposed revisions thereto; external audit findings, reports and fees, and the approval thereof; and compliance with applicable legislation and requirements of regulatory authorities and Gold Fields' Code of Ethics. Membership of the Audit Committee is as follows:

J. Michael McMahon (acting chairman)

Jakes G. Gerwel

Rupert L. Pennant-Rea

Kofi Ansah

Prior to his retirement in November 2005, Bernard, R.van Rooyen was a member of the Audit Committee. Effective November 18, 2005, J. Michael McMahon replaced Alan J. Wright as chairman and Kofi Ansah replaced Chris I. von Christierson as a member of the Audit Committee.

The Compensation Committee establishes the compensation philosophy of Gold Fields and the terms and conditions of employment of executive directors and other executive officers. Membership of the Compensation Committee is as follows:

Chris I. von Christierson (chairman)

J. Michael McMahon

Alan J. Wright

Tokyo M. G. Sexwale

Sergei Stefanovich

Prior to their retirements in November 2005, Gordon R. Parker and Christopher M.T. Thompson were members of the Compensation Committee. Effective November 18, 2005, Chris I. von Christierson replaced Patrick J. Ryan as chairman of the Compensation Committee and Tokyo M. G. Sexwale and Sergei Stefanovich joined as new members.

The Safety, Health, Environment and Community Committee, previously the Health, Safety and Environment Committee, reviews adherence to occupational health and safety and environmental standards by Gold Fields. The Committee seeks to minimize mining-related accidents and to ensure that the group's operations are in compliance with all environmental regulations and to establish policy in respect to HIV/AIDS and health matters. Membership of the Safety, Health, Environment and Community Committee is as follows:

Patrick J. Ryan (chairman)

Kofi Ansah

Michael Sosnovski

Prior to his retirement in November 2005, Gordon R. Parker was a member of the Environment Committee. Effective November 18, 2005, Patrick J. Ryan replaced J. Michael McMahon as chairman and Kofi Ansah and Michael Sosnovski replaced Tokyo M. G. Sexwale and Chris I. von Christierson as members of the Safety, Health, Environment and Community Committee.

The Nominating and Governance Committee develops and implements policy on corporate governance issues, develops the policy and process for evaluating nominations to the Board of Directors, identifies successors to the Chairman and Chief Executive Officer and considers selection and rotation of the Board committee members. Membership of the Nominating and Governance

Committee is as follows:

Alan J. Wright (chairman)

Patrick J. Ryan

Rupert L. Pennant-Rea

Artem Grigorian



Prior to their retirements in November 2005, Bernard R.van Rooyen and Christopher M.T. Thompson were members of the Nominating and Governance Committee. Mr. Thompson was the chairman of this committee. Effective November 18, 2005, Alan J. Wright joined as chairman of the Nominating and Governance Committee and Artem Grigorian and Rupert L. Pennant-Rea joined as members, replacing Tokyo M. G. Sexwale.

**Executive Committee**

Gold Fields Executive Committee meets on a regular basis to discuss and make decisions on strategic issues facing Gold Fields. The composition of the Executive Committee (with areas of responsibility indicated) is as follows:

Ian D. Cockerill	Chairman
Nicholas J. Holland	Finance
James T. Nkosi	Human Resources and Transformation
James W. D. Dowsley	Corporate Development
Craig J. Nelsen	Exploration
Michael J. Prinsloo	South African Operations
Jan W. Jacobsz	Investor Relations and Corporate Affairs
John A. Munro	Corporate Development
Terence P. Goodlace	International Operations
Paul Pretorius	Legal Counsel
Cain Farrel	Company Secretary

On January 1, 2006, Brendan Walker will replace Michael J. Prinsloo on the Executive Committee when Mr. Walker replaces Mr. Prinsloo as the head of the South African operations. In addition, Mr. Munro's and Mr. Goodlace's responsibilities changed on November 17, 2005, as part of the announced management changes at Gold Fields. Mr. Munro's area of responsibility is now corporate development rather than international operations, and Mr. Goodlace's area of responsibility is now international operations rather than strategic development.

**Operating Committee**

Gold Fields Operating Committee meets on a regular basis to discuss and make decisions on high level operational issues facing Gold Fields. The composition of the Operating Committee is as follows:

Michael J. Prinsloo	Chairman (South African operations)
Nicholas J. Holland	Finance
Gordon V. Thompson	Driefontein Operation
Philip A. Schoeman	Beatrix Operation
Peter L. Turner	Kloof Operation
Dana Roets	Technical Services
Paul A. Schmidt	Finance
James T. Nkosi	Human Resources and Transformation
Steve W. Banning	Australian Operation
Tom Fowler	Information Technology
Terence P. Goodlace	International Operations
Jan W. Jacobsz	Investor Relations and Corporate Affairs
Zernobia Lachporia	Secretary
Koos P. Nel	Human Resources SA Operations
Cambronne E. Pienaar	Asset Protection
Petrus C. Pienaar	Mvelaphanda Representative
Tim Rowland	Mineral Resources
Bernard R. van Rooyen	Mvelaphanda Representative
Brendan I. Walker	Ghana operation
Mike J. Mitchley	Commercial Services
Mike J. Adan	Human Resources International Operations and Corporate Office
Allen B. Phillips	Metallurgy
Andries H. Leuschner	Environment
Henry E.S. Moorcroft	Occupational Environment

As part of the executive management changes announced by Gold Fields on November 17, 2005, Peter L. Turner replaced Neil A. Herrick as representative of the Kloof Operation, Terence Goodlace's area of responsibility changed to international operations and John A. Munro left the Operating Committee. On January 1, 2006, Michael J. Prinsloo will be replaced by Brendan Walker as chairman of the Operating Committee with responsibility for the South African operations and Koos P. Nel will leave the Operating Committee.

**Compensation of Directors and Officers**

During the fiscal year ended June 30, 2005, the aggregate compensation paid or payable to directors and executive officers of Gold Fields as a group was approximately Rand 27 million, including all salaries, fees, bonuses and contributions during such period to provide pension, retirement or similar benefits for directors and executive officers of Gold Fields, of which Rand 2.8 million was due to pension scheme contributions and life insurance, and Rand 6.5 million was due to bonus and performance related payments.

The following table presents information regarding the compensation paid by Gold Fields for the year ended June 30, 2005 to its directors:

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	<b>Board Fees (Rand)</b>	<b>Committee Fees (Rand)</b>	<b>Salary(1) (Rand)</b>	<b>Bonuses and performance related payments (Rand)</b>	<b>Pension scheme contributions (Rand)</b>	<b>One-off payments(2) (Rand)</b>	<b>Total (Rand)</b>
<b>Executive Directors</b>							
Ian D. Cockerill			3,892,812(3)	1,684,765	602,508		6,180,085
Nicholas. J. Holland			2,245,965(3)	1,425,547	361,592	99,127	4,132,231
<b>Non-executive Directors</b>							
Christopher M. T. Thompson(4)	1,200,000					1,200,000	
Alan J. Wright	272,625	217,675					490,300
Kofi Ansah	272,625					272,625	
J. Michael	272,625	173,600					446,225

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	Board Fees	Committee Fees	Salary(1)	Bonuses and performance related payments	Pension scheme contributions	One-off payments(2)	Total
McMahon							
Gordon R. Parker(4)	266,125	102,075					368,200
Patrick J. Ryan	253,125	149,225					402,350
Bernard R. van Rooyen(4)	258,000	122,750					380,750
Tokyo M. G. Sexwale	175,125	66,000					241,125
Chris I. von Christierson	245,000	138,350					383,350
Rupert Pennant-Rea	258,000	66,350					324,350
Jakes G. Gerwel	272,625	105,350					377,975
Artem Grigorian(5)							
Sergei Stefanovich(5)							
Michael Sosnovski(5)							
Total	3,745,875(6)	1,141,375	6,138,777	3,110,312	964,100	99,127	15,199,566

Notes:

- (1) Bonuses for performance in fiscal year 2005 and paid in fiscal year 2006.
- (2) Gold Fields limits the amount of accumulated leave an employee may hold. Any accumulated leave held above the maximum is converted to a cash payment to the employee. The one-off payment includes the amount paid for accumulated leave above the maximum limit.
- (3) Mr. Cockerill's and Mr. Holland's employment agreements with Gold Fields Guernsey Ltd. provide for their salaries to be determined in U.S. dollars, and their agreements with GFL Mining Services Ltd. provide for their salaries to be determined in Rand. Under these employment agreements, Mr. Cockerill and Mr. Holland's salaries are included as a component of their gross annual remuneration package which also includes pension contributions and other items. See Directors' Terms of Employment.
- (4) Retired at the Gold Fields' annual meeting November 17, 2005.
- (5) Appointed to the Board after June 30, 2005.
- (6) The amount paid in fees to the Board of Directors increased substantially in fiscal 2005 due to the increased amount of meetings necessary to respond to an unsolicited, hostile tender offer by Harmony Gold Mining Company Limited and an increase in Board fees effective January 1, 2005, as approved by shareholders.

Share options outstanding as of November 30, 2005 and held by the current directors and executive officers were, to the knowledge of Gold Fields' management, as follows:

Name	Options to purchase	Option exercise price	Expiration date
	Ordinary shares	(in Rand)	
<b>Executive Directors</b>			
Ian D. Cockerill	247,000	20.90	October 1, 2006
	50,000	46.23	December 12, 2008
	91,000	125.37	July 2, 2009
	41,200	84.17	March 17, 2010
	36,700	93.49	August 19, 2010
	37,500	83.18	March 3, 2011
	37,500(1)	76.75	October 22, 2011
	37,500(1)	67.93	February 25, 2012
	75,000(1)	63.65	May 23, 2012
	Nicholas J. Holland	125,000	25.67
40,000		46.23	December 12, 2008
23,000		125.37	July 2, 2009
17,700		84.17	March 17, 2010



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Name	Options to purchase	Option exercise price	Expiration date
	Ordinary shares	(in Rand)	
	15,800	93.49	August 19, 2010
	19,000	83.18	March 3, 2011
	19,000(1)	76.75	October 22, 2011
	19,000(1)	67.93	February 25, 2012
	38,000(1)	63.65	May 23, 2012
<b>Non-Executive Directors</b>			
Christopher M. T. Thompson(2)	20,000	22.97	October 27, 2006
	260,000	46.23	December 12, 2008
	10,000	110.03	December 12, 2007
	10,000	88.38	November 27, 2008
	10,000(1)	68.59	February 18, 2010
Alan J. Wright	25,000	43.70	October 31, 2006
	10,000	110.03	December 12, 2007
	10,000	88.38	November 27, 2008
	10,000(1)	68.59	February 18, 2010
J. Michael McMahon	21,000	43.70	October 31, 2006
	10,000	110.03	December 12, 2007
	10,000	88.38	November 27, 2008
	10,000(1)	68.59	February 18, 2010
Gordon R. Parker(2)	10,000	110.03	December 12, 2007
Patrick J. Ryan	10,000	110.03	December 12, 2007
	10,000	88.38	November 27, 2008
	10,000(1)	68.59	February 18, 2010
Tokyo M.G. Sexwale	5,000	43.70	October 31, 2006
	7,000	110.03	December 12, 2007
	10,000	88.38	November 27, 2008
	5,700(1)	68.59	February 18, 2010
Bernard R. van Rooyen(2)	10,000	110.03	December 12, 2007
Chris I. von Christierson	10,000	110.03	December 12, 2007
	10,000	88.38	November 27, 2008
	10,000(1)	68.59	February 18, 2010
Rupert L. Pennant-Rea	5,000	110.03	December 12, 2007
	10,000	88.38	November 27, 2008
	10,000(1)	68.59	February 18, 2010
Jakes G. Gerwel	5,000	110.03	December 12, 2007
	10,000	88.38	November 27, 2008
	10,000(1)	68.59	February 18, 2010
Kofi Ansah	6,700(1)	68.59	February 18, 2010
Artem Grigorian			
Sergei Stefanovich			
Michael Sosnovski			
<b>Executive Officers</b>			
James W. D. Dowsley	45,000	25.67	December 1, 2006
	22,000	46.23	December 12, 2008
	7,700	84.17	March 17, 2010
	6,900	93.49	August 19, 2010
	7,500	83.18	March 3, 2011
	7,500(1)	76.75	October 22, 2011
	7,500(1)	67.93	February 25, 2012
	15,000(1)	63.65	May 23, 2012
Craig J. Nelsen	22,800	154.65	May 24, 2009
	17,000	84.17	March 17, 2010
	33,200	73.80	May 1, 2010
	15,900	93.49	August 19, 2010
	15,000	83.18	March 3, 2011
	15,000(1)	76.75	October 22, 2011

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15,000(1)	67.93	February 25, 2012
30,000(1)	63.65	May 23, 2012

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Name	Options to purchase	Option exercise price	Expiration date
	Ordinary shares	(in Rand)	
Michael J. Prinsloo	140,000	46.23	December 12, 2008
	50,000	154.65	May 24, 2009
	13,300	93.49	August 19, 2010
	15,000	83.18	March 3, 2011
	15,000(1)	76.75	October 22, 2011
	15,000(1)	67.93	February 25, 2012
Jan W. Jacobsz	30,000(1)	63.65	May 23, 2012
	6,850	14.19	June 25, 2006
	8,500	46.23	December 12, 2008
	11,900	154.65	May 24, 2009
	5,500	84.17	March 17, 2010
	5,000	93.49	August 19, 2010
	7,500	83.18	March 3, 2011
	7,500(1)	76.75	October 22, 2011
	7,500(1)	67.93	February 25, 2012
	15,000(1)	63.65	May 23, 2012
	John A. Munro	14,800	14.19
13,333		25.67	December 1, 2006
12,000		46.23	December 12, 2008
18,500		92.95	February 27, 2009
7,500		84.17	March 17, 2010
34,800		93.49	August 19, 2010
15,000		83.18	March 3, 2011
15,000(1)		76.75	October 22, 2011
15,000(1)		67.93	February 25, 2012
30,000(1)		63.65	May 23, 2012
Terence P. Goodlace	11,000	25.67	December 1, 2006
	12,000	46.23	December 12, 2008
	9,500	154.65	May 24, 2009
	6,600	84.17	March 17, 2010
	5,900	93.49	August 19, 2010
	7,500	83.18	March 3, 2011
	7,500(1)	76.75	October 22, 2011
	7,500(1)	67.93	February 25, 2012
	15,000(1)	63.65	May 23, 2012
James T. Nkosi	17,600	116.85	August 22, 2009
	16,000	119.90	January 1, 2010
	4,900	93.49	August 19, 2010
	7,500	83.18	March 3, 2011
	7,500(1)	62.25	July 2, 2011
	7,500(1)	67.93	February 25, 2012
Paul C Pretorius	15,000(1)	63.65	May 23, 2012
	1,400	46.23	December 12, 2008
	1,600	84.17	March 17, 2010
	1,400	93.49	August 19, 2010
	2,100	83.18	March 3, 2011
	7,200(1)	65.25	July 2, 2011
	3,600(1)	67.93	February 25, 2012
Total(1)	626,400		

Notes:

- (1) Issued in fiscal 2005 pursuant to either the GF Management Incentive Scheme or the GF Non-Executive Director Share Plan as part of the compensation paid to directors and officers in fiscal 2005.
- (2)



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Mr. Thompson, Mr. Parker and Mr. van Rooyen retired from the Board at the Gold Fields annual general meeting on November 17, 2005 at which time all options granted to them vested immediately. They have until December 17, 2005, to exercise the options under the plan rules.

### Share Ownership of Directors and Executive Officers

The following sets forth, to the knowledge of Gold Fields management, the total amount of ordinary shares directly or indirectly owned by the current directors and executive officers of Gold Fields as of November 30, 2005:

Holder	Ordinary shares(1)	Percentage
Ian D. Cockerill	62,000	.01%
Alan J. Wright	135,690	.03%
Total Directors (13 persons)	197,690	.04%
Total Non-Director Executive Officers (8 persons)(1)		
Total Directors and Executive Officers (21 persons)	197,690	.04%

Note:

(1) Since Mr. Thompson, Mr. van Rooyan and Mr. Parker retired on November 17, 2005, their share ownership is not included above.

### The GF Management Incentive Scheme

Gold Fields has a share option scheme available to executive officers and other employees, as determined by the Board of Directors, which has a total of 22,791,830 ordinary shares reserved for issuance under the scheme. Options to purchase a total of 10,002,222 ordinary shares were outstanding under the scheme as of November 30, 2005, of which options to purchase 969,900 ordinary shares at a weighted average price of Rand 58.52 were held by the executive directors of Gold Fields. The exercise prices of all outstanding options range between Rand 13.55 and Rand 154.65 per ordinary share and they expire between June 30, 2006 and November 1, 2012. The amount of ordinary shares reserved under the scheme may be changed by the shareholders. The exercise price of each ordinary share which is the subject of an option is the weighted average price of the ordinary shares on the JSE on the day immediately preceding the date on which the Board of Directors resolves to grant the option.

Each option may normally only be exercised by a participant on the following bases: (1) after two years have elapsed from the date on which the option was accepted by the participant, in respect of not more than one-third of the ordinary shares which are the subject of that option; (2) after three years have elapsed from the date on which the option was accepted by the participant, in respect of not more than a further one-third (representing two-thirds cumulatively) of the ordinary shares which are the subject of that option; and (3) after four years have elapsed from the date on which the option was accepted by the participant, in respect of all the ordinary shares which are the subject of that option, subject to revision by the Board of Directors. For so long as a person continues to work for Gold Fields, options lapse seven years after the date of acceptance of the option by the participant. Options vest as soon as they are exercisable, and employees who leave Gold Fields have one year following their departure to exercise options which have vested. Options which are not yet exercisable are forfeited upon leaving employment, subject to exceptions relating to changes in control of Gold Fields and no fault termination of service as part of organizational restructuring. The scheme provides for different methods of exercising options in order to permit participants to take advantage of favorable provisions of South African tax law.

The share option scheme may be amended from time to time by the Board of Directors and the trustees of the scheme in any respect (except in relation to amendments affecting: (1) the eligibility of participants under the scheme, (2) the formula for calculating the total number of ordinary shares which may be issued under the scheme, (3) the maximum number of options which may be acquired by any participant, (4) the option price formula and (5) the voting, dividend and transfer rights attaching to options, which may only be amended through approval in a general meeting), provided that no such amendment shall operate to affect the vested rights of any participant.

**The Gold Fields 2005 Limited Share Plan**

At Gold Fields' annual general meeting held on November 17, 2005, the shareholders approved the Gold Fields Limited 2005 Share Plan, or the 2005 Plan, and this plan is the new plan under which employees, including executive directors, will be compensated going forward. A total of 24,564,711 ordinary shares is reserved for issuance under the 2005 Plan.

The Gold Fields Limited 2005 Share Trust will be established to administer the 2005 Plan. The board of directors shall be entitled to appoint and remove the trustees of the trust. There shall at all times be a minimum of two trustees. The first trustees are to be Alan J. Wright and Tokyo M.G. Sexwale. The trustees may not participate in the 2005 Plan. The Trust shall recover from a participant's employer within the Gold Fields Limited group of companies all such costs as may be attributable to such participant's participation in the 2005 Plan. The Gold Fields Limited 2005 Share Plan provides for two types of awards: performance vesting restricted shares and performance allocated share appreciation rights. The performance vesting restricted shares will only be released to participants three years after the date of the award of such shares, and the release is subject, in whole and in part, to Gold Fields meeting certain performance criteria set by the Board of Directors. The performance allocated share appreciation rights are similarly not available to participants until three years after their award, however, availability is not subject to Gold Fields' performance. The size of the initial allocation of share appreciation rights is dependent on the performance of the

participant at the time of allocation. In terms of the resolutions passed at the AGM, a maximum of 5% of the issued share capital was placed under the control of the Directors for the purposes of the four share schemes. No allocations or awards have been made under the 2005 Plan.

#### **The GF Non-Executive Director Share Plan**

Gold Fields has a share option plan available to non-executive directors selected by a Non-Executive Directors Remuneration Committee, comprising the Chief Executive Officer and two representatives of shareholders of Gold Fields nominated by the Chief Executive Officer. No member of the committee may be a participant in the plan. The plan was adopted at the annual general meeting of shareholders on October 31, 2001. There are a total of 2,279,183 ordinary shares reserved for issuance under the plan. The shareholders may change the amount of ordinary shares reserved under the plan. Under the plan, the aggregate number of ordinary shares acquired by any one participant cannot exceed 0.1% of the issued share capital from time to time without the approval of the shareholders in a general meeting and the JSE. The exercise price of each ordinary share which is the subject of an option is the weighted average price of the ordinary shares on the JSE on the day immediately preceding the date on which the Non-Executive Directors Remuneration Committee resolves to grant the option.

Under the plan, all options granted may only be exercised no less than 12 months and no more than five years after the date on which the option was accepted by the participant. If an option holder ceases to hold office for any reason, he will be entitled within 30 days to exercise share options which he was entitled to exercise immediately prior to his ceasing to hold office, failing which the options shall automatically lapse. The ordinary shares in respect of which each option is exercised will rank equally with existing issued ordinary shares. Gold Fields has undertaken to apply to list any ordinary shares received on exercise of options under the plan on the stock exchanges on which Gold Fields' ordinary shares are listed and quoted. The share option plan may be amended from time to time by the Non-Executive Directors Remuneration Committee in any respect, except in relation to: (1) the eligibility of participants under the plan, (2) the formula for calculating the total number of ordinary shares which may be acquired pursuant to the plan, (3) the maximum number of options which may be acquired by any participant, (4) the price payable by participants and (5) the voting, dividend and transfer rights attaching to options, which may only be amended through approval by the shareholders in a general meeting and by the JSE.

Options to purchase a total of 335,400 ordinary shares were held by the non-executive directors of Gold Fields under the plan as of November 30, 2005. The exercise prices of all outstanding options granted under this plan range between Rand 43.70 and 110.03 per ordinary share, and they expire between October 31, 2006 and February 18, 2010.

#### **The Gold Fields Limited 2005 Non-Executive Director Share Plan**

At Gold Fields' annual general meeting scheduled for November 17, 2005, the shareholders approved the Gold Fields Limited 2005 Non-Executive Share Plan, and this plan will be the new plan under which non-executive directors will receive share awards. Participants in the 2005 Non-Executive Director Share Plan will be non-executive directors of Gold Fields who are not members of the Non-Executive Directors Remuneration Committee. The Gold Fields Limited 2005 Non-Executive Share Plan provides for the release of restricted shares, up to a total of 24,564,711 ordinary shares, awarded to the non-executive directors three years after the date of the award, provided that the non-executive director is not removed, disqualified or forced to resign from the Board of Directors during that period. No consideration is payable for the grant of an award of restricted shares. Awards in respect of 33,000 shares were authorized at Gold Fields' annual general meeting on November 17, 2005.

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Pursuant to resolutions passed at Gold Fields' annual general meeting on November 17, 2005, a maximum of 5% of the unissued ordinary shares, less the 33,000 shares which were authorized for issuance to the Gold Fields' non-executive directors pursuant to the Gold Fields Limited 2005 Non-Executive Director Share Plan at the same meeting, were placed under the control of the directors for purposes of issuance under The Gold Fields 2005 Limited Share Plan and The GF Management Incentive Scheme.

### **Directors Terms of Employment**

Each of Ian D. Cockerill (Executive Director and Chief Executive Officer of Gold Fields) and Nicholas J. Holland (Executive Director and Chief Financial Officer of Gold Fields) has entered into two service agreements with subsidiaries of Gold Fields. One agreement, or the GFL Contract, is with GFL Mining Services Ltd., or GFLMSL. The other agreement, or the Guernsey Contract, is with Gold Fields Guernsey Limited, or Gold Fields Guernsey. The terms and conditions of employment for each executive director are substantially similar, except where otherwise indicated below.

#### *The GFL Contracts*

Under the GFL Contracts, the employment of Mr. Cockerill and Mr. Holland will continue until terminated upon (i) six months' notice by either relevant party or the relevant executive director or (ii) retirement of the relevant executive director (currently provided for at age 63 in the contract). Gold Fields can also terminate the executive director's employment summarily for any reason recognized by law as justifying summary termination. If the summary termination is due to the inability of the executive director to provide his services (as a result of ill health or other cause) for a continuous period of three consecutive months in any one-year or more, he must also be paid in lieu of his six-month notice period.

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Mr. Cockerill's current gross annual remuneration package, or GRP, is valued at Rand 3,348,000 and Mr. Holland's current GRP is valued at Rand 2,124,000. Both Mr. Cockerill's and Mr. Holland's GRP are reviewed annually for possible adjustment. Pursuant to their annual compensation reviews, each of Mr. Cockerill's and Mr. Holland's GRP was increased in January 2005.

The value of the gross annual remuneration package is to be allocated among the following benefits: (i) salary; (ii) compulsory retirement fund contribution (with contributions set at 20% of Pensionable Emoluments and Pensionable Emoluments being a rate between 50% and 100% of the gross annual remuneration package as elected by the executive director); (iii) voluntary participation in a vehicle scheme; (iv) compulsory medical coverage; and (v) compulsory Group Personal Accident Policy coverage. In addition, it is compulsory for each of Mr. Cockerill and Mr. Holland to contribute 1% of his GRP to the Unemployment Insurance Fund, subject to any legislated contribution maximum at the time.

In addition, each of Mr. Cockerill and Mr. Holland is entitled, among other things, to the following benefits under the GFL Contract: (i) participation in the GF Management Incentive Scheme at the discretion of Gold Fields; and (ii) consideration for an annual (financial year) incentive bonus based upon the fulfillment of certain targets set by the Board of Directors.

The amount and manner of any bonus payment is determined by the Compensation Committee of the Board. See Board of Directors Committees. The annual bonus is set at a target of 50% of the value of the GRP, assuming fulfillment of all targets, with scope to award a lesser bonus if targets are not met, or a greater bonus, up to a further 50% of the GRP, if targets are exceeded.

The GFL Contract also provides that in the event of the relevant executive director's employment being terminated solely as a result of a change of control as defined below, and within 12 months of the change of control, the director is entitled to: (i) payment of an amount equal to twice his GRP; (ii) payment of an amount equal to the average of the incentive bonuses paid to the executive director during the previous two completed financial years; (iii) any other payments and/or benefits due under his GFL Contract; (iv) payment of any annual incentive bonus he has earned during the financial year notwithstanding that the financial year is incomplete; and (v) an entitlement, for two years after the date of termination, subject to the relevant rules of the share option scheme then in force, to retain and to exercise all share options allocated to him including those which may not have vested at the date of such termination. The GFL Contract further provides that these payments cover any compensation or damages the executive director may have under any applicable employment legislation.

A change of control for the above purposes includes, but is not limited to, the acquisition by a third party of 30% or more of Gold Fields Ordinary Shares.

In the event of the consummation of an acquisition, merger, consolidation, scheme of arrangement or other reorganization, whether or not there is a change of control, if the executive director's services are terminated the change of control provisions summarized above also apply.

Each of Mr. Cockerill and Mr. Holland has agreed to: (i) not use or divulge any trade secrets without Board consent; (ii) surrender any written or electronic documentation relating to any trade secrets at the Board's demand, and not keep any copies thereof; (iii) not, for a period of 24 months after his employment terminates, induce, solicit, encourage or procure (or endeavor to do so) any employee to (a) terminate his employment with Gold Fields or (b) become employed by or interested in any competitor of Gold Fields; (iv) not provide any information acquired by him in the course of his association with or employment by Gold Fields, to anyone, if the provision of the information results or may result in any of the Gold Fields' employees becoming employed by or interested in any manner whatsoever, whether directly or indirectly, in any concern; (v) not solicit, interfere with or entice or endeavor to entice away from Gold Fields any person who was an associate, customer or supplier of, or who was accustomed to dealing with, Gold Fields during the past two years; and (vi) not disclose any information which comes to his knowledge as a result of his employment or the termination thereof, but excluding information acquired from an independent third person, which relates to any

business/marketing method or practice, or any business/marketing associates of Gold Fields. A general exception to the various restrictions on disclosure of information is that the executive director is entitled to disclose information to such person(s) to whom it is necessary for the purpose of implementing his employment rights and obligations.

*The Guernsey Contracts*

Each of Mr. Cockerill's and Mr. Holland's agreement with Gold Fields Guernsey provides for his salary payable under that agreement to be determined in U.S. dollars. The annual salary remuneration package, or SRP, of Mr. Cockerill is U.S.\$200,000 and of Mr. Holland is U.S.\$91,800. Both Mr. Cockerill's and Mr. Holland's SRPs are reviewed annually for possible adjustment. Pursuant to their annual compensation reviews, each of Mr. Cockerill's and Mr. Holland's SRP was increased in January 2005. The notice period under the Guernsey Contract is six months.

In addition, each of Mr. Cockerill and Mr. Holland is entitled to be considered for an annual incentive bonus payment depending upon the fulfillment of certain targets as agreed between the relevant executive director and the Board. The annual bonus is set at a target of 50% of the value of the annual salary, as provided under the GFL Contract, and assuming fulfillment of all targets, with scope to award a lesser bonus if targets are not met, or a greater bonus, up to a further 50% of the annual salary, if targets are exceeded.

All conditions relating to the employment of Mr. Cockerill and Mr. Holland under the GFL Contract, other than with respect to remuneration, apply to their employment under the Guernsey Contract. In addition, the Guernsey Contract expressly provides that the change of control clause in the GFL Contract also applies on the same terms in respect of remuneration paid under the Guernsey Contract.

*Additional information*

The executive directors also benefit from pension contributions and life insurance, the value of which is included in the compensation chart presented above. Effective March 1, 2004, these pension contributions and life insurance payments are included in the amount of the executive directors' GRP described above.

The non-executive directors are entitled to fees as agreed at Gold Fields' annual general meeting from time to time, reimbursement of out-of-pocket expenses incurred on Gold Fields' behalf and remuneration for other services, such as serving on committees. Prior to January 1, 2005, each non-executive director was entitled to a Rand 65,000 (\$10,062) director's fee per year and a Rand 6,500 (\$1,006) attendance fee per meeting. In addition, the non-executive directors were each entitled to Rand 52,000 (\$8,050) per year if the non-executive director was the chairman of a Board committee, other than the Audit Committee, or Rand 26,000 (\$4,025) per year per committee for Board committee fees, and a Rand 3,900 (\$604) attendance fee per committee meeting. The annual fee for the chairman of the Audit Committee was Rand 80,000 (\$12,384). At the November 17, 2004 Gold Fields annual general meeting, the shareholders voted to provide for additional Board fees and to increase the existing Board fees effective January 1, 2005 as follows: the chairman of the Board now receives an annual fee of Rand 1.0 million (\$154,799); the annual fee for each Board member, other than the Chairman, is Rand 100,000 (\$15,480); the attendance fee for each Board member, excluding the Chairman, for each Board meeting is Rand 8,125 (\$1,258) per meeting; the annual fee for each chairman of a board committee, other than the Audit Committee chairman, is now Rand 80,000 (\$12,384); the annual fee for the chairman of the Audit Committee is Rand 112,000 (\$17,337); the attendance fee for each Board committee member for each Board committee meeting is Rand 4,875 (\$755) per meeting; the annual fee for members of each Board committee, other than the Audit Committee, is Rand 40,000 (\$6,192); the annual fee for each member of the Audit Committee, excluding the chairman, is Rand 56,000 (\$8,669); and the shareholder-approved travel allowance payable to directors who travel internationally to attend meetings is U.S.\$4,000 per international trip.

In addition, the shareholders at the annual general meeting on November 17, 2004 resolved to pay Christopher Thompson, for his role as the chairman of the Board, a flat fee for Board meetings for the period from March 1, 2004 to December 31, 2004 of Rand 1,167,000 (\$180,650), which is included in the chart above under Board fees amount for the period of July 2004 to December 2004.

Gold Fields has no service contracts with its non-executive directors.

**Employees**

The gold mining industry, particularly in South Africa, is labor-intensive. The total number of employees at the operations, including employees of outside contractors, as of the end of the last three fiscal years at each of the operations owned by Gold Fields as of those dates was:

South Africa	2003	As of June 30,	
		2004 (1)	2005(1)
Driefontein	18,253	17,900	17,200
Kloof	19,042	16,600	15,400



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Beatrix	12,615	12,200	12,300
Ghana			
Tarkwa	1,388	3,300	3,300
Damang	1,025	900	900
Australia			
St. Ives	951	900	1,000
Agnew	254	300	400
Total	53,528	52,100	50,500(2)

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Notes:

- (1) Rounded to the nearest hundred.
- (2) As of June 30, 2005, approximately 81% of these employees were laborers and semi-skilled employees.

***Labor Relations***

*South Africa*

Since 1995, the South African legislature has enacted various labor laws that enhance the rights of employees. For example, these laws:

- confirm the right of employees to belong to trade unions and the right of unions to have access to the workplace;
- guarantee employees the right to strike, the right to picket and the right to participate in secondary strikes in certain prescribed circumstances;
- provide for mandatory severance pay in the event of termination of employment for operational reasons;
- reduce the maximum ordinary hours of work;
- increase the rate of pay for overtime;
- require large employers such as Gold Fields to implement affirmative action policies to benefit historically disadvantaged groups, and impose significant monetary penalties for non-compliance with the administrative and reporting requirements of the legislation; and
- provide for the financing of training programs by means of a levy grant system and a national skills fund; and
- grant employees the right to strike if a company employing over 500 employees terminates over 50 employees at one time for operational reasons.

Approximately 79% of the labor force at Gold Fields South African operations is unionized, with the major portion of its South African workforce being members of the National Union of Mineworkers, or the NUM. As a result of its highly unionized labor force in South Africa and the fact that labor costs constitute approximately 50% of production costs, Gold Fields has attempted to balance union demands with the need to contain and reduce total cash costs in order to ensure the long-term viability of its operations.

In July 2003, Gold Fields completed biannual negotiations with the NUM on wages and terms of employment for semi-skilled employees, which provided for a wage increase of 10% effective July 1, 2003, a further increase in other benefits of approximately 3% in fiscal 2004 and a 7% wage increase which was effective on July 1, 2004. The NUM agreement also provided for the achievement by January 2004 of a minimum surface wage of Rand 2,000 (\$328) per month.

Arrangements with other significant South African unions include:

- a 9.5% increase effective July 1, 2003 for semi-skilled and skilled employees represented by the Solidarity, the United Association of South Africa, or UASA, and the NUM and a second year inflation linked increase with a minimum increase of 7%, which was implemented effective July 1, 2004; and
- an 8.5% increase which became effective September 1, 2003 for mine officials and white-collar employees represented by UASA, Solidarity and the NUM. In addition, an agreement was concluded with those unions on September 16, 2004 which provides for a 6% retroactive increase effective July 1, 2004 and a further increase of 1% effective October 1, 2004.

The average increase in Gold Fields South African total labor costs due to these wage increases and improvements in conditions of employment was approximately 5.1% in fiscal 2004 and 3.6% in fiscal 2005.

On August 23, 2005, Gold Fields reached a two-year wage agreement with the United Association of South Africa, or UASA, Solidarity and the NUM. This agreement provided for wage increases of between 6% and 7% depending upon the category of employee to be implemented with effect from July 2005. The approximate impact of this increase is expected to be a 3% increase on the total Rand production costs for the South African operations for fiscal 2006. A further inflation linked increase (which shall not be lower than 5.5% to 6%, depending on the category of employee) is scheduled to be implemented on July 1, 2006. The agreement further provides for an increase in contributions to the Mine Workers Provident Fund, a retirement fund, of 0.5% in July 2005 and 0.5% in July 2006 and an increase in the living out allowance from R706 to R1,000 by September 1, 2006. Currently, only 14% of Gold Fields South African labor force receive living out allowances. The next round of negotiations with the South African Union is expected to take place prior to June 2007 when the current agreement expires.

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Work week and shift arrangements are negotiated on a shaft-by-shaft basis and vary in accordance with staffing needs and union demands at each shaft. South African legislation provides for a 45 hour work week, although the government has stated its intention to move toward a 40 hour work week.

Gold Fields experienced no significant strikes in fiscal 2003 or 2004. On March 31, 2005, members of the NUM embarked on strike action at the South African operations in support of demands for an increased living out allowance. The South African Labour Court declared the strike unlawful and employees returned to work the next day. Only one day's production was lost. Gold Fields' South African operations were also impacted by the South African gold mining industry strike which commenced on August 7, 2005 and ended on August 12, 2005. Gold Fields subsequently concluded the two-year wage agreement referred to above on August 23, 2005 with the unions, as part of the industry-wide negotiations coordinated by the South African Chamber of Mines.

### *Ghana*

In Ghana, there are various constitutional and legislative provisions relating to labor which, among other things:

- entitle workers to join trade unions and give those unions the power to negotiate on their behalf with regard to their conditions of employment;
- prohibit discrimination against union members;
- entitle workers to strike in certain prescribed circumstances;
- regulate the hours of work, termination notice, severance pay and minimum length of annual leave for workers;
- provide for social security for workers and workers' compensation; and
- provide for arbitration in trade disputes.

On October 8, 2003, the Ghanaian Parliament passed the Labour Act, 2003 (Act 651), or the Labour Act. Regulations under the Labour Act have been published for comment by stakeholders. The Labour Act gives employees greater freedom to form and to join trade unions, among other rights.

Of the Ghanaian employees at Tarkwa, the majority are members of the Ghana Mineworkers Union, or GMU, whose employment is governed by a collective bargaining agreement originally concluded in 1996 and revised in 2000, 2003 and 2004. Wages are revised annually by negotiation with the GMU. In July 2004, Gold Fields Ghana concluded a two-year agreement with the GMU covering both the Tarkwa and Damang mines. The agreement provides for a 2% increase in basic rates of pay effective January 1, 2004. The increase effective January 1, 2005 was 3%. The agreement further provided for profit sharing arrangement under which employees shared in the profits made at the Tarkwa and Damang mines in fiscal 2004 and fiscal 2005. The payment for fiscal 2005 was agreed at \$750 per employee in service for the full fiscal year. Senior staff terms of employment are also governed by the Labour Act. Under the Labour Act, employees considered to be in policy making positions are prohibited from joining unions. As a result, some members of senior staff who are not in policy making positions could be eligible to join unions which would then negotiate terms of employment on their behalf. However, the current practice of using the conditions contained in collective agreements with unions as the minimum basis for negotiating senior staff conditions of employment is expected to continue.

Neither Gold Fields nor AMS experienced any strikes at Tarkwa in fiscal 2003, 2004 or fiscal 2005. However, in August 2005, Gold Fields experienced an unexpected 48 hour strike at the Tarkwa mine. The strike centered on unhappiness with existing union representation, and as a result Gold Fields is taking steps in conjunction with the union to facilitate the election of new union representatives.

As part of a project undertaken by Gold Fields to expand operations at Tarkwa, or the Tarkwa Expansion Project, Gold Fields has completed shifting operations at the mine from contractor mining to owner mining. The conversion to owner mining at Tarkwa was completed in fiscal 2005 without any labor incidents.

As with Tarkwa, substantially all of the local employees at the Damang mine are unionized, including those employed by AMS. Damang did not experience any work stoppages in fiscal 2003, 2004 or 2005. The terms of employment of unionized employees at Damang are governed by a collective bargaining agreement negotiated in June 2003 and revised in July 2004. The terms of this agreement are identical to those of the collective bargaining agreement covering unionized employees at Tarkwa. Damang was party to the two year agreement concluded in July 2004 on wages and other conditions of employment referred to above, for which the same terms apply to the Damang operations. These terms are expected to remain in place until 2006.

#### *Australia*

In Western Australia, where Gold Fields' Australian operation is located, labor is regulated by a combination of federal and state statutes and certain standards primarily set by Western Australian regulatory commissions which set out certain workplace conditions across the mining industry. These laws and standards prescribe, among other things:

- minimum wages;
- forms of leave;
- conditions regarding termination of an employee for redundancy;
- rights of unions to enter a workplace; and

collective bargaining rights for employees.

The St. Ives and Agnew mines together had approximately 1,320 workers as of June 30, 2005, approximately 1,000 of whom were employed by outside contractors. All of Gold Fields' Australian employees and the employees of the contractors at the St. Ives and Agnew mines are employed pursuant to individually negotiated federal workplace agreements. The effect of federal workplace agreements is generally to exclude collective bargaining and limit union access to the workplace.

Historically, Australian unions have had a significant role in negotiating collective agreements for pay and working conditions. In recent years under both state and federal Conservative Party-led coalition governments, workplace agreements have replaced union collective bargaining agreements. The Industrial Relations Act 1979 (WA) as amended by the Labour Relations Reform Act in July 2002 reduces the availability of state workplace agreements and promotes collective bargaining and union access to the workplace. Although unions currently have little presence in Western Australia's mining industry, it is possible that individually negotiated federal workplace agreements at some mines could be replaced by collective bargaining agreements if and when the workplace agreements expire, which could have an adverse effect on labor costs at Gold Fields' mining operations in Australia.

#### *Benefits*

Gold Fields provides benefits to its employees, generally including pension, medical and accommodation benefits. Employees are also entitled to a severance package if they are laid off. At Damang, medical benefits only are provided by the contractor, AMS, while the costs of such benefits are paid by Gold Fields under the terms of the contract between Gold Fields and AMS. Gold Fields' own employees are generally provided with medical and retirement benefits. In Australia, benefits for contractors' employees are the responsibility of each contractor and Gold Fields' own employees are generally responsible for their own medical costs and other benefits, except that Gold Fields contributes to a third-party pension plan.

provided with medical and retirement benefits. In Australia, benefits for contractors' employees are the responsibility of each contractor and Gold Fields' own employees are generally responsible for their own medical costs and other benefits, except that Gold Fields contributes to a third-party pension plan.

Gold Fields provides 50% of the premiums under a medical plan for certain former employees in South Africa. As of June 30, 2005, 89% of these former employees and dependants had been bought out of the scheme at a 15% premium. At June 30, 2005, approximately 248 former employees were still covered under this plan following the buyout. As of June 30, 2005, Gold Fields had accrued a provision of Rand 18.8 million for these obligations. The provision is adjusted annually in accordance with updated actuarial tables. Gold Fields is not obligated to make these contributions for members of the former Aumed Medical Scheme (which was in place at the Free State operation and was combined with the Medisense medical scheme during fiscal 2003) who retired after August 31, 1997 and members of Medisense Medical Scheme who retired after January 31, 1999.

#### *Bonus Schemes*

Gold Fields has extensive bonus schemes for workers at all levels. The focus of Gold Fields' bonus schemes is based on specific production and safety targets as the primary drivers, with quality factors being secondary drivers at management levels.

#### *Social Development*

Gold Fields has an established social development program in South Africa, which it conducts through the Gold Fields Foundation, or the Foundation. The Foundation was founded by Gold Fields of South Africa Limited more than 20 years ago and has as its mission the promotion and facilitation of sustainable social and economic development in the communities affected by Gold Fields' operations in South Africa, Ghana and Australia. Gold Fields provides annual funding for the Foundation in an aggregate amount of one Rand per each ounce of gold produced from its South African operations each year plus 0.5% of annual pre-tax profits of its South African operations. Ghana has a similar program in place and funds an aggregate amount of \$1 per ounce of gold produced plus 0.5% of annual pre-tax profits at the Ghana operations. In Australia, contributions are made to the Gold Fields Australian Foundation at a rate of A\$0.80 per ounce of gold sold. The funds from those operations are applied to development projects where the relevant operation is located. Currently, the Foundation focuses on four primary areas:

**Education.** The Foundation has initiatives involving all levels of education from pre-schools to universities. In South Africa, the focus has been on developing educational infrastructure, including providing classrooms, laboratories and libraries. In addition, the Foundation provides for professional training and education, such as AIDS-related training for health care workers.

**Health Care.** The Foundation has funded health care projects involving a number of issues, in particular, HIV and AIDS, women's health issues, tuberculosis and health care infrastructure development. The Foundation is also involved with various primary care issues.

**Community Development.** The Foundation operates a number of programs which focus on improving community life, especially in rural areas. This includes programs dedicated to education, training, welfare, small business development and job creation, among others.

**Environmental Education and Conservation.** The Foundation supports various initiatives which work to encourage and facilitate community participation in natural resource management and promote an integrated and sustained approach to the environment.

*Employment Equity*

Under the South African Employment Equity Act, Gold Fields has a responsibility to: (1) promote equal opportunity and fair treatment in employment by eliminating unfair discrimination, and (2) implement affirmative action measures to redress the disadvantages in employment experienced by certain groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce. As required by the Act, Gold Fields has a formal employment equity plan, which has been approved by its unions and submitted as part of its report to South African regulatory officials. The plan includes numerical targets to be achieved over a five-year period, with regular meetings of employment equity forums involving management and employee representatives to monitor progress against the plan. Management believes that Gold Fields is currently making adequate progress towards the targets under its plan and is in compliance with legal and regulatory requirements regarding employment equity.

*Training*

Gold Fields spent approximately Rand 133.4 million, \$865,000 and A\$1.1 million on employee training and development in fiscal 2005 at its South African, Ghanaian and Australian operations, respectively. Particular emphasis is placed on literacy as Gold Fields estimates that approximately 42% of its South African employees are functionally illiterate.

Another area of current focus is improvement in middle management managerial skills. Gold Fields has implemented an internal leadership program which is expected to help fulfill the human resources requirements of the Mining Charter. See Information on the Company Regulatory Matters South Africa Mineral Rights.

In addition, Gold Fields provides ongoing training to employees regarding safe work practices and other safety issues. Gold Fields training programs relating to safe working practices are aligned with South Africa's National Qualifications Framework. In addition, Gold Fields South African

training centers are accredited by the Sectoral Education and Training Authority (Mining Qualification Authority) for the mining industry.

In fiscal 2003, Gold Fields implemented an integrated people development system called The Integrated Manager, or TIM, at all mine sites. TIM includes systems designed to track and manage employee performance and development programs. TIM was fully implemented during fiscal 2004 and focuses training on areas that will enhance employee safety, performance and development and integrate the various employee development initiatives within Gold Fields.

### ***Health and Safety***

#### *Health*

The principal health risks associated with Gold Fields' mining operations in South Africa arise from occupational exposure to dust, noise, heat, noxious fumes and chemicals. The most significant occupational diseases affecting Gold Fields' workforce include lung diseases (particularly silicosis, tuberculosis and a combination of the two), noise induced hearing loss and heat exhaustion. In South Africa, the incidence of tuberculosis in mine workers is aggravated by exposure to crystalline silica dust and by compromised immunity due to HIV infection. Gold Fields is working to increase the level of ventilation at its underground operations in order to try to lower the risk of lung disease for its workers. To reduce the incidence of noise-induced hearing loss, Gold Fields implements engineering controls where practicable and if it is not possible Gold Fields trains its workers to use adequate ear protection and provides appropriate equipment. Gold Fields has embarked on significant initiatives to address HIV infection and AIDS among its workforce.

In Ghana and Australia the primary health risks include dust and noise-induced hearing loss. Malaria is also a significant health risk in Ghana. To combat these risks, Gold Fields provides workers with appropriate protective gear and regular training and screening tests.

Gold Fields provides free healthcare to a substantial portion of its South African and Ghanaian employees while they are employed by Gold Fields. This includes the operation of hospitals and clinics to provide treatment as needed. Workers in Australia are responsible for their own health care.

*HIV/AIDS Program.* Gold Fields' South African workforce has a similar level of HIV prevalence to that present in groups of males of the same mix of age groups in South Africa generally. Accordingly, Gold Fields has developed and implemented a significant HIV/AIDS program with the goals of reducing the rate of HIV infection among its workforce and minimizing the potential financial impact of AIDS on its operations. This program involves a multi-faceted approach including the following components:

HIV/AIDS awareness campaigns;

peer education and training, involving more than 800 peer educators;



voluntary counseling and testing;

condom promotion and distribution, with a stated goal of three condoms per employee per week;

treatment of sexually transmitted diseases, including treatment of infected prostitutes and periodic presumptive therapy which involves giving a broad spectrum of antibiotics to asymptomatic prostitutes at high risk of contracting sexually transmitted diseases;

care and support for workers with HIV/AIDS. This includes wellness management, ill health retirement for workers with AIDS (with workers encouraged to return home to their families) and home based care for such workers following retirement. In April 2003, Gold Fields announced that it had extended the program to include the delivery of Highly Active Antiretroviral Therapy, or HAART, as a treatment option for employees living with AIDS; and

collaboration with international initiatives such as the Global Health Initiative, World Economic Forum, World Health Organization and USAID.

In July 2004, management estimated that 28.3% of Gold Fields workforce in South Africa was infected with HIV. Based on this level of prevalence, other existing data and various other assumptions, many of which involve factors beyond Gold Fields control, management estimates that without appropriate interventions the ultimate impact of HIV/AIDS on its operating costs could be as high as \$10 per ounce of gold produced at its South African operations two years after the projected peak of HIV prevalence in approximately 2017, when the largest number of employees on HAART will be reached. The cost in fiscal 2005 was estimated at \$4.35 per ounce. Gold Fields hopes to limit the impact of HIV/AIDS on its operating costs through its HIV/AIDS program. Management estimates that, depending on the success of its HIV/AIDS program, the maximum expected impact of AIDS on operating costs at its South African operations could be reduced from \$10 per ounce estimate to as low as \$6.00 per ounce of gold produced. However, the ultimate impact of HIV/AIDS on Gold Fields operating costs could vary significantly depending on any of these factors.

See Key Information Risk Factors HIV/AIDS poses risks to Gold Fields in terms of lost productivity and increased costs.

On December 12, 2001, Gold Fields entered into an agreement with the principal labor unions representing its employees in which it and the unions agreed to implement various initiatives aimed at reducing the spread of HIV/AIDS among Gold Fields workforce and providing for the treatment and care of employees who are HIV positive or suffering from AIDS. These initiatives include, among others, improving awareness and education among employees regarding HIV/AIDS, promoting condom usage among employees, managing sexually transmitted infections

and collectively supporting a wellness management program for employees who are HIV positive. In April 2003, the Gold Fields HIV/AIDS program was recognized as one of the nine best programs in the world by the Global Business Coalition Against AIDS.

HIV/AIDS prevalence is not significant in Gold Fields Ghanaian or Australian workforces. Gold Fields has also introduced its HIV/AIDS program in Ghana.

### *Safety*

Operating mines, particularly underground mines, involves significant safety hazards. Gold Fields has undertaken a number of safety initiatives intended to lower the rate of injuries and fatalities incurred by employees in connection with its operations. A number of these initiatives involve ensuring that employees receive adequate training regarding safe workplace practices. In addition, Gold Fields takes steps to address particular safety issues which are present at its operations. Specific safety issues are explained in further detail in connection with the description of each of Gold Fields operations above.

Gold Fields introduced a new health and safety compliance program in fiscal 2001 at its South African operations, with the goal of improving compliance with the Mines Health and Safety Act and other rules, standards, regulations and generally accepted principles relating to health and safety. The Full Compliance Safety Management Initiative, as it is called, has been implemented at all of Gold Fields operations and aims to:

eliminate fatal accidents at Gold Fields mines;

reduce accident rates by 50% over a five-year period, commencing in July 2000; and

maintain a safe and healthy working environment with quality training, good practice and full employee commitment.

Gold Fields operations in Australia as well as Tarkwa mine in Ghana are certified under Occupational Health and Safety Assessment Series 18000, an occupational health and safety management specification system. The South African operations and Damang are scheduled for such certification in fiscal 2006.

**Item 7: MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS****Major Shareholders**

To the knowledge of management: (1) Gold Fields is not directly or indirectly owned or controlled (a) by another corporation or (b) by any foreign government and (2) there are no arrangements the operation of which may at a subsequent date result in a change in control of Gold Fields. To the knowledge of Gold Fields management, there is no controlling shareholder of Gold Fields.

As of November 30, 2005, the issued share capital of Gold Fields consisted of 492,114,739 ordinary shares.

A list of the individuals and organizations holding, to the knowledge of management, directly or indirectly, 5% or more of its issued share capital as of October 31, 2005 is set forth below.

<b>Beneficial owner</b>	<b>Ordinary Shares</b>	<b>Percentage</b>
MMC Norilsk Nickel(1)	98,467,758	20.0
Public Investment Commission(2)	32,952,603	6.7
Harmony Gold Mining Company(3)	26,591,018	5.4
Capital Research and Management(4)	23,993,873	4.9
Old Mutual plc(5)	20,817,213	4.2

Notes:

(1) MMC Norilsk Nickel previously owned these shares directly. In May 2005, these shares were transferred to Jenington International Inc., an indirectly, wholly owned subsidiary of MMC Norilsk Nickel. The entire share capital of Jenington International Inc. was transferred to ZAO Polyus, a direct wholly owned subsidiary of MMC Norilsk Nickel, as part of a spin-off by MMC Norilsk Nickel of its mining assets. MMC Norilsk Nickel is controlled by Vladimir O. Potanin and Mikhail D. Prokhorov.

(2) The Public Investment Commission holds a portion of its shares directly and a portion of its shares through Stanlib Asset Management, Sanlam Investment Managers and RMB Asset Management.

(3) On November 16, 2005, Harmony Gold Mining Company Ltd. announced the sale of its remaining shares in Gold Fields.

(4) Capital Research and Management holds its shares through JPMorgan Chase Bank and State Street Bank & Trust Company.

(5) Old Mutual holds its shares through Old Mutual Life Assurance Company of South Africa Limited and various subsidiaries. Jakes G. Gerwel, a non-executive director of Gold Fields, is also a director of Old Mutual Life Assurance Company of South Africa Limited.

To the knowledge of management, none of the above shareholders holds voting rights which are different from those held by Gold Fields other shareholders.

The table below shows the significant changes of the percentage of ownership by Gold Fields major shareholders, to the knowledge of Gold Fields management, during the past three fiscal years.

Beneficial owner	Beneficial ownership			
	2003	As of June 30, 2004	2005	As of October 31, 2005
	(%)	(%)	(%)	(%)
Anglo American plc(1)	20.9	(2)	(2)	(2)
OJSC MMC Norilsk Nickel(3)	(2)	20.0	20.0	20.0
Public Investment Commission(4)	4.9	4.9	4.9	6.7
Capital Research and Management(5)	2.8	2.2	4.9	4.9
Old Mutual plc(6)	6.1	5.8	4.6	4.2
Harmony Gold Mining Company Ltd.(7)	(2)	(2)	5.4	5.4

Notes:

- (1) Anglo American plc held its shares through its indirect, wholly owned subsidiary, Anglo South Africa Capital (Proprietary) Ltd.
- (2) To the knowledge of Gold Fields management, the entities did not own Gold Fields ordinary shares on the dates specified.
- (3) MMC Norilsk Nickel previously owned these shares directly. In May 2005, these shares were transferred to Jenington International Inc., a indirectly, wholly owned subsidiary of MMC Norilsk Nickel. The entire share capital of Jenington International Inc. was transferred to ZAO Polyus, a direct wholly owned subsidiary of MMC Norilsk Nickel, as part of a spin-off by MMC Norilsk Nickel of its mining assets. MMC Norilsk Nickel is controlled by Vladimir O. Potanin and Mikhail D. Prokhorov.
- (4) The Public Investment Commission holds a portion of its shares directly and a portion of its shares through Stanlib Asset Management, Sanlam Investment Managers and RMB Asset Management.
- (5) Capital Research and Management holds its shares through JPMorgan Chase Bank and State Street Bank & Trust Company.
- (6) Mutual plc holds its shares through Old Mutual Life Assurance Company of South Africa Limited and various subsidiaries.
- (7) On November 16, 2005, Harmony Gold Mining Company Ltd. announced the sale of its remaining shares in Gold Fields.

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As of June 30, 2005, 13,484 record holders of Gold Fields ordinary shares, holding an aggregate of 124,995,693 ordinary shares (25.4%), were listed as having addresses in South Africa. As of June 30, 2005, 100 record holders of Gold Fields ordinary shares, holding an aggregate of 167,276,824 ordinary shares (34.0%), were listed as having addresses in the United States.

### **Related Party Transactions**

None of the directors, officers or major shareholders of Gold Fields or, to the knowledge of Gold Fields, their families, had any interest, direct or indirect, in any transaction during the last three fiscal years or in any proposed transaction which has affected or will materially affect Gold Fields or its investment interests or subsidiaries, other than as stated below.

#### ***Pro-Drilling***

Michael J. Prinsloo, Executive Vice President, South African Operations, sits on the Board of and owns 50% of Pro-Drilling & Mining (Proprietary) Limited, or Pro-Drilling, a privately held drilling company. Pro-Drilling has a contract with GFI Mining South Africa (Proprietary) Limited to provide labor, equipment and materials for diamond drilling and core recovery at the South African operations. The contract is valid until terminated upon one month's written notice by either party. Gold Fields was employing Pro-Drilling prior to Mr. Prinsloo's joining Gold Fields. During fiscal 2005 Gold Fields paid Pro-Drilling a total of approximately Rand 11 million (\$1,702,786). Gold Fields expects to continue its contract with Pro-Drilling during fiscal 2006 on similar terms.

#### ***Mvelaphanda***

Tokyo M.G. Sexwale, a non-executive director of Gold Fields, is the Chairman of the Board of Mvelaphanda Resources Limited, or Mvela Resources, an African mining and exploration company and sit on the Boards of certain of its subsidiaries. Bernard R. van Rooyen, who retired as a non-executive director of Gold Fields on November 17, 2005, is the Deputy Chairman of Mvela Resources. Both Mr. Sexwale and Mr. van Rooyen are also significant shareholders of Mvela Resources.

On July 10, 2002, Gold Fields announced that it had granted Mvela Resources the right to acquire a beneficial ownership interest of between 5% and 15% in, and a corresponding share of Gold Fields obligations and liabilities with respect to, the development, financing or construction of any precious metals mine which is developed in Africa, beginning March 1, 2002. In consideration for the transaction, referred to in this discussion as the Exploration Arrangement, Mvela Resources is obligated to issue to Gold Fields options to subscribe in tranches for linked units in Mvela Resources, consisting of one ordinary share and one unsecured debenture issued by Mvela Resources, at a 10% premium to the five day weighted average trading price on the JSE Securities Exchange South Africa. Mvela Resources issued to Gold Fields 380,102 options to subscribe for linked units pursuant to this arrangement on 26 September, 2002. Thereafter, each year Mvela Resources was obligated to issue to Gold Fields options to subscribe for linked units with a value equal to half of the amount spent by Gold Fields on the precious metals exploration projects covered by the agreement between the parties during that year. On May 5, 2003, Mvela Resources issued to Gold Fields further options to subscribe for 373,435 linked units. In November 2003, Mvela Resources implemented a Scheme of Arrangement and a consolidation of its share capital, which are described below. As a result of these actions, Gold Fields' right to receive options to subscribe for linked units has been converted into a right to receive options to subscribe for ordinary shares of Mvela Resources. On May 30, 2004, Mvela Resources issued to Gold Fields options to subscribe for 521,812 ordinary shares of Mvela Resources. The options granted under the Exploration Arrangement were originally exercisable for a period of 2 years from the date of issuance, but as of September 16, 2004, this period was extended to 5 years. As of September 30, 2004, the aggregate value of the options to subscribe for ordinary shares issued by Mvela Resources to Gold Fields was approximately Rand 1.3 million. The term of the agreement is five years.

On March 8, 2004, the shareholders of Gold Fields approved a series of transactions, referred to in this discussion as the Mvelaphanda Transaction, involving the acquisition by Mvela Resources of a 15% beneficial interest in the South African gold mining assets of Gold Fields for cash consideration of Rand 4,139 million.

The Mvelaphanda Transaction was preceded by an internal restructuring of Gold Fields, whereby each of the Driefontein, Kloof and Beatrix mining operations, as well as certain ancillary assets and operations, were transferred to a new, wholly-owned subsidiary of Gold Fields, GFI Mining South Africa (Proprietary) Limited, or GFIMSA.

On November 26, 2003, Gold Fields, Mvela Resources, Mvelaphanda Gold (Proprietary) Limited, or Mvela Gold, a wholly-owned subsidiary of Mvela Resources, and GFIMSA entered into a covenants agreement, or the Covenants Agreement, regulating their rights and obligations with respect to GFIMSA. This agreement became effective following the advance by Mvela Gold of the loan to GFIMSA described below, which is referred to in this discussion as the Mvela Loan, and, among other things, provides for Mvela Gold to nominate two members of GFIMSA's Board of Directors and two members of each of GFIMSA's Operations Committee and Transformation Committee, the latter of which has been established to monitor compliance with the mining charter promulgated under the Mineral and Petroleum Resources Development Act 2002. Under the Covenants Agreement, GFIMSA cannot dispose of any material assets, enter into, cancel or alter any material transaction between GFIMSA and any related party or make any material amendment to its constitutive documents without the prior written consent of Mvela Gold. In addition, if Gold Fields or GFIMSA wants to increase the interest of black empowerment entities in GFIMSA or in any business or assets of GFIMSA, other than pursuant to an employee share incentive scheme, Gold Fields must offer to Mvela Gold the opportunity to increase its interest in GFIMSA. By its terms, the Covenants Agreement remains in force for so long as Gold Fields

remains a shareholder in GFIMSA and Mvela Gold holds the right to subscribe for 15% of the shares interest in, or is a shareholder of, GFIMSA, provided that it terminates if the shares of GFIMSA are listed on the JSE Securities Exchange South Africa.

On December 11, 2003, Gold Fields, GFIMSA, and Mvela Gold entered into a subscription and share exchange agreement, or the Subscription and Share Exchange Agreement, pursuant to which, upon repayment of the Mvela Loan, Mvela Gold must subscribe for shares equal to 15% of GFIMSA's outstanding share capital, including the newly issued shares, for consideration of Rand 4,139 million. In addition, for a period of one year after the subscription by Mvela Gold of the GFIMSA shares, each of Gold Fields and Mvela Gold will be entitled to require the exchange of Mvela Gold's GFIMSA shares for ordinary shares of Gold Fields of an equivalent value based on an exchange ratio equal to 15% of a discounted cash flow calculation as applied to GFIMSA's operations divided by the same calculation as applied to Gold Fields' operations, with certain adjustments. Mvela Gold is entitled to dispose of the GFIMSA shares and any Gold Fields ordinary shares it may hold only in accordance with the terms of a pre-emptive rights agreement entered into by the parties whereby if Mvela Gold receives an offer for, or otherwise wishes to sell, any GFIMSA or Gold Fields shares, it must first offer to sell them to Gold Fields. The Subscription and Share Exchange Agreement became unconditional following the advance of the Mvela Loan to GFIMSA on March 17, 2004.

On December 11, 2003, Gold Fields, GFIMSA, Mvela Gold, First Rand Bank Limited, Gold Fields Australia Pty Limited, or Gold Fields Australia, and Gold Fields Guernsey Limited, or Gold Fields Guernsey, entered into a loan agreement, or the Mvela Loan Agreement, pursuant to which Mvela Gold advanced a loan of Rand 4,139 million, or the Mvela Loan, to GFIMSA on March 17, 2004. GFIMSA applied the loan toward funding its acquisition of Gold Fields' South African mining operations and certain ancillary assets and operations as part of the internal restructuring of Gold Fields.

The Mvela Loan was funded by way of commercial bank debt of approximately Rand 1,300 million and mezzanine finance of approximately Rand 1,100 million, with the balance of approximately Rand 1,700 million being raised by way of an international private placement of shares of Mvela Resources. In connection with the mezzanine finance, Gold Fields subscribed for preference shares in an amount of Rand 200 million in Micawber 325 (Proprietary) Limited, or Micawber, a special purpose entity established by the mezzanine lenders. Further, Gold Fields subscribed for 4,350,000 ordinary shares of Mvela Resources which were issued by Mvela Resources in the private placements for consideration of Rand 100 million. In order to facilitate the private placement, Mvela Resources proposed a scheme of arrangement, or the Scheme, between itself and the holders of its linked units. The effect of the Scheme, which became operative on November 24, 2003, was that each linked unit holder received two ordinary shares of Mvela Resources for each linked unit held. In order to maintain the same number of listed instruments in issue after the implementation of the Scheme, Mvela Resources consolidated its ordinary share capital on a two for one basis. As a result, the net effect of the Scheme and the share consolidation is that Gold Fields has 1,275,349 options to acquire the same number of ordinary shares of Mvela Resources issued in connection with the Exploration Arrangement. In addition, pursuant to an agreement entered into on February 13, 2004, or the PIC Agreement, Gold Fields has effectively guaranteed a loan of Rand 150 million. See Operating and Financial Review and Prospects Liquidity and Capital Resources-Cash Resources-Investing and Credit Facilities Mvela Loan.

On February 13, 2004, the Mvela Loan Agreement was amended, principally in order to add and clarify certain definitions.

On November 17, 2004, GFL Mining Services Limited, or GFLMSL, Gold Fields, Mvela Gold, Mvela Resources and GFIMSA entered into an agreement, referred to in this discussion as the Amendment Agreement, amending the existing agreements relating to the Mvelaphanda Transaction, including, among others, the Subscription and Exchange Agreement and the Covenants Agreement. The agreements were amended to provide among other things, that Mvela Resources may acquire a minimum of 45,000,000 and a maximum of 55,000,000 Gold Fields shares should it elect to exchange its equity interest in the South African assets for Gold Field shares.

See Operating and Financial Review and Prospects Overview Mvelaphanda Transaction.

***Rand Refinery***

GFL Mining Services Limited, or GFLMSL as agent for GFIMSA, has an agreement with Rand Refinery Limited, or Rand Refinery, in which Gold Fields holds a 33.1% interest, providing for the refining of substantially all of Gold Fields' South African gold production by Rand Refinery. Prior to October 1, 2004, GFLMSL acted as agent for Rand Refinery to sell up to 50% of Gold Fields' South African production. However, since October 1, 2004, Gold Fields has sold the gold produced from its South African operations itself. Gold Fields Ghana Limited and Abooso Goldfields Limited are each party to agreements with Rand Refinery to transport, refine and sell substantially all of the gold production from the Tarkwa and Damang mines entered into in June 2003. Nicholas J. Holland, who is the Chief Financial Officer and a Director of Gold Fields, has been a Director of Rand Refinery since July 12, 2000. As a Director of GFLMSL, which is a wholly-owned subsidiary of Gold Fields, Mr. Holland has declared his interest in the contract between Rand Refinery and GFLMSL, pursuant to South African requirements, and has not participated in the decision of Rand Refinery to enter into the agreement with GFLMSL, Gold Fields Ghana Limited or Abooso Goldfields. Mr. Holland signed the agreement with Rand Refinery on behalf of GFLMSL. See Information on the Company Description of Mining Business Refining and Marketing for further details regarding these arrangements.

Gold Fields believes that the above transactions with related parties have been conducted on terms at least as favorable to it as arm's length terms.



None of the directors or officers of Gold Fields or any associate of such director or officer is currently or has been at any time during the past three fiscal years materially indebted to Gold Fields.

**Item 8: FINANCIAL INFORMATION**

Reference is made to Item 18 for a list of all financial statements filed as part of this annual report. For information on legal proceedings please refer to Information on the Company above.

**Dividends and Dividend Policy**

The following table sets forth the dividends announced and paid per share in respect of Gold Fields ordinary shares for the periods indicated:

	2001		2002		Year ended June 30, 2003		2004		2005		2006	
	(\$)	(R)	(\$)	(R)	(\$)	(R)	(\$)	(R)	(\$)	(R)	(\$)	(R)
Prior year's final dividend			0.05	0.40	0.40	2.20	0.13	1.00	0.06	0.40	0.06(2)	0.40(2)
Interim dividend	0.13	1.05(1)	0.08	0.90	0.90	1.50	0.06	0.40	0.05	0.30		
Total dividend	0.13	1.05	0.13	1.30	1.30	3.70	0.19	1.40	0.11	0.70		

**Notes:**

- (1) This interim dividend included the final dividend for fiscal 2000, which was deferred as a condition of an aborted merger between Gold Fields and Franco-Nevada Mining Corporation.
- (2) This final dividend was announced on August 3, 2005 and paid on August 29, 2005.

Gold Fields dividend policy is to declare an interim and final dividend in respect of each financial year based on 50% of the earnings for the year before taking account of investment opportunities. Earnings are adjusted to exclude unrealized gains and losses on financial instruments and foreign debt, but actual cash flows on maturity of financial instruments are included in the determination of adjusted earnings.

**Significant Changes**

Please refer to Operating and Financial Review and Prospects Recent Developments.

**Item 9: THE OFFER AND LISTING****Listing Details**

The principal non-United States trading market for the ordinary shares of Gold Fields is the JSE Securities Exchange South Africa, or JSE, on which they trade under the symbol GFI. The ordinary shares of Gold Fields are also listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange, and are listed on the Premier Marché of Euronext Paris and the SWX Swiss Exchange. Gold Fields International Depositary Shares are listed on Euronext Brussels. As of June 30, 2005, 13,484 record holders of Gold Fields ordinary shares, holding an aggregate of 124,995,693 ordinary shares (25.4%), were listed as having addresses in South Africa. As of June 30, 2005, 100 record holders of Gold Fields ordinary shares, holding an aggregate of 167,276,824 ordinary shares (34.0%), were listed as having addresses in the United States.

Gold Fields ADSs currently trade in the United States on The New York Stock Exchange under the symbol GFI. The ADRs representing the ADSs are issued by The Bank of New York, as Depositary. Each ADR represents one ADS. Each ADS represents one ordinary share.

**JSE Trading History**

The tables below show the high and low closing prices in Rand and the average daily volume of trading activity on the JSE for Gold Fields ordinary shares for the last five fiscal years.

The following table sets out ordinary share trading information on a yearly basis for the last five fiscal years, as reported by I-Net Bridge (Proprietary) Limited, or I-Net Bridge, a South African financial information service:

Year ended June 30,	High	Ordinary share price (Rand per ordinary share)	Low	Average daily trading volume (number of ordinary shares)
2001		39.70	20.10	782,898
2002		168.00	32.50	1,642,279
2003		150.63	71.40	1,671,998
2004		110.40	65.02	1,787,830
2005		94.02	55.09	1,485,099
2006 (through November 30, 2005)		105.50	69.01	1,605,877

The following table sets out ordinary share trading information on a quarterly basis for the periods indicated, as reported by I-Net Bridge:

Ordinary share price	Average daily trading volume (number of
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Quarter ended,	High (Rand per ordinary share)	Low	ordinary shares)
September 30, 2003	110.40	82.10	1,418,814
December 31, 2003	105.10	81.90	1,441,818
March 31, 2004	102.60	77.41	2,884,949
June 30, 2004	85.00	65.02	1,398,935
September 30, 2004	87.50	55.09	1,643,839
December 31, 2004	94.02	69.10	1,827,766
March 31, 2005	81.41	66.02	785,345
June 30, 2005	77.90	57.95	1,655,983
September 30, 2005	95.32	69.01	1,397,954

The following table sets out ordinary share trading information on a monthly basis each of the last six months, as reported by I-Net Bridge:

Month ended	Ordinary share price		Average daily trading volume (number of ordinary shares)
	High	Low	
	(Rand per ordinary share)		
June 30, 2005	77.90	68.00	3,172,886
July 30, 2005	79.00	70.99	878,894
August 30, 2005	76.37	69.01	1,196,516
September 30, 2005	95.32	72.00	2,094,860
October 31, 2005	96.00	86.00	1,182,871
November 30, 2005	105.50	87.98	2,623,980

On November 30, 2005, the closing of the ordinary shares on the JSE was R99.25.

### New York Stock Exchange and Nasdaq SmallCap Market Trading History

The tables below show the high and low closing prices in U.S. dollars and the average daily volume of trading activity on The Nasdaq SmallCap Market for Gold Fields ADSs from July 1, 2000 until May 8, 2002 and on the New York Stock Exchange since May 9, 2002.

The following table sets out ordinary share trading information on a yearly basis for the last five fiscal years, as reported by Bloomberg:

Year ended June 30,	ADS price		Average daily trading volume (number of ADSs)
	High	Low	
	(\$per ADS)		
2001(1)	5.23	2.63	416,049
2002	16.36	3.86	1,587,110
2003	15.25	9.00	2,376,579
2004	15.12	9.93	1,887,030
2005	14.94	9.25	1,557,127
2006 (through November 30, 2005)	16.16	10.69	1,649,516

Note:

(1) Gold Fields delisted its ADSs from the Nasdaq SmallCap market on May 8, 2002 and listed its ADSs on The New York Stock Exchange on May 9, 2002.

The following table sets out ADS trading information on a quarterly basis for the periods indicated, as reported by Bloomberg:

Quarter ended	ADS price		Average daily trading volume (number of ADSs)
	High	Low	
	(\$per ADS)		

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September 30, 2003	14.89	10.63	1,964,214
December 31, 2003	15.12	12.59	2,125,869
March 31, 2004	14.70	11.65	1,926,113
June 30, 2004	13.19	9.93	1,527,529
September 30, 2004	13.65	9.25	1,330,780
December 31, 2004	14.94	12.27	2,225,906
March 31, 2005	13.20	10.87	1,119,374
June 30, 2005	11.50	9.57	1,531,927
September 30, 2005	14.66	10.69	1,645,808

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The following table sets out ADS trading information on a monthly basis for each of the last six months, as reported by Bloomberg:

Month ended	ADS price		Average daily trading volume (number of ADSs)
	High	Low	
May 31, 2005	10.99	9.57	1,368,552
June 30, 2005	11.42	10.20	2,056,041
July 30, 2005	11.65	10.69	1,113,180
August 30, 2005	11.68	10.72	1,589,926
September 30, 2005	14.66	11.58	2,214,276
October 31, 2005	14.81	13.05	1,363,252
November 30, 2005	16.16	13.13	1,947,081

On November 30, 2005, the closing price of Gold Fields ADSs quoted on The New York Stock Exchange was \$14.95.

### The JSE Securities Exchange South Africa

The JSE was formed in 1887. The JSE provides facilities for the buying and selling of a wide range of securities, including equity and corporate debt securities and warrants in respect of securities, as well as Krugerrands.

The JSE is a self-regulatory organization operating under the ultimate supervision of the Ministry of Finance, through the Financial Services Board and its representative, the Registrar of Stock Exchanges. Following the introduction of the Stock Exchanges Control Amendment Act No. 54 of 1995, or Stock Exchange Act, which provides the statutory framework for the deregulation of the JSE, the JSE's rules were amended with effect from November 8, 1995. These amendments removed the restrictions on corporate membership and allowed stockbrokers to form limited liability corporate entities. Members were, for the first time, also required to keep client funds in trust accounts separate from members own funds. Further rules to complete the deregulation of the JSE, as envisaged by the Stock Exchange Act, were promulgated during 1996 to permit members of the JSE to trade either as agents or as principals in any transaction in equities and to allow members to negotiate freely the brokerage commissions payable on agency transactions in equities. With effect from 1996, screen trading commenced on the JSE.

The market capitalization of companies listed on the JSE was approximately Rand 2.3 trillion as of November 30, 2005. The actual float available for public trading is significantly smaller than the aggregate market capitalization because of the large number of long-term holdings by listed holding companies in listed subsidiaries and associates, the existence of listed pyramid companies and cross holdings between listed companies. Liquidity on the JSE (measured by reference to the total market value of securities traded as a percentage of the total market capitalization) was 38.5% for 2001. Trading is concentrated in a small, but growing number of companies. As of November 30, 2005, there were 157 listed companies on the JSE.

South Africa was included in the Morgan Stanley Capital International Emerging Markets Free Index and the International Finance Corporation Investable Index in March and April 1995, respectively. South Africa has a significant representation in these emerging market indices.

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The four main indices charting the performance of the JSE as a whole and of composite sectors are the All Share Index, the Financial Index, the Industrial Index and the Resources Index. As of November 30, 2005, the All Share Index, Financial Index, Industrial Index and the Resource Index accounted for 100%, 22%, 30% and 38%, respectively of the market capitalization of the JSE.

The JSE has established a project named Share Transactions Totally Electronic, or STRATE, which has involved the dematerialization of share certificates in a central securities depository and the introduction of contractual, rolling, electronic settlement in order to increase the speed, certainty and efficiency of settlement and to fall into line with international practice. Gold Fields joined STRATE on October 1, 2001. Investors are given the choice of either holding their securities in dematerialized form in the central securities depository or retaining their share certificates. Shareholders who elect to retain their share certificates are not able to trade their shares on the JSE, although they may trade their shares off market. Settlement of dematerialized shares traded electronically on the JSE is made three days after each trade (T+3). The JSE has stated that the settlement period may be reduced in the future to one day (T+1).



**Item 10: ADDITIONAL INFORMATION****General**

Gold Fields is a public company registered in South Africa under the Companies Act No. 61 of 1973, or the Companies Act, which limits the liability of its shareholders, and is governed by its Memorandum of Association and Articles of Association and the provisions of the Companies Act. Gold Fields' registration number is 1968/004880/06. Section 3 of Gold Fields' Memorandum of Association provides that its objectives are, among other things: (1) to purchase, lease or otherwise acquire mines, mineral and other properties, lands, farms and hereditaments, (2) to buy, sell, refine and deal in bullion, specie, coin and precious metals and (3) to carry on any mining and metallurgical operation which may seem conducive to any of Gold Fields' objectives.

**Share Capital**

The authorized share capital of Gold Fields consists of 1,000,000,000 ordinary shares with a par value of Rand 0.50 each. The aggregate number of issued shares of Gold Fields on November 30, 2005 was 492,114,739 ordinary shares of Rand 0.50 each. All of the issued ordinary shares rank equally with one another and are fully paid and are not subject to calls for additional payments of any kind.

More than 10% of Gold Fields' current issued share capital has been paid for in assets other than cash. Gold Fields' ordinary shares were exchanged for shares in GFL Mining Services Ltd. during the merger with Gold Fields in 1999 and for the minority shares in St. Helena Gold Mines Limited when Gold Fields acquired total ownership. See Information on the Company History. On November 30, 2001, 12,000,000 ordinary shares were issued to WMC Resources Ltd as part of the consideration for the acquisition of St. Ives and Agnew mining operations from WMC Limited and WMC Resources Ltd. See Information on the Company Gold Fields Mining Operations Ghana Operation Damang. In addition, on September 11, 2003, Gold Fields issued 564,841 ordinary shares to Outokumpu Oy, or Outokumpu, as part of the consideration for the acquisition of Outokumpu's 49% interest in the Arctic Platinum Project, or APP. See Information on the Company Exploration Arctic Platinum Project.

At a general meeting held on November 17, 2005, Gold Fields' shareholders approved a resolution authorizing the Gold Fields Board to allot and issue additional ordinary shares for cash up to a maximum of 10% of the issued ordinary shares in any one financial year, subject to the JSE Rules. Under the JSE rules, any such issue, together with any other shares issued in that financial year, in the aggregate cannot exceed 15% of the number of shares in Gold Fields' issued share capital on the date an application is made to the JSE in respect of that issuance, less any other shares issued in that financial year. This general authority is valid until Gold Fields' next annual general meeting or 15 months from the date on which the resolution was passed, whichever is earlier.

The following table sets forth changes in Gold Fields' issued share capital for the periods indicated:

As of	Total Issued Ordinary Shares	Total Authorized Ordinary Shares
June 30, 2003(1)	472,364,872	1,000,000,000
June 30, 2004(2)	491,492,520	1,000,000,000

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June 30, 2005(3)	492,294,226	1,000,000,000
November 30, 2005(4)	492,114,739	1,000,000,000

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### Notes:

- (1) Reflects the issuance of 1,842,648 ordinary shares issued under the GF Management Incentive Scheme and the GF Non-Executive Director Share Plan.
- (2) Reflects the issuance of 19,127,648 ordinary shares, of which 564,841 shares issued to Outokumpu as part of the consideration for Gold Fields' purchase of Outokumpu's 49% stake in the Arctic Platinum Project, 17,250,000 shares issued in an international private placement, 1,300,977 shares issued under the GF Management Incentive Scheme and the GF Non-Executive Director Share Plan and 11,830 shares issued to others.
- (3) Reflects the issuance of 801,706 ordinary shares issued under the GF Management Incentive Scheme and the GF Non-Executive Share Plan.
- (4) Reflects the repurchase by the company of 1,000,000 of its ordinary shares at a weighted average price of Rand 74.89, which were de-listed and cancelled on August 17, 2005 and the issuance of 333,681 ordinary shares issued under the GF Management Incentive Scheme and the GF Non-Executive Director Share Plan.

### Dividends and Payments to Shareholders

Gold Fields may make payments (including the payment of dividends) to its shareholders from time to time in accordance with provisions of the Companies Act and the requirements of the JSE and Gold Fields' Articles of Association. The Companies Act prohibits a payment (including the payment of any dividend) to a company's shareholders if there are reasonable grounds for believing that:

the company is, or would be after the payment, unable to pay its debts as they become due; or

the consolidated assets of the company fairly valued would, after the payment, be less than the consolidated liabilities of the company.

Subject to the above requirements, the shareholders of Gold Fields in a general meeting or the directors may from time to time declare a dividend or any other payment to be paid to shareholders and to the holders of share warrants (if any) in proportion to the number of shares held by them.

All unclaimed dividends or other payments to shareholders may be invested or otherwise be made use of by the directors for the benefit of Gold Fields until claimed, provided that any dividend or bonus or other payment to shareholders remaining unclaimed for a period of not less than three years from the date on which it became payable may be forfeited by resolution of the directors for the benefit of Gold Fields.

### **Voting Rights**

Every shareholder of Gold Fields, or representative of a shareholder, who is present at a shareholders meeting has one vote on a show of hands, regardless of the number of shares he holds or represents or number of shareholders he represents, unless a poll is demanded. Every Gold Fields shareholder is, on a poll, entitled to one vote per ordinary share held. A poll may be demanded by any person entitled to vote at the meeting. Neither the Companies Act nor Gold Fields Articles of Association provide for cumulative voting.

A shareholder is entitled to appoint a proxy to attend, speak and vote at any meeting on his or her behalf. The proxy need not be a shareholder.

### **Issue of Additional Shares and Pre-emptive Rights**

Shareholder approval is required for any issuance of additional shares. Shareholders may either convey a general or specific authority to directors to issue shares. A general authority is valid until the next annual general meeting.

The JSE and Gold Fields Articles of Association require that any new issue of equity shares by Gold Fields must first be offered to existing shareholders in proportion to their shareholding in the company unless, among other things, the issuance to new shareholders is:

pursuant to a shareholder approved employee share incentive scheme;

for the acquisition of an asset, provided that if the issue is more than 30% of the company's issued share capital, a simple majority of shareholders must vote in favor of the acquisition;

to raise cash through a general issuance in the discretion of the directors to the general public (but not to related parties) of up to 15% of the issued share capital in any one fiscal year at an issue price with a discount not exceeding

10% of the 30 business day weighted average trading price prior to the date the application is made to the JSE to list the shares provided that a 75% majority of votes cast by shareholders at a general meeting must approve the granting of such authority to the directors; or

to raise cash through a specific issuance of shares for cash, provided that a 75% majority of shareholders, other than controlling shareholders, vote in favor of the resolution to issue the shares at a general meeting.

#### **Transfer of Shares**

The transfer of any Gold Fields certificated share will be implemented in accordance with the provisions of the Companies Act using the then common form of transfer. Dematerialized shares which have been traded on the JSE are transferred on the STRATE system and delivered three business days after each trade. The transferor of any share is deemed to remain the holder of that share until the name of the transferee is entered in Gold Fields' register for that share. Since Gold Fields shares are traded through STRATE, only shares which have been dematerialized may be traded on the JSE. Accordingly, Gold Fields shareholders who hold shares in certificated form will need to dematerialize their shares in order to trade on the JSE.

#### **Disclosure of Interest in Shares**

Under South African law, a registered holder of Gold Fields' shares who is not the beneficial owner of such shares is required to disclose every three months to Gold Fields the identity of the beneficial owner and the number and class of securities held on behalf of the beneficial owner. Moreover, Gold Fields may, by notice in writing, require a person who is a registered shareholder, or whom Gold Fields knows or has reasonable cause to believe has a beneficial interest in Gold Fields' ordinary shares, to confirm or deny whether or not such person holds the ordinary shares or beneficial interest and, if the ordinary shares are held for another person, to disclose to Gold Fields the identity of the person on whose behalf the ordinary shares are held. Gold Fields may also require the person to give particulars of the extent of the beneficial interest held during the three years preceding the date of the notice. Gold Fields is obligated to establish and maintain a register of the disclosures described above and to publish in its annual financial statements a list of the persons who hold beneficial interest equal to or in excess of 5% of the total number of ordinary shares issued by Gold Fields together with the extent of those beneficial interests.

### **General Meetings of Shareholders**

The directors may convene general meetings of Gold Fields' shareholders and a general meeting may also be convened on a requisition by shareholders made pursuant to the Companies Act. Gold Fields is obligated to hold an annual general meeting for each fiscal year within nine months of the end of each fiscal year and prior to 15 months after the date of the last annual general meeting.

Annual general meetings and meetings calling for the passage of a special resolution require 21 days' notice in writing of the place, day and time of the meeting to shareholders. Any other general meeting of Gold Fields' shareholders requires at least 14 days' notice in writing to shareholders.

Business may be transacted at any meeting of shareholders only while a quorum of shareholders is present. Three shareholders present personally or by representative and entitled to vote constitutes a quorum for a general meeting and an annual general meeting.

The annual general meeting deals with and disposes of all matters prescribed by Gold Fields' Articles of Association and by the Companies Act, including:

the consideration of the audited financial statements and report of the independent accountants; and

the election of directors.

### **Annual Report and Accounts**

Gold Fields is required to keep the accounting records and books of accounts as are necessary to present the state of affairs of the company and to explain the financial position of the company as prescribed by the Companies Act. No shareholder (who is not a director of Gold Fields) has the right to inspect any account or book or document of Gold Fields, except as conferred by the Companies Act or authorized by the directors or by a resolution of Gold Fields in general meeting.

The directors of Gold Fields will cause to be prepared annual financial statements and an annual report as required by the Companies Act and the JSE Listing Requirements. Gold Fields will send by mail to the registered address of every shareholder a copy of the annual report and annual financial statements. Not later than three months after the first six months of its financial year, Gold Fields will mail to every shareholder an interim report for the previous six month period.

### **Changes in Capital or Objects and Powers of Gold Fields**

The Gold Fields shareholders may, by the passing of a special resolution in accordance with the provisions of the Companies Act:

increase Gold Fields' authorized share capital;

divide all or any part of Gold Fields' share capital into shares of larger amount than Gold Fields' existing shares or consolidate and reduce the number of the issued no par value shares, if any;

subdivide all or any portion of Gold Fields' shares into shares of a smaller amount than is fixed by Gold Fields Memorandum of Association;

convert all of Gold Fields' ordinary or preference share capital from having a par value into shares of no par value;

reduce Gold Fields' authorized share capital and, if required by law, its issued share capital, stated capital and any capital redemption reserve fund or any share premium account;

alter the provisions of Gold Fields' Memorandum of Association with respect to the objects and powers of the company; and

subject to the provisions of the Companies Act or any other South African law governing companies and the requirements of the JSE and any other stock exchange upon which the shares of Gold Fields may be quoted or listed from time to time, allow Gold Fields to acquire shares issued by itself or by its holding company or in any subsidiary of its holding company from time to time, and provided that:

the directors may resolve that any return of capital made to all or any shareholders whose registered addresses are outside South Africa will, subject to any exchange control regulations then in force, be paid in such other currencies as may be stipulated by the directors. The directors may also stipulate the date for converting Rand to those currencies and the provisional rate of exchange, provided that the date for conversion must be within a period of 30 days prior to the date of payment; and

all unclaimed amounts due as a result of a reduction of capital or any consolidation or subdivision of capital may be invested or otherwise made use of by the directors for the benefit of Gold Fields until claimed.

#### **Variation of Rights**

All or any of the rights, privileges or conditions attached to Gold Fields' ordinary shares may be varied by a special resolution of Gold Fields passed in accordance with the provisions of the Companies Act.

#### **Distribution of Assets on Liquidation**

In the event of voluntary or compulsory liquidation, dissolution or winding up, the assets remaining after payment of all the debts and liabilities of Gold Fields, including the costs of liquidation, shall be dealt with by a liquidator who may, with the sanction of a special resolution, among other things, divide among the shareholders any part of the assets of Gold Fields, and may vest any part of the assets of Gold Fields as the



liquidator deems fit in trustees for the benefit of shareholders. The division of assets is not required to be done in accordance with the legal rights of shareholders of Gold Fields. In particular, any class may be given preferential or special rights or may be partly or fully excluded.

### **Purchase of Shares**

The Companies Act permits the establishment of share incentive trusts for the purpose of purchasing shares of a company for the benefit of its employees, including salaried directors. These share incentive trusts are permitted to extend loans to company employees, other than non-salaried directors, for the purpose of purchasing or subscribing for shares of the company.

Gold Fields may, if authorized by special resolution, acquire its own shares; provided that there are no reasonable grounds for believing that Gold Fields is or would be, after the payment, unable to pay its debts or that Gold Fields' consolidated assets would, after the payment, be less than its consolidated liabilities. The procedure for acquisition of shares by Gold Fields is regulated by its Articles of Association, the Companies Act and the Listings Requirements of the JSE.

### **Borrowing Powers**

The directors may exercise all the powers of Gold Fields to borrow money and to give all or any part of its property as security and to issue debentures or debenture stock (whether secured or unsecured) and other securities (with such special privileges, if any, as to allotment of shares or stock, attending and voting at general meetings, appointment of directors or otherwise as may be sanctioned by a general meeting) whether outright or as security for any debt, liability or obligation of Gold Fields or of any third party. Gold Fields has unlimited borrowing powers.

### **Non-South African Shareholders**

There are no limitations imposed by South African law or by the Articles of Association of Gold Fields on the rights of non-South African shareholders to hold or vote Gold Fields' ordinary shares.

### **Rights of Minority Shareholders and Directors' Duties**

Majority shareholders of South African companies have no fiduciary obligations under South African common law to minority shareholders. However, under the Companies Act, a shareholder may, under certain circumstances, seek relief from the court if he has been unfairly prejudiced by the company. There may also be common law personal actions available to a shareholder of a company.

In South Africa, the common law imposes on directors' duties to, among other things, act with care, skill and diligence and to conduct the company's affairs honestly and in the best interests of the company.



## Material Contracts

### *Mvelaphanda Transaction*

On March 8, 2004, the shareholders of Gold Fields approved a series of transactions, referred to in this discussion as the Mvelaphanda Transaction, involving the acquisition by Mvelaphanda Resources Limited, or Mvela Resources, of a 15% beneficial interest in the South African gold mining assets of Gold Fields for cash consideration of Rand 4,139 million. In connection with the Mvelaphanda Transaction:

on July 25, 2003, Beatrix Mining Ventures Limited, or Beatrix, Driefontein Consolidated (Proprietary) Limited, or Driefontein, Kloof Gold Mining Company Limited, or Kloof, GFL Mining Services Limited, or GFLMS, Gold Fields and Newshelf 706 Limited, or GFIMSA, entered into a reorganization agreement, or the Reorganization Agreement, pursuant to which each of the Driefontein, Kloof and Beatrix mining operations were transferred to a new, wholly owned subsidiary of Gold Fields;

on November 26, 2003, Gold Fields, Mvela Resources, Mvelaphanda Gold (Proprietary) Limited, or Mvela Gold, a wholly owned subsidiary of Mvela Resources, and GFI Mining South Africa (Proprietary) Limited, or GFIMSA, entered into a covenant agreement, or the Covenants Agreement, regulating their rights and obligations with respect to GFIMSA;

on December 11, 2003, Gold Fields, GFIMSA, Mvela Gold, First Rand Bank Limited, Gold Fields Australia Pty Limited and Gold Fields Guernsey entered into a loan agreement, or the Mvela Loan Agreement, pursuant to which Mvela Gold advanced a loan of Rand 4,139 million, or the Mvela Loan, to GFIMSA on March 17, 2004;

on December 11, 2003, Gold Fields, GFIMSA, and Mvela Gold entered into a subscription and share exchange agreement, or the Subscription and Share Exchange Agreement, pursuant to which, upon repayment of the Mvela Loan, Mvela Gold must subscribe for shares equal to 15% of GFIMSA's outstanding share capital, including newly issued shares, for consideration of Rand 4,139 million;

on February 12, 2004, Beatrix, Kloof, Driefontein, GFLMS, Gold Fields and GFIMSA entered into Addendum Number 1 to the Reorganization Agreement;

on February 13, 2004 Gold Fields, GFIMSA, Mvela Gold, First Rand Bank Limited, Gold Fields Australia Pty Limited and Gold Fields Guernsey entered into an addendum to the Mvela Loan Agreement, principally in order to add and clarify certain definitions;

on February 13, 2004, Gold Fields, GFLMS and the Public Investment Commissioners, or the PIC, entered into a put option agreement pursuant to which Gold Fields has effectively guaranteed a loan of Rand 150 million from the PIC to a special purpose entity established by

the mezzanine lenders that funded, in part, the Mvela Loan;

on November 17, 2004, Gold Fields, GFLMS, Mvela Gold, Mvela Resources and GFIMSA entered into an agreement amending the existing agreements relating to the Mvelaphanda Transaction, including, among others, the Subscription and Share Exchange Agreement, and the Covenants Agreement; and

on November 17, 2004, Gold Fields, GFLMS, Mvela Gold, Gold Fields Australia, Gold Fields Guernsey, First Rand Bank Limited and GFIMSA entered into a second addendum to the Mvela Loan Agreement.

See Operating and Financial Review and Prospects Overview Mvelaphanda Transaction.

#### ***Acquisition of Bolivar Gold Corp.***

On November 21, 2005, Gold Fields and Bolivar Gold Corp., or Bolivar, jointly announced that they had entered into an agreement providing for Gold Fields to purchase, through a court approved plan of arrangement, all of the securities of Bolivar for total cash consideration of approximately \$330 million. Bolivar securityholders will be offered C\$3.00 per Bolivar common share and C\$1.90, C\$1.25 and C\$0.40 per Bolivar warrant expiring on March 17, 2008, August 25, 2008 and December 22, 2009, respectively. The consideration for the warrants is calculated based on the greater of (i) the amount of consideration per common share minus the warrant strike price and (ii) a premium equal to the premium payable to common shareholders based on the closing price on November 18, 2005. Furthermore, in accordance with a trust indenture, the transaction will trigger the redemption of a convertible debenture at C\$1,095.25 in cash per C\$1,000 principal amount for a total amount of \$24.1 million, included in the total purchase consideration referred to above.

The transaction is subject to the approval of 66 2/3% of the Bolivar shareholders and warrant holders, of which Gold Fields currently holds approximately 15.5% of the common shares and 32% of the warrants expiring on August 25, 2008. Bolivar shareholders are expected to vote on the deal January 12, 2006. Definitive agreement documentation was executed on December 1, 2005, and the SARB has also approved the agreement.

Each of Gold Fields and Bolivar's Boards of Directors have voted to approve the transaction and it is expected that the transaction will close in January 2006, subject to certain conditions being satisfied.

Bolivar is listed on the Toronto Stock Exchange and operates the Choco 10 open pit gold mine in the El Callao gold district in the Bolivar State, Venezuela.

See Operating and Financial Review and Prospects Recent Developments.

#### ***Arctic Platinum Project***

On September 11, 2003, Gold Fields Limited exercised its pre-emptive right to acquire Outokumpu's 49% stake in the Arctic Platinum Project in Finland, in which Gold Fields held a 51% majority share.

The Arctic Platinum partnership agreement between Gold Fields and Outokumpu contained the right of pre-emption in favor of both parties in respect of any intended disposals by either party of their interest in the Arctic Platinum project. Pursuant to a purchase agreement dated September 4, 2003, Gold Fields paid \$31 million to Outokumpu consisting of \$23 million in cash and Gold Fields ordinary shares worth \$8 million, determined based on the average closing price of the ordinary shares as quoted on the JSE for the three days prior to September 11, 2003.

#### ***Sale of Driefontein Mining Area to AngloGold***

On September 18, 2003, Gold Fields and AngloGold Limited, or AngloGold, announced that an agreement has been reached on the sale of a portion of the Driefontein mining area to AngloGold for cash consideration of Rand 315 million. The transaction related to mining area is Block 1C11, which covers an area of 280,000 square meters and is located on the western boundary of the Driefontein mine. The mining area can be accessed from the adjacent TauTona mining operation of AngloGold. The sale, which was conditional upon approval by the South African Competition Commission, was finalized in January 2004.

#### ***Management and Other Compensatory Plans and Arrangements***

Gold Fields' share plan, the Gold Fields Limited 2005 Share Plan, was approved by the shareholders on November 17, 2005 and is available to its executive officers and other employees. See [Directors, Senior Management and Employees](#) - The Gold Fields Limited 2005 Share Plan.

Gold Fields' shareholders also approved on November 17, 2005 a new share plan available to its non-executive directors. See [Directors, Senior Management and Employees](#) - The Gold Fields Limited 2005 Non-Executive Director Share Plan.

Gold Fields' share option scheme, the GF Management Incentive Scheme, was adopted on November 10, 1999 and is available to its executive officers and other employees. See [Directors, Senior Management and Employees](#) - The GF Management Incentive Scheme.

Gold Fields also has a share option plan available to its non-executive directors. See Directors, Senior Management and Employees The GF Non-Executive Director Share Plan.

Gold Fields also has a profit sharing plan available to its exploration employees that was adopted on May 25, 1999 and amended by the Compensation Committee on August 22, 2000. See Directors, Senior Management and Employees The Exploration Incentive Plan.

Ian D. Cockerill, Gold Fields Chief Executive Officer and an executive director of Gold Fields, is party to two employment agreements: one with Gold Fields Guernsey and the other with GFL Mining Services Ltd., or GFLMSL. See Directors, Senior Management and Employees Directors Terms of Employment.

Nicholas J. Holland, Gold Fields Chief Financial Officer and an executive director of Gold Fields, is party to two employment agreements: one with Gold Fields Guernsey and the other with GFLMSL. See Directors, Senior Management and Employees Directors Terms of Employment.

### **Deposit Agreement**

Gold Fields has an American Depositary Receipt facility. In connection with this facility, Gold Fields is party to a Deposit Agreement, dated as of February 2, 1998, as amended and restated as of May 21, 2002 among Gold Fields, The Bank of New York, as Depositary, and all owners and holders from time to time of American Depositary Receipts issued thereunder.

This summary is subject to and qualified in its entirety by reference to the Deposit Agreement, including the form of ADRs attached thereto. Terms used in this section and not otherwise defined will have the meanings set forth in the Deposit Agreement. Copies of the Deposit Agreement are available for inspection at the Corporate Trust Office of the Depositary, located at 101 Barclay Street, New York, New York 10286. The Depositary's principal executive office is located at One Wall Street, New York, New York 10286.

### **American Depositary Receipts**

Each Gold Fields ADS represents ownership interests in one Gold Fields ordinary share and the rights attributable to one Gold Fields ordinary share that Gold Fields will deposit with one of the custodians, which currently are Standard Bank of South Africa, ABSA Bank Limited, French Bank of South Africa, First National Bank of South Africa and Nedcor Bank Limited. Each Gold Fields ADR also represents securities, cash or other property deposited with The Bank of New York but not distributed to holders of Gold Fields ADRs.

As The Bank of New York will actually be the holder of the underlying ordinary shares, Gold Fields will not treat you as one of its shareholders. As a holder of ADSs, you will have ADR holder rights. A Deposit Agreement among Gold Fields, The Bank of New York and you, as a Gold Fields ADR holder, sets out the ADR holders' rights and obligations of The Bank of New York, as depositary. New York state law governs the Deposit Agreement and the ADRs evidencing the Gold Fields ADSs.

You may hold ADRs either directly or indirectly through your broker or financial institution. If you hold ADRs directly, you are an ADR holder. This description assumes you hold your ADRs directly. If you hold the ADRs indirectly, you must rely on the procedures of your broker or financial institution to assert the rights of ADR holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

***Share Dividends and Other Distributions***

*How will you receive dividends and other distributions on the ordinary shares?*

The Bank of New York will pay to you the cash dividends or other distributions it or the custodian receives on the ordinary shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your Gold Fields ADSs represent.

Cash:

The Bank of New York will convert any cash dividend or distribution Gold Fields pays on the ordinary shares, other than any dividend or distribution paid in U.S. dollars, into U.S. dollars. If that is not possible on a reasonable basis, or if any approval from any government is needed and cannot be obtained, the Deposit Agreement allows The Bank of New York to distribute the foreign currency only to those ADS holders to whom it is possible to do so or to hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, The Bank of New York will deduct any withholding taxes that must be paid under applicable laws. It will distribute only whole U.S. dollars and cents and will round any fractional amounts to the nearest whole cent. If the exchange rates fluctuate during a time when The Bank of New York cannot convert the foreign currency, you may lose some or all of the value of the distribution.

Ordinary shares:

The Bank of New York will distribute new ADRs representing any ordinary shares Gold Fields distributes as a dividend or free distribution, if Gold Fields requests that The Bank of New York make this distribution and if Gold Fields furnishes The Bank of New York promptly with satisfactory evidence that it is legal to do so. The Bank of New York will only distribute whole ADRs. It will sell ordinary shares which would require it to issue a fractional ADS and distribute the net proceeds to the holders entitled to those ordinary shares. If The Bank of New York does not distribute additional cash or ADSs, each ADS will also represent the new ordinary shares.

Right to purchase additional ordinary shares:

If Gold Fields offers holders of securities any rights, including rights to subscribe for additional ordinary shares, The Bank of New York may take actions necessary to make these rights available to you. Gold Fields must first instruct The Bank of New York to do so and furnish it with satisfactory evidence that it is legal to do so. If Gold Fields does not furnish this evidence and/or give these instructions, and The Bank of New York determines that it is practical to sell the rights, The Bank of New York may sell the rights and allocate the net proceeds to holders' accounts. The Bank of New York may allow rights that are not distributed or sold to lapse. In that case, you will receive no value for them.

If The Bank of New York makes rights available to you, upon instruction from you it will exercise the rights and purchase the ordinary shares on your behalf. The Bank of New York will then deposit the ordinary shares and deliver ADSs to you. It will only exercise rights if you pay The Bank of New York the exercise price and any charges the rights require you to pay. U.S. securities laws may restrict the sale, deposit, cancellation, and transfer of the ADSs issued after exercise of rights. In this case, The Bank of New York may deliver the ADSs under a separate restricted deposit agreement, which will contain the same provisions as the Deposit Agreement, except for changes needed to put the restrictions in place. The Bank of New York will not offer you rights unless those rights and the securities to which the rights relate are either exempt from registration or have been registered under the Securities Act of 1933 with respect to a distribution to you.

Other distributions:

The Bank of New York will send to you anything else Gold Fields distributes on deposited securities by any means The Bank of New York thinks is legal, fair and practical. If it cannot make the distribution in that way, The Bank of New York may decide to sell what Gold Fields distributed for example by public or private sale and distribute the net proceeds, in the same way as it does with cash, or it may decide to hold what Gold Fields distributed, in which case the ADRs will also represent the newly distributed property.

The Bank of New York is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADR holder. Gold Fields will have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to ADS holders. This means that you may not receive the distribution Gold Fields makes on its ordinary shares or any value for them if it is illegal or impractical for Gold Fields to make them available to you.

***Deposit, Withdrawal and Cancellation***

*How does the Depositary issue ADSs?*

The Bank of New York will deliver the ADSs that you are entitled to receive in the offer against deposit of the underlying ordinary shares. The Bank of New York will deliver additional ADSs if you or your broker deposit ordinary shares with the custodian. You must also deliver evidence satisfactory to The Bank of New York of any necessary approvals of the governmental agency in South Africa, if any, which is responsible for regulating currency exchange at that time. If required by The Bank of New York, you must in addition deliver an agreement transferring your rights as a shareholder to receive dividends or other property. Upon payment of its fees and of any taxes or charges, The Bank of New York will register the appropriate number of ADSs in the names you request and will deliver the ADRs at its Corporate Trust Office to the persons you request.

*How do ADS holders cancel an ADS and obtain ordinary shares?*

You may submit a written request to withdraw ordinary shares and turn in your ADRs evidencing your ADSs at the Corporate Trust Office of The Bank of New York. Upon payment of its fees and of any taxes or charges, such as stamp taxes or stock transfer taxes, The Bank of New York will deliver the deposited securities underlying the ADSs to an account designated by you at the office of the custodian. At your request, risk and expense, The Bank of New York may deliver at its Corporate Trust Office any dividends or distributions with respect to the deposited securities represented by the ADSs, or any proceeds from the sale of any dividends, distributions or rights, which may be held by The Bank of New York.

***Record Dates***

Whenever any distribution of cash or rights, change in the number of ordinary shares represented by ADSs or notice of a meeting of holders of ordinary shares or ADSs is made, The Bank of New York will fix a record date for the determination of the owners entitled to receive the benefits, rights or notice.

***Voting of Deposited Securities***

***How do you vote?***

If you are an ADS holder on a record date fixed by The Bank of New York, you may exercise the voting rights of the same class of securities as the ordinary shares represented by your ADSs, but only if Gold Fields asks The Bank of New York to ask for your instructions. Otherwise, you won't be able to exercise your right to vote unless you withdraw the ordinary shares.

However, you may not know about the meeting enough in advance to withdraw the ordinary shares. If Gold Fields asks for your instructions, The Bank of New York will notify you of the upcoming meeting and arrange to deliver certain materials to you. The materials will: (1) include all information included with the meeting notice sent by Gold Fields to The Bank of New York, (2) explain how you may instruct The Bank of New York to vote the ordinary shares or other deposited securities underlying your ADSs as you direct if you vote by mail or by proxy and (3) include a voting instruction card and any other information required under South African law that Gold Fields and The Bank of New York will prepare. For instructions to be valid, The Bank of New York must receive them on or before the date specified in the instructions. The Bank of New York will try, to the extent practical, subject to applicable law and the provisions of the by-laws of Gold Fields, to vote or have its agents vote the underlying shares as you instruct. The Bank of New York will only vote, or attempt to vote, as you instruct. However, if The Bank of New York does not receive your voting instructions, it will give a proxy to vote your ordinary shares to a designated representative of Gold Fields, unless Gold Fields informs The Bank of New York that either: (1) it does not want the proxy issued, (2) substantial opposition exists or (3) the matter materially and adversely affects the rights of holders of ordinary shares.

Gold Fields cannot assure that you will receive the voting materials in time to ensure that you can instruct The Bank of New York to vote your ordinary shares. In addition, The Bank of New York and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and there may be nothing you can do if your ordinary shares not voted as you requested.

***Inspection of Transfer Books***

The Bank of New York will keep books for the registration and transfer of ADRs. These books will be open at all reasonable times for inspection by you, provided that you are inspecting the books for a purpose related to Gold Fields or the Deposit Agreement or the ADRs.

***Reports and Other Communications***



The Bank of New York will make available for your inspection at its Corporate Trust Office any reports or communications, including any proxy material, received from Gold Fields, as long as these materials are received by The Bank of New York as the holder of the deposited securities and generally available to Gold Fields shareholders. At Gold Fields' written request, The Bank of New York will also send copies of reports, notices and communications to you.

***Fees and Expenses***

The Bank of New York, as Depositary, will charge any party depositing or withdrawing ordinary shares or any party surrendering ADRs or to whom ADRs are issued:

<b>For:</b>	<b>Gold Fields ADS holders must pay:</b>
each issuance of a Gold Fields ADS, including as a result of a distribution of ordinary shares or rights or other property or upon exercise of a warrant to purchase an ADS	\$5.00 or less per 100 Gold Fields ADSs or portion thereof
each distribution of securities distributed to holders of Gold Fields' ordinary shares which are distributed by The Bank of New York to Gold Fields' ADR holders	any fees that would be payable if the securities had been ordinary shares and those ordinary shares had been deposited for the issuance of ADSs
each cancellation of a Gold Fields ADS, including if the	\$5.00 or less per 100 Gold Fields ADSs or portion thereof
Deposit Agreement terminates	not more than \$0.02 per ADS (or portion thereof)
each cash distribution pursuant to the Deposit Agreement	not more than \$0.02 per ADS (or partition thereof) paid annually, provided that, this fee will not be charged if the \$0.02 fee for cash distributions described above was charged during the calendar year
annual depository services transfer and registration of ordinary shares on Gold Fields' share register from your name to the name The Bank of New York or its agent when you deposit or withdraw ordinary	registration or transfer fees
	expenses of The Bank of New York
	expenses of The Bank of New York

shares  
conversion of foreign currency to U.S. dollars  
cable, telex and facsimile transmission expenses,  
if expressly  
provided in the Deposit Agreement as necessary

certain taxes and governmental charges The  
Bank of New York or the custodian has to pay on  
any Gold Fields ADS or ordinary share  
underlying a Gold Fields ADS

***Payment of Taxes***

You will be responsible for any taxes or other governmental charges payable on your ADRs or on the deposited securities underlying your ADRs. The Bank of New York may deduct the amount of any taxes owed from any payments to you. It may also restrict or refuse the transfer of your Gold Fields ADSs or restrict or refuse the withdrawal of your underlying deposited securities until you pay any taxes owed on your Gold Fields ADSs or underlying securities. It may also sell deposited securities to pay any taxes owed. You will remain liable if the proceeds of the sale are not enough to pay the taxes. If The Bank of New York sells deposited securities, it will, if appropriate, reduce the number of Gold Fields ADSs held by you to reflect the sale and pay to you any proceeds, or send to you any property, remaining after it has paid the taxes.

***Reclassifications, Recapitalizations and Mergers***

If Gold Fields:

changes the par value of any of the Gold Fields ordinary shares,  
reclassifies, splits or consolidates any of the Gold Fields ordinary shares,  
distributes securities on any of the Gold Fields ordinary shares that are not distributed to you, or  
recapitalizes, reorganizes, merges, consolidates, sells its assets, or takes any similar action, then:

the cash, ordinary shares or other securities received by The Bank of New York will become new deposited securities under the Deposit Agreement, and each Gold Fields ADS will automatically represent the right to receive a proportional interest in the new deposited securities; and The Bank of New York may and will, if Gold Fields asks it to, distribute some or all of the cash, ordinary shares or other securities it received. It may also issue new Gold Fields ADSs or ask you to surrender your outstanding Gold Fields ADSs in exchange for new Gold Fields ADSs identifying the new deposited securities.

***Amendment and Termination of the Deposit Agreement***

*How may the Deposit Agreement be amended?*

Gold Fields may agree with The Bank of New York to amend the Deposit Agreement and the Gold Fields ADRs without your consent for any reason. If the amendment adds or increases fees or charges, except for taxes and governmental charges, or prejudices an important right of Gold Fields ADS holders, it will only become effective 30 days after The Bank of New York notifies you of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the agreement as amended. However, no amendment will impair your right to receive the deposited securities in exchange for your Gold Fields ADSs.

*How may the Deposit Agreement be terminated?*

The Bank of New York will terminate the Deposit Agreement if Gold Fields asks it to do so, in which case it must notify you at least 30 days before termination. The Bank of New York may also terminate the agreement after notifying you if The Bank of New York informs Gold Fields that it would like to resign and Gold Fields does not appoint a new depositary bank within 90 days.

If any Gold Fields ADSs remain outstanding after termination, The Bank of New York will stop registering the transfer of Gold Fields ADSs, will stop distributing dividends to Gold Fields ADS holders, and will not give any further notices or do anything else under the Deposit Agreement other than:

collect dividends and distributions on the deposited securities;

sell rights and other property offered to holders of deposited securities; and

deliver ordinary shares and other deposited securities upon cancellation of Gold Fields ADSs.

At any time after one year after termination of the Deposit Agreement, The Bank of New York may sell any remaining deposited securities by public or private sale. After that, The Bank of New York will hold the money it received on the sale, as well as any cash it is holding under the Deposit Agreement, for the pro rata benefit of the Gold Fields ADS holders that have not surrendered their Gold Fields ADSs. It will not invest the money and has no liability for interest. The Bank of New York's only obligations will be to account for the money and cash. After termination, Gold Fields' only obligations will be with respect to indemnification of, and to pay specified amounts to, The Bank of New York.

***Your Right to Receive the Ordinary Shares Underlying Your Gold Fields ADSs***

You have the right to cancel your Gold Fields ADSs and withdraw the underlying ordinary shares at any time except:

due to temporary delays caused by The Bank of New York or Gold Fields closing its transfer books, the transfer of ordinary shares is blocked in connection with voting at a shareholders' meeting, or Gold Fields is paying dividends;

when you or other ADR holders seeking to withdraw ordinary shares owe money to pay fees, taxes and similar charges; or

when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to Gold Fields ADSs or to the withdrawal of ordinary shares or other deposited securities.

This right of withdrawal may not be limited by any provision of the Deposit Agreement.

***Limitations on Obligations and Liability to Gold Fields ADS Holders***

The Deposit Agreement expressly limits the obligations of Gold Fields and The Bank of New York. It also limits the liability of Gold Fields and The Bank of New York. Gold Fields and The Bank of New York:

are only obligated to take the actions specifically set forth in the Deposit Agreement without negligence or bad faith;

are not liable if either of them is prevented or delayed by law, any provision of the Gold Fields by-laws or circumstances beyond their control from performing their obligations under the agreement;

are not liable if either of them exercises, or fails to exercise, discretion permitted under the agreement;

have no obligation to become involved in a lawsuit or proceeding related to the ADSs or the Deposit Agreement on your behalf or on behalf of any other party unless they are indemnified to their satisfaction; and

may rely upon any advice of or information from any legal counsel, accountants, any person depositing ordinary shares, any Gold Fields ADS holder or any other person whom they believe in good faith is competent to give them that advice or information.

In the Deposit Agreement, Gold Fields and The Bank of New York agree to indemnify each other under specified circumstances.

*Requirements for Depositary Actions*

Before The Bank of New York will deliver or register the transfer of a Gold Fields ADS, make a distribution on a Gold Fields ADS, or permit withdrawal of ordinary shares, The Bank of New York may require:

payment of taxes, including stock transfer taxes or other governmental charges, and transfer or registration fees charged by third parties for the transfer of any ordinary shares or other deposited securities, as well as the fees and expenses of The Bank of New York;

production of satisfactory proof of the identity of the person presenting ordinary shares for deposit or Gold Fields ADSs upon withdrawal, and of the genuineness of any signature; and

compliance with regulations The Bank of New York may establish consistent with the Deposit Agreement, including presentation of transfer documents.

The Bank of New York may refuse to deliver, transfer, or register transfer of Gold Fields ADSs generally when the transfer books of The Bank of New York are closed or at any time if The Bank of New York or Gold Fields thinks it advisable to do so.

*Pre-Release of Gold Fields ADSs*

In certain circumstances, subject to the provisions of the Deposit Agreement, The Bank of New York may deliver Gold Fields ADSs before deposit of the underlying ordinary shares. This is called a pre-release of Gold Fields ADSs. The Bank of New York may also deliver ordinary shares prior to the receipt and cancellation of pre-released Gold Fields ADSs (even if those Gold Fields ADSs are cancelled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying ordinary shares are delivered to The Bank of New York. The Bank of New York may receive Gold Fields ADSs instead of the ordinary shares to close out a pre-release. The Bank of New York may pre-release Gold Fields ADSs only under the following conditions:

before or at the time of the pre-release, the person to whom the pre-release is being made must represent to The Bank of New York in writing that it or its customer, as the case may be, owns the ordinary shares or Gold Fields ADSs to be deposited;

the pre-release must be fully collateralized with cash or collateral that The Bank of New York considers appropriate; and

The Bank of New York must be able to close out the pre-release on not more than five business days' notice.

The pre-release will be subject to whatever indemnities and credit regulations that The Bank of New York considers appropriate. In addition, The Bank of New York will limit the number of Gold Fields ADSs that may be outstanding at any time as a result of pre-release.



### ***Governing Law***

The Deposit Agreement is governed by the law of the State of New York.

### **South African Exchange Control Limitations Affecting Security Holders**

*The discussion below relates to exchange controls in force as of the date of this annual report. These controls are subject to change at any time without notice. It is not possible to predict whether existing exchange controls will be abolished, continued or amended by the South African government in the future. Investors are urged to consult a professional adviser as to the exchange control implications of their particular investments.*

Acquisitions of shares or assets of South African companies by non-South African purchasers solely for cash consideration are not generally subject to review by the SARB pursuant to South African exchange control regulations. An acquisition of shares or assets of a South African company by a non-South African purchaser may trigger the requirement for SARB review in other circumstances, such as if the consideration for the acquisition is shares in a non-South African company or if the acquisition is financed by a loan from a South African lender. Denial of SARB approval for an acquisition of shares or assets of a South African company may result in the transaction not being completed. Subject to this limitation, there are no restrictions on equity investments in South African companies and a foreign investor may invest freely in the ordinary shares and ADSs of Gold Fields.

There are no exchange control restrictions on the remittance in full of dividends declared out of trading profits to non-residents of the Common Monetary Area (comprising South Africa, the Kingdoms of Lesotho and Swaziland and the Republic of Namibia) by Gold Fields.

Under South African exchange control regulations, the ordinary shares and ADSs of Gold Fields are freely transferable outside South Africa between persons who are not residents of the Common Monetary Area. Additionally, where ordinary shares are sold on the JSE on behalf of shareholders of Gold Fields who are not residents of the Common Monetary Area, the proceeds of such sales will be freely exchangeable into foreign currency and remittable to them. Any share certificates held by non-resident Gold Fields shareholders will be endorsed with the words non-resident. The same endorsement, however, will not be applicable to ADSs of Gold Fields held by non-resident shareholders.

### **Taxation**

#### ***Certain South African Tax Considerations***

The discussion in this section sets forth the material South African tax consequences of the purchase, ownership and disposition of Gold Fields ordinary shares or ADSs under current South African law. Changes in the law may alter the tax treatment of Gold Fields ordinary shares or ADSs, possibly on a retroactive basis.

The following summary is not a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of Gold Fields' ordinary shares or ADSs and does not cover tax consequences that depend upon your particular tax circumstances. In particular, the following summary addresses tax consequences for holders of ordinary shares or ADSs who are not residents of, or who do not carry on business, in South Africa and who hold ordinary shares or ADSs as capital assets (that is, for investment purposes). For the purposes of the income tax treaty between South Africa and the United States, and South African tax law, a United States resident that owns Gold Fields ADSs will be treated as the owner of the Gold Fields ordinary shares represented by such ADSs. Gold Fields recommends that you consult your own tax advisor about the consequences of holding Gold Fields' ordinary shares or ADSs, as applicable, in your particular situation.

*Withholding tax on dividends*

Under South African law, no withholding tax applies to, and no other tax is payable by, shareholders or ADS holders on dividends paid to non-resident shareholders or non-resident ADS holders. It should be noted that any future decision to re-impose a withholding tax on dividends declared by South African resident companies to non-resident shareholders or non-resident ADS holders is generally permissible under the terms of a reciprocal tax treaty entered into between South Africa and the United States, or the Treaty; provided that the Treaty generally limits the withholding tax to 5% of the gross amount of the dividends if the beneficial owner of the shares is a company holding directly at least 10% of the voting stock of the company paying the dividends and to 15% of the gross amount of the dividends in all other cases. South Africa imposes a corporate tax known as a secondary tax on companies, or STC, at a rate of 12.5% on the distribution of earnings in the form of dividends on the company declaring the dividend. STC is a recognized form of tax in terms of the double taxation convention between South Africa and the United States, but does not constitute a withholding tax on dividends.

*Income tax and capital gains tax*

Non-resident holders of ordinary shares or ADSs will not be subject to income or capital gains tax in South Africa, with respect to the disposal of those ordinary shares or ADSs, unless the non-resident carried on business through a permanent establishment in South Africa, and the profits are realized in the ordinary course of that business.



*Stamp duty and uncertificated securities tax*

South African stamp duty is payable by the company on the issue of certificated shares at the rate of 0.25% of the higher of the consideration or the market value of the issue price. Uncertificated securities tax is payable in South Africa by the company in respect of the issue of dematerialized shares at the rate of 0.25% of the par value of such shares plus any premium payable therefore. The provisions of the Revenue Laws Amendment Act, which have been passed by Parliament and which are expected shortly to be promulgated, will abolish the South African stamp duty, with respect to both certificated and uncertificated shares, with effect from January 1, 2006.

On a subsequent registration of transfer of shares, stamp duty is generally payable for off-market transactions (that is, shares not sold through the JSE) and uncertificated securities tax, or UST, is generally payable for on-market transactions (that is, shares sold through the JSE in a dematerialized form), each at 0.25% of the market value of the shares concerned. Stamp duty is payable in South Africa regardless of whether the transfer is executed within or outside South Africa. A transfer of a dematerialized share can only occur in South Africa.

There are certain exceptions to the payment of stamp duty where, for example, the instrument of transfer is executed outside of South Africa and registration of transfer is effected in any branch register kept by the relevant company, subject to certain provisions set forth in the South African Stamp Duties Act of 1968. Although technically under the terms of current legislation it could be interpreted that transfers of ADSs between non-residents of South Africa could attract either stamp duty or UST, such transfers have not to date attracted either stamp duty or UST. However, if securities are withdrawn from the deposit facility or the relevant deposit agreement is terminated, either stamp duty or UST will be payable on the subsequent transfer of the shares. An acquisition of shares from the depository in exchange for ADSs representing the relevant underlying securities will also render an investor liable to pay South African stamp duty or UST in South Africa at the same rate as stamp duty or UST on a subsequent transfer of shares, upon the registration of the investor as the holder of the applicable shares on the company's register.

*U.S. Federal Income Tax Considerations*

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS DOCUMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion summarizes the material U.S. federal income tax consequences of the acquisition, ownership and disposition of ordinary shares and ADSs. This summary applies to you only if you are a beneficial owner of ordinary shares or ADSs and you are, for U.S. federal income tax purposes:

a citizen or resident of the United States;

a corporation created or organized under the laws of the United States or any State within the United States; or

otherwise subject to U.S. federal income tax on a net income basis in respect of the ordinary shares or ADSs.

The U.S. federal income tax treatment of a partner in a partnership that holds ordinary shares will depend upon the status of the partner and the activities of the partnership. If you are a partnership, you should consult your tax adviser concerning the U.S. federal income tax consequences to your partners of the acquisition, ownership and disposition of ordinary shares by you.

This summary only applies to holders that hold ordinary shares or ADSs as capital assets. This summary is based upon:

the current tax laws of the United States, including the Internal Revenue Code of 1986;

current U.S. Internal Revenue Service practice and applicable U.S. court decisions; and

the income tax treaty between the United States and South Africa.

This summary assumes that the obligations of the Depositary under the Deposit Agreement and any related agreements will be performed in accordance with their terms.

The following summary is of a general nature and does not address all U.S. federal income tax consequences that may be relevant to you in light of your particular situation. For example, this summary does not apply to:

investors that own (directly or indirectly) 10% or more of Gold Fields' voting stock;

financial institutions;

insurance companies;

investors liable for the alternative minimum tax;

individual retirement accounts and other tax-deferred accounts;

tax-exempt organizations;

dealers in securities or currencies;

investors that hold ordinary shares or ADSs as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes; or

investors whose functional currency is not the U.S. dollar.

This summary assumes that Gold Fields is not, and will not become, a passive foreign investment company, or PFIC, for U.S. federal income tax purposes, which it believes to be the case. Gold Fields' possible status as a PFIC must be determined annually and therefore may be subject to change. However, based on Gold Fields' current assets and income, and assuming that Gold Fields will continue to operate its business in the same manner as it has in the past, management believes that there is not a material risk that Gold Fields will become a PFIC in the future. If Gold Fields were to be a PFIC in any year in which you held Gold Fields' ordinary shares or ADSs, materially adverse consequences would result for you.

**The summary of U.S. federal income tax consequences set out below is for general information only. You are urged to consult your tax advisers as to the particular tax consequences to you of acquiring, owning and disposing of the ordinary shares and ADSs, including the applicability and effect of state, local, foreign and other tax laws and possible changes in tax law.**

#### *U.S. Holders of ADSs*

For U.S. federal income tax purposes, an owner of ADSs will be treated as the owner of the corresponding number of underlying ordinary shares held by the depository for the ADSs, and references to ordinary shares in the following discussion refer also to ADSs representing the ordinary shares.

#### *Taxation of Dividends*

Distributions paid out of Gold Fields' current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will generally be taxable to you as foreign source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions that exceed Gold Fields' current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of your basis in the ordinary shares and thereafter as capital gain. However, we do not maintain calculations of our earnings and profits in accordance with U.S. federal income tax accounting principles. You should therefore assume that any distribution by us with respect to the shares will constitute ordinary dividend income. You should consult your own tax advisors with respect to the appropriate U.S. federal income tax treatment of any distribution received from us. For purposes of determining limitations on any foreign tax credits, dividends paid by Gold Fields will generally constitute passive income.

For taxable years that begin before 2009, dividends paid by Gold Fields will be taxable to shareholders that are individuals at the special reduced rate normally applicable to capital gains, provided that either Gold Fields qualifies for the benefits of the income tax treaty between the United States and South Africa, or the ADSs are considered to be readily tradable on the NYSE. You will be eligible for this reduced rate only if you

are an individual, and have held the ordinary shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date.

For U.S. federal income tax purposes, the amount of any dividend paid in Rand will be included in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the date the dividends are received by you or the depository (in the case of ADSs). If you or the depository, as the case may be, convert dividends received in Rand into U.S. dollars on the day they are received, you generally will not be required to recognize foreign currency gain or loss in respect of this dividend income.

*Taxation of a Sale or other Disposition*

Your tax basis in an ordinary share will generally be its U.S. dollar cost. The U.S. dollar cost of an ordinary share purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of ordinary shares traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis taxpayer (or an accrual basis taxpayer that so elects), on the settlement date for the purchase. Such an election by an accrual basis taxpayer must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

Upon a sale or other disposition of ordinary shares or ADSs, other than an exchange of ADSs for ordinary shares and vice versa, you will generally recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the amount realized and your adjusted tax basis in the ordinary shares or ADSs. This capital gain or loss will be long-term capital gain or loss if your holding period in the ordinary shares or ADSs exceeds one year. However, regardless of your actual holding period, any loss may be treated as long-term capital loss to the extent of any dividends you receive that qualify for the reduced rate described above under *Taxation of Dividends* and also exceed 10% of your basis in the ordinary shares. Any gain or loss will generally be U.S. source.

The amount realized on a sale or other disposition of ordinary shares for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or disposition. On the settlement date, you will recognize U.S. source foreign currency gain or loss (taxable as

ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of ordinary shares traded on an established securities market that are sold by a cash basis taxpayer (or an accrual basis taxpayer that so elects), the amount realized will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognized at that time.

Foreign currency received on the sale or other disposition of an ordinary share will have a tax basis equal to its U.S. dollar value on the settlement date. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase ordinary shares or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Deposits and withdrawals of ordinary shares by U.S. holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes. Your tax basis in withdrawn ordinary shares will be the same as your tax basis in the ADSs surrendered, and your holding period for the ordinary shares will include the holding period of the ADSs.

To the extent you incur South African stamp duty or uncertified securities tax in connection with a transfer or withdrawal of ordinary shares as described under *Certain South African Tax Considerations* Stamp duty and uncertificated securities tax above, such stamp duty or uncertified securities tax will not be a creditable tax for U.S. foreign tax credit purposes.

#### *Backup Withholding and Information Reporting*

Payments of dividends and other proceeds with respect to ordinary shares or ADSs by U.S. persons will be reported to you and to the IRS as may be required under applicable regulations. Backup withholding may apply to these payments if you fail to provide an accurate taxpayer identification number or certification of exempt status or fail to report all interest and dividends required to be shown on your U.S. federal income tax returns. Some holders (such as corporations) are not subject to backup withholding. You should consult your tax advisor as to your qualification for an exemption from backup withholding and the procedure for obtaining an exemption.

#### **Documents on Display**

Gold Fields files annual and special reports and other information with the Securities and Exchange Commission, or SEC. You may read and copy any reports or other information on file at the SEC's public reference room at the following location:

Public Reference Room  
450 Fifth Street, N.W  
Room 1024  
Washington, D.C. 20549

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Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC filings are also available to the public from commercial document retrieval services. Gold Fields SEC filings may also be obtained electronically via the EDGAR system on the website maintained by the SEC at <http://www.sec.gov>.

**Item 11: Quantitative and Qualitative Disclosures About Market Risk**

Gold Fields is exposed to market risks, including foreign currency, commodity price and interest rate risk associated with underlying assets, liabilities and anticipated transactions. Following periodic evaluation of these exposures, Gold Fields may enter into derivative financial instruments to manage some of these exposures. As part of its strategy, however, Gold Fields does not generally hedge against the risk of changes in the price of gold. See [Commodity Price Sensitivity](#) [Commodity Hedging Policy](#).

Gold Fields has policies in areas such as counterparty exposure, hedging practices and prudential limits which have been approved by Gold Fields Board of Directors. Management of financial risk is centralized at Gold Fields treasury department, which acts as the interface between Gold Fields operations and counterparty banks. The treasury department manages financial risk in accordance with the policies and procedures established by the Gold Fields Board of Directors and Executive Committee. Gold Fields Audit Committee has approved dealing limits for money market, foreign exchange and commodity transactions, which Gold Fields treasury is required to adhere to. Among other restrictions, these limits describe which instruments may be traded and demarcate open position limits for each category as well as spelling out counterparty credit-related limits. The dealing exposure and limits are checked and controlled each day and reported to the Chief Financial Officer.

**Foreign Currency Sensitivity**





***General***

In the ordinary course of business, Gold Fields enters into transactions, such as gold sales, denominated in foreign currencies, primarily U.S. dollars. In addition, Gold Fields has investments and indebtedness in U.S. and Australian dollars. Although this exposes Gold Fields to transaction and translation exposure from fluctuations in foreign currency exchange rates, Gold Fields does not generally hedge this exposure, although it may do so in specific circumstances, such as financing projects or acquisitions. Also, Gold Fields on occasion undertakes currency hedging to take advantage of favorable short-term fluctuations in exchange rates when management believes exchange rates are at unsustainably high levels.

**Foreign Currency Hedging Experience**



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Gold Fields currently holds various hedging instruments to protect its exposure to adverse movements in foreign currency exchange rates, which are described below.

### *St. Ives and Agnew Australian Dollar Instruments*

Gold Fields was required under the \$250.0 million syndicated credit facility which it entered into in connection with the acquisition of St. Ives and Agnew from WMC to establish and maintain a hedging strategy to reduce its exposure to increases in the value of the Australian dollar against the U.S. dollar. Accordingly, Gold Fields entered into various hedging arrangements in early October 2001 with Barclays and Citibank, the arrangers for the credit facility covering, in total, \$500.0 million over a five-year period. This facility was fully repaid in January 2004, and Gold Fields has effectively closed out these arrangements. These hedging arrangements are described in detail below.

### *St. Ives and Agnew Forward Sale Contracts*

Gold Fields Australia Pty Limited, or Gold Fields Australia, entered into two series of forward sale contracts, each covering an aggregate amount of \$125.0 million, with Barclays and Citibank. Each series of contracts required Gold Fields Australia to sell \$6.25 million for Australian dollars at a fixed exchange rate in 20 quarterly installments beginning on March 31, 2002 and ending on December 31, 2006. The fixed exchange rate for the Barclays contracts was \$0.49577 per A\$1.00, while the fixed exchange rate for the Citibank contracts was \$0.49100 per A\$1.00. Gold Fields paid no fees or other consideration to enter into the forward sale arrangements with Barclays and Citibank.

### *St. Ives and Agnew Zero Cost Collars*

In addition, Gold Fields Australia entered into two series of specialized option contracts called zero cost collars, each covering an aggregate amount of \$125.0 million, with Barclays and Citibank. Each series of contracts provided for the exchange of \$6.25 million for Australian dollars at fixed exchange rates in 20 quarterly installments beginning on March 31, 2002 and ending on December 31, 2006. Whether Gold Fields Australia or the counterparty (Barclays or Citibank) would have been obligated to sell U.S. dollars or Australian dollars, respectively, depended on the U.S. dollar/Australian dollar exchange rate in effect during and at the end of each quarter.

Specifically, for the Citibank zero cost collars:

if the U.S. dollar/Australian dollar exchange rate was \$0.51820 per A\$1.00 or more at the end of the relevant quarter, Citibank was obligated to sell Australian dollars to Gold Fields Australia for U.S. dollars an exchange rate of \$0.51820 per A\$1.00;

if the exchange rate at the end of the relevant quarter was less than \$0.51820 per A\$1.00 and greater than \$0.42820 per A\$1.00, neither party was obligated to sell its respective currency; and

if the exchange rate was \$0.42820 or less per A\$1.00 at any time during the relevant quarter, Gold Fields Australia was obligated to sell U.S. dollars to Citibank for Australian dollars at an exchange rate of \$0.50320 per A\$1.00 regardless of the exchange rate at the end of the relevant quarter. This was referred to as a knock-in feature.



For the Barclays zero cost collars:

if the U.S. dollar/Australian dollar exchange rate was \$0.51990 per A\$1.00 or more at the end of the relevant quarter, Barclays was obligated to sell Australian dollars to Gold Fields Australia for U.S. dollars an exchange rate of \$0.51990 per A\$1.00;

if the exchange rate at the end of the relevant quarter was less than \$0.51990 per A\$1.00 and greater than \$0.42950 per A\$1.00, neither party was obligated to sell its respective currency; and

if the exchange rate was \$0.42950 per A\$1.00 or less at any time during the relevant quarter, Gold Fields Australia was obligated to sell U.S. dollars to Barclays for Australian dollars at an exchange rate of \$0.50490 per A\$1.00 regardless of the exchange rate at the end of the relevant quarter.

Gold Fields paid no fees or other consideration to enter into the zero cost collar arrangements with Barclays and Citibank.

On January 7, 2004, Gold Fields Australia effectively closed out the Australian dollar/United States dollar currency forward sale contracts and zero cost dollars by entering into equal and opposite transactions. The close out of the outstanding open position of \$275.0 million was at an average spot rate of \$0.7670 per A\$1.00. These transactions locked in gross profit amounting to \$115.7 million of which \$102.8 million had already been accounted for through the end of December 2003 via scheduled maturities of the instruments from the time they were first purchased in 2001. The remaining underlying cash receipts were deferred to match the maturity dates of the original transactions. In addition, to allow Gold Fields to participate in further Australian dollar appreciation, a series of quarterly maturing Australian dollar/U.S. dollar call options were purchased on January 7, 2004, in respect of an amount of \$275.0 million, with value dates and amounts matching those of the original instruments. These new Australian dollar call options require Gold Fields to pay a premium of \$8.3 million. The payment dates are scheduled to match the maturity dates of the, and the amount of the premium is offset against the amounts due under, original instruments. The average strike price of the options is \$0.7670 per A\$1.00.

Subsequently, on May 7, 2004, the future U.S. dollar values that were to be received in respect of the original instruments were fixed in Australian dollars so as to take advantage of the weakened Australian dollar against the U.S. dollar at that time. The original value of the future cash flows was \$107.4 million or A\$140.0 million at \$0.7670 per A\$1.00, the rate at the time the call options were purchased. The value fixed in Australian dollar amounts to A\$147 million, based on a spot rate of \$0.7158 per A\$1.00.

The following table presents the cash flows as of June 30, 2005, net of the premium on the call options related to the profit resulting from the close out of the original Australian dollar/U.S. dollar instruments.

Payment value dates	Net Future Cash Flows	
	(US\$ 000)	(A\$ 000)
June 30, 2005(1)	9,885	14,345
September 30, 2005(1)	9,560	13,954
December 30, 2005	9,275	13,606
March 31, 2006	9,020	13,292
June 30, 2006	8,720	12,899
September 29, 2006	8,460	12,561

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December 29, 2006	8,245	12,281
<b>Total</b>	63,165	92,938

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Note:

- (1) The payments for June 30, 2005 and September 30, 2005 were received on their due dates.

***South African Rand Instruments***

During May and June 2003, Gold Fields entered into a number of forward purchase contracts with several financial institutions providing for the purchase by Gold Fields of an aggregate amount of \$36.0 million at a fixed exchange rate of Rand 8.7318 per \$1.00, on June 3, 2004. This was done to protect the Group's commitment in respect of the Tarkwa mill and owner mining projects of \$159 million. At the beginning of fiscal 2004 this amount was increased to \$50.0 million at an average exchange rate of R8.4264 per \$1.00.

The forward purchase of \$50.0 million matured on June 3, 2004. This amount was extended at an exchange rate of Rand 6.6368 per \$1.00 to mature on December 3, 2004, resulting in a cash outflow \$16.0 million. The \$50.0 million matured on December 3, 2004 resulting in a cash outflow of \$4.1 million. The spot rate on this date was R5.8215 per \$1.00.

An amount of \$30.0 million was extended at a new rate of R5.9611 per \$1.00 to mature on June 3, 2005. The \$30.0 million matured on June 3, 2005 resulting in a cash inflow of \$3.8 million. The spot rate on this date was R6.8198 per \$1.00. The \$30.0 million was further extended at a rate of R6.9402 per \$1.00 to mature on December 5, 2005 which resulted in a cash inflow of \$3.8 million. The \$30.0 million forward cover was purchased to cover any US dollar commitments payable from South Africa.

Realized gains on financial instruments are disclosed in detail under the Results of Operations section, under the sub heading Realized gains on financial instruments.

### *Foreign Currency Contract Position*

As of June 30, 2005, Gold Fields' foreign currency contract position was as follows:

	2006	2007	TOTAL
<b>A\$/US\$ call options:</b>			
Volume (\$million)	100.0	75.0	175.0
\$ per A\$1.00 (1)	0.7670	0.7670	0.7670
<b>\$/R forward exchange contracts:</b>			
Volume (\$million)	30.0		30.0
\$ per R1.00	0.1441		0.1441

Note:

- (1) Weighted average rate of all contracts in the relevant periods.

### **Foreign Currency Sensitivity Analysis**

Gold Fields' revenues and costs are very sensitive to the Rand/U.S. dollar exchange rate because revenues are generated using a gold price denominated in U.S. dollars, while costs of the South African operations are incurred principally in Rand. Depreciation of the Rand against the U.S. dollar reduces Gold Fields' average costs when they are translated into U.S. dollars, thereby increasing the operating margin of the South African operations. Conversely, appreciation of the Rand results in South African operating costs being translated into U.S. dollars at a higher Rand/U.S. dollar exchange rate, resulting in lower operating margins. The impact on profitability of changes in the value of the Rand against the U.S. dollar can be substantial.

A sensitivity analysis of the mark-to-market valuations of Gold Fields' foreign currency contracts as of June 30, 2005 is set forth below.

### *Australian Dollar Instruments*

	US\$/A\$ exchange rate as of June 30, 2005 (A\$)						
Sensitivity to US\$/A\$(1) exchange rates	-10.0%	-7.5%	-5.0%	Spot(2)	+5.0%	+7.5%	+10.0%
Mark-to-market Options (\$million)	0.5	0.9	1.6	4.2	9.4	12.6	16.1

Notes:

- (1) + and - designate the strengthening and weakening of the Australian dollar against the U.S. dollar.
- (2) Spot rate: \$0.7684 = A\$1.00

Weighted average U.S. dollar interest rate as of June 30, 2005

Sensitivity to U.S. dollar interest rates	(A\$)						
	-1.5%	-1.0%	-0.5%	Spot(1)	+0.5%	+1.0%	+1.5%
Mark-to-market Options (\$million)	3.4	3.7	3.9	4.2	4.5	4.8	5.1

Note:

- (1) Spot U.S. dollar interest rate: 3.48%.

Weighted average Australian dollar interest rate as of June 30, 2005

Sensitivity to Australian dollar interest rates	(A\$)						
	-1.5%	-1.0%	-0.5%	Spot (1)	+0.5%	+1.0%	+1.5%
Mark-to-market Options (\$million)	5.1	4.8	4.5	4.2	3.9	3.7	3.4

Note:

- (1) Spot Australian dollar interest rate: 5.65%.



*South African Rand Instruments*

US\$/R (1) exchange rate as of June 30, 2005							
(R)							
Sensitivity to US\$/R (1) exchange rates	-10.0%	-7.5%	-5.0%	Spot(2)	+5.0%	+7.5%	+10.0%
Mark-to-market Forwards (\$million)	2.1	1.5	0.8	(0.6)	(2.2)	(3.0)	(4.0)

Notes:

- (1) + and designate the strengthening and weakening of the Rand against the U.S. dollar.
- (2) Spot rate: \$0.1493 = R1.00

Weighted average Rand interest rate as of June 30, 2005							
Sensitivity to Rand interest rates	-1.5%	-1.0%	-0.5%	Spot(1)	+0.5%	+1.0%	+1.5%
Mark-to-market Forwards (\$million)	(0.8)	(0.8)	(0.7)	(0.6)	(0.6)	(0.5)	(0.4)

Note:

- (1) Spot Rand interest rate: 6.95%

Weighted average U.S. dollar interest rate as of June 30, 2005							
Sensitivity to U.S. dollar interest rates	-1.5%	-1.0%	-0.5%	Spot(1)	+0.5%	+1.0%	+1.5%
Mark-to-market Forwards (\$million)	(0.4)	(0.5)	(0.6)	(0.6)	(0.7)	(0.8)	(0.8)

Note:

- (1) Spot U.S. dollar interest rate: 3.48%.

**Commodity Price Sensitivity***General**Gold*

The market price of gold has a significant effect on the results of operations of Gold Fields, the ability of Gold Fields to pay dividends and undertake capital expenditures, and the market price of Gold Fields' ordinary shares. Gold prices have historically fluctuated widely and are affected by numerous industry factors over which Gold Fields does not have any control. See *Risk Factors* Changes in the market price for gold, which in the past has fluctuated widely, affect the profitability of Gold Fields' operations, and the cash flows generated by those operations and *Operating and Financial Review and Prospects* Revenues. The aggregate effect of these factors on the gold price, all of which are beyond the control of Gold Fields, is impossible for Gold Fields to predict.

#### *Oil*

The market price of oil has a significant effect on the results of the offshore operations of Gold Fields. The offshore operations consume large quantities of diesel in the running of their mining fleets. Oil prices have historically fluctuated widely and are affected by numerous factors over which Gold Fields does not have any control.

#### ***Commodity Price Hedging Policy***

#### *Gold*

Generally, Gold Fields does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for future gold production. On an exceptional basis, Gold Fields may consider gold hedging arrangements in one or more of the following circumstances:

- to protect cash flows at times of significant expenditure;
- for specific debt servicing requirements; and
- to safeguard the viability of higher cost operations.

See *Business Strategy* Hedging Strategy.

To the extent that it does enter into commodity hedging arrangements, Gold Fields seeks to use different counterparty banks consisting of local and international banks to spread risk. None of the counter parties are affiliated or related parties of Gold Fields.

*Oil*

Generally Gold Fields does not enter into derivatives or other hedging arrangements to establish a price in advance for future oil consumption. However, where oil prices are expected to increase in the short to medium term, Gold Fields may consider hedging the oil price in order to protect itself against the adverse cost effects of a material increase in the oil price.

***Commodity Price Hedging Experience***

*Oil*

On June 8, 2005 Gold Fields Ghana Limited and Abosso Gold Fields Limited, purchased an Asian-style IPE Gasoil call option for one year (June 8, 2005 – May 31, 2006) at a strike of US\$0.45 per litre for a total of 51.6 million litres, of which two thirds is for Gold Fields Ghana Limited and one third is for Abosso Gold Fields Limited. The call option resulted in a premium of \$1.16 million, paid upfront, at a structure price of \$0.46 per litre.

***Commodity Price Contract Position***

*Gold*

As of June 30, 2005, Gold fields did not have any gold price hedging contracts outstanding.

*Oil*

As of June 30, 2005 Gold Fields oil contract position was as follows:

<b>International Petroleum Exchange (IPE) Gasoil options</b>	<b>2006</b>	<b>TOTAL</b>
Amount ( 000s liters)	51,600	51,600
Strike price (US\$/liter)	0.4500	0.4500

The mark-to-market value of all transactions making up the position above was a gain \$1.93 million. The value was based on an IPE Gasoil price \$0.4498 per liter and on prevailing interest rates and volatilities at the time.

**Commodity Price Sensitivity**

Gold Fields' offshore operations in Ghana consume large quantities of diesel for the running of its mining fleet. The cost of diesel is directly related to the oil price and any movement in the oil price will have an impact on the cost of diesel and therefore the cost of running the mining fleet. An increase in the oil price will increase the cost of diesel, which in turn increases the mining fleet running costs, thereby reducing operation margins. Similarly, a decrease in the oil price will decrease the cost of diesel, which in turn decreases the mining fleet running costs, thereby increasing the operating margins.

**Commodity Price Sensitivity Analysis***Gasoil call option*

		IPE Gasoil spot price as at June 30, 2005						
Sensitivity to IPE Gasoil spot price(1)		-10.0%	-7.5%	-5.0%	Spot	+5.0%	+7.5%	+10.0%
Mark-to-market Option (\$million)		1.1	1.3	1.5	2.0	2.4	2.7	3.0

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Note:

- (1) Spot IPE Gasoil price: \$0.4422 cents per liter.

**Interest Rate Sensitivity****General**

Gold Fields generally does not undertake any specific action to cover its exposure to interest rate risk, although it may do so in specific circumstances as in the case of the Mvelaphanda transaction. As of June 30, 2005, Gold Fields' long-term indebtedness amounted to \$650.6 million.

*Interest Rate Hedging Experience*

Gold Fields was party to an interest risk management transaction. In terms of the Mvela loan, South African (Pty) Limited, or GFIMSA, pays Mvela Gold interest on \$591.3 million (Rand 4,139.0 million). See Operating and Financial Review and Prospects - Liquidity and Capital Resources - Credit Facilities - Mvela Loan. GFIMSA entered into two interest rate swaps, an amortizing and an accreting swap. The amortizing swap for \$236.2 million and the accreting swap of \$355.1 million reflected the profile of the Mvela loan and were designated as a fair value hedge. The swaps were accounted for as a single swap. The fixed rate receivable on these interest rate swaps was equal to the interest rate payable on the loan from Mvelaphanda Gold (Pty) Limited and the floating rate payable was the three month JIBAR rate plus a margin of 1.025%. In terms of the swap, GFI Mining SA was exposed to the 3 month Jibar rate plus a margin of 1.025%.

The interest rate swap was closed out on June 30, 2005, with the loan reverting to the fixed interest rate mentioned above. Gold Fields realised mark-to-market gains on the swap of \$36.2 million and interest rate credits of \$14.8 million, giving a total gain of \$51.0 million. Of the \$36.2 million realized mark-to-market gain, \$0.8 million was accounted for in fiscal 2005 and the balance of \$35.4 million to be accounted for in fiscal 2006 to fiscal 2009. Of the \$14.8 million interest credits, \$12.9 million was accounted for in fiscal 2005 and the balance of \$1.9 million was accounted for in fiscal 2004.

**Item 12: DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

Not applicable.

**Part II**





**Item 13: DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

Not applicable.

**Item 14: MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**

Not applicable.

**Item 15: CONTROLS AND PROCEDURES**

- (a) Gold Fields has carried out an evaluation, under the supervision and with the participation of management, including the chief executive officer and chief financial officer of Gold Fields, of the effectiveness of the design and operation of Gold Fields' disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this annual report. Based upon that evaluation, Gold Fields' chief executive officer and chief financial officer concluded that, as of June 30, 2005 Gold Fields' disclosure controls and procedures were effective to ensure that information required to be disclosed by Gold Fields in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.
- (b) Not applicable for this annual report, which covers a fiscal year ended prior to July 15, 2006.
- (c) Not applicable for this annual report, which covers a fiscal year ended prior to July 15, 2006.
- (d) There has been no change in Gold Fields' internal control over financial reporting that occurred during fiscal 2005 that has materially affected, or is reasonably likely to materially affect, Gold Fields' internal control over financial reporting.

**Item 16A: AUDIT COMMITTEE FINANCIAL EXPERT**

The Board of Directors has determined that Gold Fields' Audit Committee does not have an audit committee financial expert, as defined in rules promulgated by the Securities and Exchange Commission. Although a person with such qualifications does not serve on the Audit Committee, the Board of Directors believes that the members of the Audit Committee collectively possess the knowledge and experience to oversee and assess the performance of Gold Fields' management and auditors, the quality of Gold Fields' disclosure controls, the preparation and evaluation of Gold Fields' financial statements and Gold Fields' financial reporting. Gold Fields' Board of Directors also believes that the members of the Audit Committee collectively possess the understanding of audit committee functions necessary to diligently execute their responsibilities. For biographical information for each member of the Audit Committee, see Directors, Senior Management and Employees Non-executive Directors.

**Item 16B: CODE OF ETHICS**

Gold Fields has adopted a Company Code of Ethics, which applies to all directors and employees, the text of which can be accessed on Gold Fields website at [www.goldfields.co.za](http://www.goldfields.co.za).

**Item 16C: PRINCIPAL ACCOUNTANT FEES AND SERVICES**

PricewaterhouseCoopers Inc., or PwC, has served as Gold Fields' principal accountant for the fiscal years ended June 30, 2004 and 2005. Set forth below are the fees for audit and other services rendered by PwC for the fiscal years ended June 30, 2004 and 2005.

	Year ended June 30, 2004	Year ended June 30, 2005
	(R millions)	
Audit fees	5.0	6.3
Audit-related fees	1.7	5.4
Tax fees	0.3	0.1
All other fees	0.3	0.1
Total	7.3	11.9

Audit fees include fees billed for audit services rendered for Gold Fields' annual consolidated financial statements filed with regulatory organizations.

Audit-related fees relate mainly to advice in connection with the implementation of Section 404 of the Sarbanes-Oxley Act of 2002 and accounting assistance for the circular to shareholders for the proposed transaction with IAMGold Corporation which was not approved by the shareholders.

Tax fees include fees billed for tax compliance, tax advice, tax planning and other tax related services.

All other fees consist of fees for all other services not included in any of the other categories noted above.

All of the above fees were pre-approved by the Audit Committee.

**Audit Committee's Policies and Procedures**

In accordance with the Securities and Exchange Commission rules regarding auditor independence, the Audit Committee has established Policies and Procedures for Audit and Non-Audit Services Provided by Independent Auditor. The rules apply to Gold Fields and its consolidated subsidiaries engaging any accounting firms for audit services and the auditor who audits the accounts filed with the Securities and Exchange Commission, or the SEC Auditor, for permissible non-audit services.

When engaging the SEC Auditor for permissible non-audit services (audit-related services, tax services, and all other services), pre-approval is obtained prior to the commencement of the services.



**Item 16D: EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

Not applicable.



**Item 16E: PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

Gold Fields did not make purchases of its equity securities during fiscal 2005. In August 2005, Gold Fields purchased 1,000,000 of its ordinary shares in the open market at a weighted average price of Rand 74.89. Those ordinary shares were then cancelled on August 17, 2005.

**Part III**



**Item 17: FINANCIAL STATEMENTS**

Gold Fields has responded to Item 18 in lieu of responding to this item.

**Item 18: FINANCIAL STATEMENTS**

The following financial statements, together with the report of PricewaterhouseCoopers Inc. on the financial statements of Gold Fields Limited are filed as part of this annual report.

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**Item 19: EXHIBITS**

The following instruments and documents are included as Exhibits to this annual report.

<b>No.</b>	<b>Exhibit</b>
1.1( )	Memorandum of Association of Gold Fields
1.2( )	Articles of Association of Gold Fields
2.1( )	Memorandum of Association of Gold Fields (included in Exhibit 3.1)
2.2( )	Articles of Association of Gold Fields (included in Exhibit 3.2)
2.3( )	Deposit Agreement among Gold Fields, Gold Fields Limited (f/k/a/Driefontein Consolidated Limited), The Bank of New York, as depositary, and the owners and beneficial owners from time to time of American Depositary Receipts, dated as of February 2, 1998, as amended and restated as of May 21, 2002
2.4( )	Form of American Depositary Receipt (included in Exhibit 2.3)
2.5( )	Excerpts of relevant provisions of the South African Companies Act
2.6( )	Excerpts of relevant provisions of the JSE Securities Exchange South Africa listing requirements
4.1( )	The GF Non-Executive Director Share Plan, adopted October 31, 2001
4.2( )	The GF Management Incentive Scheme, adopted November 10, 1999
4.3( )	Deed of Amendment to the GF Non-Executive Share Plan, adopted December 6, 2002
4.4( )	Deed of Amendment to the GF Management Incentive Scheme between Gold Fields Limited and Tokyo Mosima Gabriel Sexwale and Gordon Rae Parker, both in their capacity as trustees for The GF Management Incentive Trust, adopted May 4, 2001
4.5( )	Deed of Amendment to the GF Management Incentive Scheme between Gold Fields Limited and Tokyo Mosima Gabriel Sexwale and Gordon Rae Parker, both in their capacity as trustees for The GF Management Incentive Trust, adopted October 31, 2001
4.6( )	Exploration Incentive Plan, adopted on May 25, 1999, as amended on August 22, 2000
4.7( )	Agreement between Ian D. Cockerill and Gold Fields Guernsey Limited, effective March 1, 2004
4.8( )	Service Agreement between Ian D. Cockerill and GFL Mining Services Ltd., effective March 1, 2004
4.9( )	Service Agreement between Nicholas J. Holland and GFL Mining Services Ltd., effective March 1, 2004
4.10( )	Agreement between Nicholas J. Holland and Gold Fields Guernsey Limited, effective March 1, 2004
4.11( )	Memorandum of Agreement between Anglogold Limited and Driefontein Consolidated (Proprietary) Limited, dated September 18, 2003
4.12( )	First Addendum of Agreement between Anglogold Limited and Driefontein Consolidated (Proprietary) Limited, dated January 27, 2004.
4.13( )	Purchase Agreement between Outokumpu Nickel B.V., Outokumpu Mining Oy, Gold Fields Exploration B.V. and Gold Fields Finland Oy, dated September 4, 2003
4.14( )	Reorganization Agreement between Beatrix Mining Ventures Limited, Driefontein Consolidated (Proprietary) Limited, Kloof Gold Mining Company Limited, GFL Mining Services Limited, Gold Fields Limited and Newshelf 706 Limited, dated July 25, 2003
4.15( )	Addendum Number 1 to the Reorganization Agreement between Beatrix Mining Ventures Limited, Driefontein Consolidated (Proprietary) Limited, Kloof Gold Mining Company Limited, GFL Mining Services Limited, Gold Fields Limited and Newshelf 706 Limited, dated February 12, 2004
4.16( )	Covenants Agreement between Gold Fields Limited, Mvelaphanda Resources Limited, Lexshell 579 Investments (Proprietary) Limited and Newshelf 706 Limited, dated November 26, 2003
4.17( )	Subscription and Share Exchange Agreement amongst Lexshell 579 Investments (Proprietary) Limited, GFL Mining South Africa Limited and Gold Fields Limited dated December 11, 2003
4.18( )	GFI-SA Loan Agreement amongst Lexshell 579 Investments (Proprietary) Limited, First Rand Bank Limited, GFI Mining South Africa Limited, Gold Fields Limited, Gold Fields Australia Proprietary Limited and Gold Fields Guernsey Limited dated December 11, 2003
4.19( )	Addendum to GFI-SA Loan Agreement among Gold Fields, Mvela Gold, Gold Fields Australia, Gold Fields Guernsey Limited and GFI-SA, dated February 13, 2004
4.20( )	PIC Put Option Agreement between Public Investment Commissioners, GFL Mining Services Limited and Gold Fields Limited dated February 13, 2004
4.21( )	Agreement between Gold Fields Limited, GFL Mining Services Limited, Mvelaphanda Resources Limited, GFI Mining South Africa Limited, and Mvelaphanda Gold (Proprietary) Limited, dated November 17, 2004

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- 4.22( ) Second Addendum To GFI-SA Loan Agreement among Mvelaphanda Gold (Proprietary) Limited, FirstRand Bank Limited (Acting Through Its Rand Merchant Bank Division), GFI Mining South Africa (Proprietary) Limited, Gold Fields Limited, Gold Fields Australia Pty Limited, and Gold Fields Guernsey Limited, dated November 17, 2004
- 4.23 The Gold Fields Limited and Bolivar Gold Corp. Arrangement Agreement, dated December 1, 2005
- 4.24 The Gold Fields Limited 2005 Non-Executive Director Share Plan, adopted November 17, 2005
- 4.25 The Gold Fields Limited 2005 Share Plan, adopted November 17, 2005
- 8.1 Amended list of subsidiaries of the registrant
- 12.1 Certification of Chief Executive Officer

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No.	Exhibit
12.2	Certification of Chief Financial Officer
13.1	Certification of Chief Executive Officer
13.2	Certification of Chief Financial Officer
( )	Incorporated by reference to the registration statement on Form 20-F (File No. 1-31318) filed by Gold Fields with the Securities and Exchange Commission on May 6, 2002.
( )	Incorporated by reference to the annual report on Form 20-F (File No. 1-31318), filed by Gold Fields with the Securities and Exchange Commission on October 24, 2002.
( )	Incorporated by reference to the annual report on Form 20-F (File No. 1-31318), filed by Gold Fields with the Securities and Exchange Commission on December 29, 2003.
( )	Incorporated by reference to the annual report on Form 20-F (File No. 1-31318), filed by Gold Fields with the Securities and Exchange Commission on November 26, 2004.



**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

GOLD FIELDS LIMITED

/s/ Nicholas J. Holland  
Name: Nicholas J. Holland  
Title: Chief Financial Officer  
Date: December 22, 2005

**Report of the Independent Registered Public Accounting Firm**

**To the Board of Directors and Shareholders of Gold Fields Limited**

We have audited the accompanying consolidated balance sheets of Gold Fields Limited and its subsidiaries as of June 30, 2005 and 2004, and the related consolidated statements of operations, comprehensive income, cash flows and of changes in shareholders' equity for each of the three years in the period ended June 30, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gold Fields Limited and its subsidiaries at June 30, 2005 and 2004 and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2005, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 2(d) and note 2(n) to the consolidated financial statements, the Company changed its method of accounting for mineral and surface use rights on July 1, 2003 and its method of accounting for asset retirement obligations on July 1, 2002, respectively.

**PricewaterhouseCoopers Inc**

*Registered Accountants and Auditors*

*Chartered Accountants (SA)*

Johannesburg, Republic of South Africa

December 9, 2005

## Gold Fields Limited

## Consolidated Statements of Operations

For the years ended June 30,

(\$ in millions unless otherwise noted)

	2005 \$ m	2004 \$ m	2003 \$ m
<b>REVENUES</b>			
Product sales	1,893.1	1,706.2	1,538.2
<b>COSTS AND EXPENSES</b>			
Production costs (exclusive of depreciation and amortization)	1,500.6	1,355.2	1,015.0
Depreciation and amortization	274.5	198.6	188.1
Corporate expenditure	22.5	20.3	16.6
Employment termination costs	13.7	10.5	3.8
Exploration expenditure	46.0	39.9	29.6
Impairment of assets	233.1	72.7	29.6
Impairment of critical spares	2.8		
Decrease in provision for post-retirement health care costs	(4.2)	(5.1)	(5.0)
Accretion expense on environmental rehabilitation	11.5	8.4	5.3
Share-based compensation	2.1		
Harmony hostile bid costs	(50.8)		
IAMGold transaction costs	(9.3)		
	2,162.7	1,700.5	1,283.0
<b>OTHER (EXPENSES)/INCOME</b>			
Interest and dividends	29.2	19.4	21.3
Finance (expense)/income	(54.9)	(12.2)	4.2
Unrealized gain on financial instruments	4.9	39.2	35.7
Realized gain/(loss) on financial instruments	2.1	(8.7)	15.1
Gain on disposal of St. Helena			13.4
Profit on disposal of listed investments	8.1	13.9	57.2
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 (expenses)/income	(5.2)	2.1	3.4
	16.0	77.2	150.3
<b>(LOSS)/INCOME BEFORE TAX, SHARE OF EQUITY INVESTEE S (LOSSES)/PROFITS, MINORITY INTERESTS AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES</b>	(285.6)	82.9	405.5
Income and mining tax benefit/(expense)	100.4	(11.8)	(133.8)
<b>(LOSS)/INCOME BEFORE SHARE OF EQUITY INVESTEE S (LOSSES)/PROFITS, MINORITY INTERESTS AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES</b>	(185.2)	71.1	271.7
Share of equity investee s (losses)/profit	(0.4)	(0.4)	1.0
Minority interests	(20.6)	(21.8)	(14.4)
<b>(LOSS)/INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES</b>	(206.2)	48.9	258.3
Cumulative effect of change in accounting principles, net of tax			(1.3)
<b>NET (LOSS)/INCOME</b>	(206.2)	48.9	257.0
<b>BASIC (LOSS)/EARNINGS PER SHARE (\$) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLES</b>	(0.42)	0.10	0.55
	(0.42)	0.10	0.54

**DILUTED (LOSS)/EARNINGS PER SHARE (\$) BEFORE  
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING  
PRINCIPLES**

<b>BASIC (LOSS)/EARNINGS PER SHARE (\$)</b>	(0.42)	0.10	0.54
<b>DILUTED (LOSS)/EARNINGS PER SHARE (\$)</b>	(0.42)	0.10	0.54
<b>WEIGHTED AVERAGE NUMBER OF SHARES USED IN THE COMPUTATION OF BASIC EARNINGS PER SHARE</b>	491,987,508	485,020,966	471,814,106
<b>WEIGHTED AVERAGE NUMBER OF SHARES USED IN THE COMPUTATION OF DILUTED EARNINGS PER SHARE</b>	493,690,893	487,698,431	475,294,239
<b>DIVIDEND PER SHARE (\$)</b>	0.11	0.19	0.39

The accompanying notes are an integral part of these consolidated financial statements

## Gold Fields Limited

## Consolidated Balance Sheets

As of June 30,

(\$ in millions unless otherwise noted)

	2005 \$ m	2004 \$ m
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	503.7	656.3
Current portion of financial instruments	46.8	37.0
Receivables	119.9	116.4
Inventories	77.4	63.9
Materials contained in heap leach pads	55.1	42.5
<b>Total current assets</b>	<b>802.9</b>	<b>916.1</b>
<b>Property, plant and equipment</b>		
Cost	4,570.5	4,518.8
Accumulated depreciation and amortization	(2,016.4)	(1,713.3)
Property, plant and equipment, net	2,554.1	2,805.5
Non-current portion of financial instruments	32.4	70.3
Non-current investments	203.5	179.8
<b>TOTAL ASSETS</b>	<b>3,592.9</b>	<b>3,971.7</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>EQUITY</b>		
Accounts payable and provisions	274.5	290.6
Income and mining taxes payable	18.0	14.2
<b>Total current liabilities</b>	<b>292.5</b>	<b>304.8</b>
Long-term loans	653.1	643.2
Deferred income and mining taxes	596.2	769.0
Provision for environmental rehabilitation	134.6	116.0
Provision for post-retirement health care costs	9.0	18.9
<b>Total liabilities</b>	<b>1,685.4</b>	<b>1,851.9</b>
<b>COMMITMENTS AND CONTINGENCIES see notes 19 and 20</b>		
Minority interests	118.4	102.7
<b>SHAREHOLDERS' EQUITY</b>		
Share capital 1,000,000,000 (2004: 1,000,000,000) authorized ordinary shares of 50 South African cents each. Shares issued 492 294 226 (2004: 491 492 520)	43.7	43.6
Additional paid-in capital	1,797.9	1,792.3
Retained earnings	(49.1)	211.6
Accumulated other comprehensive loss	(3.4)	(30.4)
<b>Total shareholders' equity</b>	<b>1,789.1</b>	<b>2,017.1</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>3,592.9</b>	<b>3,971.7</b>

The accompanying notes are an integral part of these consolidated financial statements

## Gold Fields Limited

## Consolidated Statements of Shareholders' Equity

For the years ended June 30,

(\$ in millions unless otherwise noted)

	Number of ordinary shares issued	Share capital \$ m	Additional paid-in capital \$ m	Retained earnings \$ m	Accumulated other comprehensive loss \$ m	Total \$ m
<b>BALANCE JUNE 30, 2002</b>	470,522,224	42.1	1,560.8	182.6	(558.6)	1,226.9
Net income				257.0		257.0
Dividends declared				(184.3)		(184.3)
Exercise of employee share options	1,842,648	0.1	4.4			4.5
Mark-to-market of listed investments					21.9	21.9
Realized loss on disposal of listed investments					(25.3)	(25.3)
Foreign exchange translation					318.6	318.6
<b>BALANCE JUNE 30, 2003</b>	472,364,872	42.2	1,565.2	255.3	(243.4)	1,619.3
Net income				48.9		48.9
Dividends declared				(92.6)		(92.6)
Exercise of employee share options	1,300,977	0.1	3.7			3.8
Proceeds from private capital raising	17,250,000	1.3	214.6			215.9
Shares issued relating to the acquisition of APP	564,841		8.7			8.7
Mark-to-market of listed investments					(5.1)	(5.1)
Realized loss on disposal of listed investments					(12.3)	(12.3)
Other	11,830		0.1		)	0.1
Foreign exchange translation					230.4	230.4
<b>BALANCE JUNE 30, 2004</b>	491,492,520	43.6	1,792.3	211.6	(30.4)	2,017.1
Net loss				(206.2)		(206.2)
Dividends declared				(54.5)		(54.5)
Stock compensation cost			2.1			2.1
Exercise of employee share options	801,706	0.1	3.5			3.6
Write down of investments					7.7	7.7
Mark-to-market of listed investments					9.0	9.0
Realized gain on disposal of listed investments					1.5	1.5
Foreign exchange translation					8.8	8.8
<b>BALANCE JUNE 30, 2005</b>	492,294,226	43.7	1,797.9	(49.1)	(3.4)	1,789.1

The accompanying notes are an integral part of these consolidated financial statements





The following is a reconciliation of the components of accumulated other comprehensive loss for the periods presented.

	Mark-to- market of listed investments \$ m	Foreign exchange translation \$ m	Accumulated other comprehensive loss \$ m
<b>BALANCE JUNE 30, 2002</b>	21.2	(579.8)	(558.6)
Mark-to-market of listed investments	21.9		21.9
Realized loss on disposal of listed investments	(25.3)		(25.3)
Foreign exchange translation		318.6	318.6
<b>BALANCE JUNE 30, 2003</b>	17.8	(261.2)	(243.4)
Mark-to-market of listed investments	(5.1)		(5.1)
Realized loss on disposal of listed investments	(12.3)		(12.3)
Foreign exchange translation		230.4	230.4
<b>BALANCE JUNE 30, 2004</b>	0.4	(30.8)	(30.4)
Write down of investments	7.7		7.7
Mark-to-market of listed investments	9.0		9.0
Realized gain on disposal of listed investments	1.5		1.5
Foreign exchange translation		8.8	8.8
<b>BALANCE JUNE 30, 2005</b>	18.6	(22.0)	(3.4)

The accompanying notes are an integral part of these consolidated financial statements.

## Gold Fields Limited

## Consolidated Statements of Cash Flows

For the years ended June 30,

(\$ in millions unless otherwise noted)

	2005 \$ m	2004 \$ m	2003 \$ m
<b>CASH FLOWS FROM OPERATIONS</b>			
Net (loss)/income	(206.2)	48.9	257.0
Reconciled to net cash provided by operations:			
Minority interests	20.6	21.8	14.4
Income and mining tax expense	(100.4)	11.8	133.8
Impairment of assets	233.1	72.7	29.6
Profit on sale of listed investments	(8.1)	(13.9)	(57.2)
Profit on disposal of St. Helena			(13.4)
Depreciation and amortization	274.5	198.6	188.1
Write-down of mineral rights		3.6	
Write-down of investments	7.7		
Impairment of critical spares	2.8		
Profit on sale of mineral rights		(27.1)	
Profit on disposal of exploration rights	(7.5)		
Exchange rate difference		(35.5)	(25.7)
Stock compensation	2.1		
Unrealized gains on loans		(3.6)	(4.0)
Unrealized gains on financial instruments	(4.9)	(39.2)	(35.7)
Accretion expense on environmental rehabilitation	11.5	8.4	5.3
Decrease in provision for post-retirement health care costs	(4.2)	(5.2)	(5.0)
Payment against post-retirement health care provision	(5.3)	(4.5)	(25.7)
Other	(7.8)	(4.7)	2.8
Cash flow from operations before taxation and working capital changes	207.9	232.1	464.3
Income and mining taxes paid	(38.4)	(75.7)	(73.1)
Effect of changes in operating working capital items:			
Receivables	30.7	(25.6)	18.2
Inventories and heap leach pads	(26.5)	10.7	6.0
Accounts payable and provisions	8.2	56.9	(4.0)
<b>NET CASH PROVIDED BY OPERATIONS</b>	<b>181.9</b>	<b>198.4</b>	<b>411.4</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	(317.7)	(377.9)	(224.3)
Proceeds on disposal of property, plant and equipment	10.2	56.8	1.8
Proceeds on sale of listed investments	18.6	29.3	72.1
Proceeds on disposal of exploration rights	7.5		
Proceeds on disposal of St. Helena			11.9
Acquisition of subsidiaries		(23.0)	
Purchase of investments	(30.4)	(79.4)	(7.0)
Investment in environmental trust fund	(6.5)	(6.0)	(5.1)
<b>NET CASH UTILIZED IN INVESTING ACTIVITIES</b>	<b>(318.3)</b>	<b>(400.2)</b>	<b>(150.6)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long and short-term loans raised	2.7	586.7	
Long and short-term loans repaid		(40.7)	(140.4)
Proceeds on close out of interest rate swap	36.2		
Increase/(decrease) in minority funding	17.9	9.1	(9.8)
Dividends paid to Company shareholders	(54.5)	(92.6)	(184.3)
Dividends paid to minority shareholders	(17.3)		(5.8)

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Ordinary shares issued	3.6	219.7	4.5
<b>NET CASH (UTILIZED IN)/PROVIDED BY FINANCING ACTIVITIES</b>	(11.4)	682.2	(335.8)
<b>EFFECT OF EXCHANGE RATE MOVEMENTS ON CASH AND CASH EQUIVALENTS</b>			
	(4.8)	42.3	13.5
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(152.6)	522.7	(61.5)
<b>CASH AND CASH EQUIVALENTS JULY 1</b>	656.3	133.6	195.1
<b>CASH AND CASH EQUIVALENTS JUNE 30</b>	503.7	656.3	133.6

The principal non-cash transactions are the issue of shares as consideration for business acquisitions and the mark-to-market of certain listed investments. See notes 3 and 11.

The accompanying notes are an integral part of these consolidated financial statements

## Gold Fields Limited

## Consolidated Statements of Comprehensive Income

For the years ended June 30,

(\$ in millions unless otherwise noted)

	2005 \$ m	2004 \$ m	2003 \$ m
<b>(Loss)/income before cumulative effect of change in accounting principles</b>	(206.2)	48.9	258.3
Cumulative effect of change in accounting principles, net of tax			(1.3)
<b>Net (loss)/income</b>	(206.2)	48.9	257.0
<b>Other comprehensive income</b>			
Write down of investments	7.7		
Mark-to-market adjustment of listed investments held	9.0	(5.1)	21.9
Realized gain/(loss) on disposal of listed investments	1.5	(12.3)	(25.3)
Foreign currency translation adjustment	8.8	230.4	318.6
<b>Other comprehensive income</b>	27.0	213.0	315.2
<b>Comprehensive (loss)/income</b>	(179.2)	261.9	572.2

The accompanying notes are an integral part of these consolidated financial statements

**Gold Fields Limited**

**Notes to the Consolidated Financial Statements**

**(\$ in millions unless otherwise noted)**

**1 GENERAL**

Gold Fields Limited (formerly Driefontein Consolidated Limited ( Driefontein ), the Company or the Group ) was originally incorporated in South Africa and listed on the JSE Securities Exchange S.A. ( JSE ) during 1968 as East Driefontein Gold Mining Company Limited. Following a merger with West Driefontein Gold Mining Company Limited, it was renamed Driefontein on June 15, 1981. On May 10, 1999, Driefontein completed a business combination, with another South African company listed on the JSE, Gold Fields Limited ( Old Gold Fields ). Old Gold Fields evolved through a series of transactions in 1998, whereby it acquired substantially all of the gold mining assets and interests previously held by Gold Fields of South Africa Limited, Gencor Limited, New Wits Limited and certain other shareholders in the companies owning the assets and interests. These assets and interests included publicly traded gold mining companies, mineral rights and service agreements. Driefontein, the surviving entity, was renamed Gold Fields Limited, and Old Gold Fields was renamed GFL Mining Services Limited, effective from that date. The Company is engaged in gold mining and related activities, including exploration, extraction, processing and smelting. Gold bullion, the Company's principal product, is currently produced in South Africa, Ghana and Australia and sold in South Africa (primarily to the Rand Refinery) and internationally.

**2 SIGNIFICANT ACCOUNTING POLICIES**

(a) **USE OF ESTIMATES:** The preparation of the consolidated financial statements in conformity with United States generally accepted accounting principles ( US GAAP ) requires the Company's management to make estimates and assumptions about current and future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results ultimately may differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to mineral reserves that are the basis of future cash flow estimates and unit-of-production depreciation, depletion and amortization calculations; environmental, reclamation and closure obligations; estimates of recoverable gold and other materials in heap leach pads; asset impairments (including impairments of goodwill, long-lived assets, and investments); write-downs of inventory to net realizable value; post employment, post retirement and other employee benefit liabilities; valuation allowances for deferred tax assets; reserves for contingencies and litigation; and the fair value and accounting treatment of financial instruments.

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The following are accounting policies used by the Company which, except as described in note (2) (d) (iii) and note 2 (n) below, have been consistently applied for all periods presented:

(b) **CONSOLIDATION** : The Group's financial statements include the financial statements of the Company, and its subsidiaries, and its investments in associates. A company in which the Group has, directly or indirectly, through subsidiary undertakings, a controlling interest is classified as a subsidiary undertaking. In addition, the Company reviews its relationships with other entities to assess if the Company is the primary beneficiary of a variable interest entity. If the determination is made that the Company is the primary beneficiary, then that entity is consolidated from the date that the Company was deemed to have become the primary beneficiary. The results of subsidiaries acquired or disposed of are included in the Group statements from the effective dates of acquisition or excluded from such statements as from the effective dates of disposal. Investments in companies, which the Company does not control, but has the ability to exercise significant influence over their operating and financial policies, are accounted for by the equity method.

Any excess between the purchase price and the fair value of the attributable net assets of subsidiaries and associates at the date of acquisition is capitalized as goodwill and not amortized; however it is subject to an annual assessment for impairment.

Inter company transactions and balances are eliminated on consolidation.

(c) (i) **FOREIGN CURRENCY TRANSACTIONS:** Foreign currency transactions are recorded at the prevailing exchange rate at the date of the transaction. Monetary assets and liabilities designated in foreign currencies are translated at the exchange rate ruling at year-end. Gains and losses arising from these translations are recognized in earnings.

(ii) **FOREIGN ENTITIES:** The Group's foreign entities are regarded as those entities that are considered to be self-sustaining. The balance sheet and statements of operations of foreign subsidiaries are translated on the following basis:

Assets and liabilities are translated at the prevailing exchange rate at year-end. Statement of operations items are translated at the average exchange rate for the year. Exchange differences on translation are accounted for in shareholders' equity. These differences will be recognized in earnings upon realization of the underlying foreign entity.

(iii) **FUNCTIONAL CURRENCY:** The functional currencies of the Group's South African operations are the South African Rand, Australian operations, the Australian dollar and the Ghanaian operations, the U.S. dollar. The translation differences arising as a result of converting the South African Rand and the Australian dollar to U.S. dollars (reporting currency) using the current exchange rate method are included as a separate component of shareholders' equity.

(d) **PROPERTY, PLANT AND EQUIPMENT**

(i) **MINING ASSETS:** Mining assets, including mine development costs and mine plant facilities, are recorded at cost.

Once an economically feasible orebody with proven and probable ore reserves has been established, expenditure incurred to further develop the orebody, to further define mineralization in the orebody, and to establish or expand productive capacity, are capitalized until commercial levels of production are achieved, at which time the costs are amortized as set out below. Development of orebodies includes the development of shaft systems and waste rock removal. These costs are capitalized until the reef horizons are intersected and commercial levels of production can be obtained on a sustainable basis. Access to the individual orebodies exploited by the Company is limited to the time span of the Company's respective mining leases. Mine development costs in the ordinary course to maintain production are expensed as incurred.

Borrowing costs incurred in respect of assets requiring a substantial period of time to prepare for their intended future use are capitalized to the date on which the assets are substantially completed and ready for their intended use.

(ii) **LAND:** Land is shown at cost and is not depreciated.

(iii) **MINERAL INTERESTS:** Mineral interests represent mineral and surface use rights for parcels of land both owned and not owned by the Company. Mineral interests and other tangible assets include acquired mineral use rights in production, development and exploration stage properties. The amount capitalized related to mineral interests represents its fair value at the time it was acquired, either as an individual asset purchase or as part of a business combination.

*Production stage* mineral interests represents mineral interests in operating properties that contain proven and probable reserves. *Development stage* mineral interests represent interests in properties under development that contain proven and probable reserves. *Exploration stage* mineral interests represent interests in properties that are believed to potentially contain (i) *other mineralized material* such as inferred material within pits, measured, indicated and inferred material with insufficient drill spacing to qualify as proven and probable reserves; and inferred material in close proximity to proven and probable reserves; (ii) *around-mine exploration potential* such as inferred material not immediately adjacent to existing reserves and mineralization but located within the immediate mine infrastructure; (iii) *other mine-related exploration potential* that is not part of measured, indicated or inferred material and is comprised mainly of material outside of the immediate mine area; or (iv) *greenfield exploration potential* that is not associated with any other *production, development or exploration stage* property as described above. The Company's mineral use rights are enforceable regardless of whether proven or probable reserves have been established. In certain limited situations, the nature of a use right changes from an exploration right to mining right upon the establishment of proven and probable reserves. The Company has the ability and intent to renew mineral use rights where the existing term is not sufficient to recover all identified and valued proven and probable reserves and /or undeveloped mineral interests.



On April 30, 2004 the Financial Accounting Standard Board ( FASB ) amended Statements of Financial Accounting Standards ( SFAS ) No. 141, Business combinations ( SFAS No. 141 ) and SFAS No. 142, Goodwill and other Intangible Assets ( SFAS No. 142 ) to provide that certain mineral use rights are considered tangible assets and that mineral use rights should be accounted for based on their substance. The FASB Staff Position ( FSP ) is effective for the first reporting period beginning after April 29, 2004, with early adoption permitted. As a result, the Company has adopted this FSP from July 1, 2003 and has reclassified all of its mineral use rights from intangible assets to property, plant and equipment in its balance sheets for all periods presented and effective July 1, 2003, ceased amortization on exploration stage interests prior to the commencement of production.

(iv) **AMORTIZATION AND DEPRECIATION OF MINING ASSETS:** Mining assets, mine development and evaluation costs, and mine plant facilities are amortized over the life of mine using the units-of-production method, based on estimated above infrastructure proven and probable ore reserves. Proven and probable ore reserves reflect estimated quantities of economically recoverable reserves, which can be recovered in future from known mineral deposits.

(v) **AMORTIZATION OF MINERAL INTERESTS:** Mineral interests associated with production stage mineral interests are amortized over the life-of-mine using the units-of-production method in order to match the amortization with the expected underlying future cash flows. Mineral interests associated with development and exploration stage mineral interests are not amortized until such time as the underlying property is converted to the production stage.

(vi) **DEPRECIATION OF NON-MINING ASSETS:** Other non-mining assets are recorded at cost and depreciated on a straight-line basis over their expected useful lives as follows:

Vehicles	- 20.0%
Computers	- 33.3%
Furniture and Equipment	- 10.0%

(vii) **MINING EXPLORATION:** Expenditure on exploration activities incurred prior to the completion of a final feasibility study to establish proven and probable reserves is charged against income.

(viii) **IMPAIRMENT:** The Group reviews and tests the carrying amounts of long-lived assets, which include development costs, when events or changes in circumstances suggest that the carrying amount may not be recoverable. For impairment purposes, assets are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The lowest level at which such cash flows are generated are generally at an individual operating mine, even if the individual operating mine is included in a larger mine complex.

If there are indications that an impairment may have occurred, the Group prepares estimates of expected future cash flows for each group of assets. Expected future cash flows are based on a probability-weighted approach applied to potential outcomes and reflect:

Estimated sales proceeds from the production and sale of recoverable ounces of gold contained in proven and probable reserves;

Expected gold prices and currency exchange rates (considering historical and current prices, price trends and related factors). In impairment assessments conducted in 2005, the Group used an expected future market gold price of \$420 per ounce, and expected future market exchange rates of R7.50 to \$1.00 and A\$1.510 to \$1.00;

Expected future operating costs and capital expenditures to produce proven and probable gold reserves based on approved life-of-mine plans that assume current plant capacity, but exclude the impact of inflation; and

Expected cash flows associated with value beyond proven and probable reserves, which includes the expected cash outflows required to develop and extract the value beyond proven and probable reserves.

The Group records a reduction of a group of assets to fair value as a charge to earnings if expected future cash flows are less than the carrying amount. The Group estimates fair value by discounting the expected future cash flows using a discount factor that reflects the risk-free rate of interest for a term consistent with the period of expected cash flows.

Management's estimate of future cash flows is subject to risk and uncertainties. It is therefore reasonably possible that changes could occur which may affect the recoverability of the Group's mining assets.

(ix) **LEASES:** Operating leases are charged against income as incurred.

(e) **DEFERRED TAXATION:** Deferred taxation is calculated on the comprehensive basis using the balance sheet approach. Deferred tax liabilities and assets are recognized by applying expected tax rates to the temporary differences existing at each balance sheet date between the tax values and their carrying amounts. These temporary differences are expected to result in taxable or deductible amounts in determining taxable profits for future periods when the carrying amount of the asset is recovered or the liability is settled. The effect on deferred tax of any changes in tax rates is recognized in the income statement during the period in which the change occurs.

The principal temporary differences arise from depreciation on property, plant and equipment, provisions and tax losses carried forward. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets if it is more likely than not that such assets will not be realized.

(f) **NON-CURRENT INVESTMENTS:** Non-current investments comprise (i) investments in listed companies which are classified as available-for-sale and are accounted for at fair value, with unrealized holding gains and losses excluded from earnings and reported as a separate component of shareholders' equity; and (ii) investments in unlisted companies for which a fair value is not readily determinable, and are accounted for at cost. Realized gains and losses are included in the determination of net income or loss.

Unrealized losses are included in the determination of net income or loss where it is determined that a decline, other than a temporary decline, in the value of the investment has occurred.

(g) **MATERIALS CONTAINED IN HEAP LEACH PADS:** The recovery of gold from certain oxide ores is best achieved through the heap leaching process. Under this method, ore is placed on leach pads where it is permeated with a chemical solution, which dissolves the gold contained in the ore. The resulting pregnant solution is further processed in a leach plant where the gold in solution is recovered. For accounting purposes, value is added to leach pads based on current mining costs, including applicable depreciation and amortization relating to mining operations. Value is removed from the leach pad as ounces are recovered in circuit at the leach plant based on the average cost per recoverable ounce of gold on the leach pad.

The engineering estimates of recoverable gold on the heap leach pads are calculated from quantities of ore placed on the pads (measured tonnes added to the leach pads), the grade of ore placed on the leach pads (based on assay data) and a recovery percentage (based on the leach process and the ore type). In general, the leach pad production cycles project recoveries of approximately 50% to 70% of the placed recoverable ounces in the first year of leaching, declining each year thereafter until the leaching process is completed.

Although the quantities of recoverable gold placed on the leach pads are reconciled by comparing the grades of ore placed on the pads to the quantities of gold actually recovered (metallurgical balancing), the nature of the leaching process inherently limits the ability to precisely

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monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and engineering estimates are refined based on actual results over time. Variations between actual and estimated quantities resulting from changes in assumptions and estimates that do not result in write-downs to net realizable value are accounted for on a prospective basis. The ultimate recovery of gold from the pad will not be known until the leaching process is terminated.

The current portion of leach pad inventories is determined based on engineering estimates of the quantities of gold at the balance sheet date that are expected to be recovered during the next twelve months.

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(h) **INVENTORIES** : Inventories are valued at the lower of cost or net realizable value. The Company's inventories comprise consumable stores, gold-in-process, gold bullion, ore stockpiles and mineral rights and are accounted for as follows:

**Consumable stores:** Consumable stores are valued at average cost, after appropriate provision for surplus and slow moving items.

**Gold in process:** Gold in-process inventories represent materials that are currently in the process of being converted to a saleable product. Conversion processes vary depending on the nature of the ore and the specific mining operation, but include mill in-circuit, leach in-circuit, flotation and column cells, and carbon in-pulp inventories. In-process material is measured based on assays of the material fed to process and the projected recoveries of the respective plants. In-process inventories are valued at the average cost of the material fed to process attributable to the source material coming from the mine, stockpile or leach pad plus the in-process conversion costs, including applicable depreciation relating to the process facility, incurred to that point in the process.

**Gold bullion:** Gold bullion inventories represent saleable gold ore or gold bullion and are valued at the average cost of the respective in-process inventories incurred prior to the refining process, plus refining costs.

**Stockpiles:** Stockpiles represent coarse ore that has been extracted from the mine that is available for further processing. Stockpiles are measured by estimating the number of tonnes (via truck counts and/or in-pit surveys of the ore before stockpiling) added and removed from the stockpile, the number of contained ounces (based on assay data) and the recovery percentage (based on the process for which the ore is destined). Stockpile tonnages are verified by periodic surveys. Stockpiles are valued based on mining costs incurred up to the point of stockpiling the ore, including applicable depreciation and amortization relating to mining operations. Value is added to a stockpile based on the current mining cost per tonnes plus applicable depreciation and amortization and removed at the average cost per recoverable ounce of gold in the stockpile.

**Mineral rights:** Mineral rights not linked to any specific operation are valued at the lower of cost and net realizable value.

(i) **FINANCIAL INSTRUMENTS:** Financial instruments carried on the balance sheet include cash and cash equivalents, investments, receivables, derivative financial instruments, accounts payable and accrued liabilities. The particular recognition method for each financial instrument item is disclosed in its respective significant accounting policy description.

(j) **HEDGING:** The Company account for its hedging activities in accordance with SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, ( SFAS No. 133 ), as amended by Statements of Financial Accounting Standards 137, 138 and 149.

Under SFAS No. 133, all derivatives are recognized on the balance sheet at their fair value, unless they meet the criteria for the normal purchases normal sale exemption. On the date a derivative contract is entered into, the Company designates the derivative as (1) a hedge of the fair value of a recognized asset or liability (fair value hedge), (2) a hedge of a forecasted transaction (cash flow hedge), or (3) a hedge of a net investment in a foreign entity. Certain derivative transactions, while providing effective economic hedges under the Company's risk management policies, do not qualify for hedge accounting. Hedging activities are conducted in accordance with guidelines established by the Audit Committee which allow for the use of various hedging instruments.

Changes in the fair value of a derivative that is highly effective, and that is designated and qualifies as a fair value hedge, are recorded in earnings, along with the change in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of a derivative that is highly effective, and that is designated and qualifies as a cash flow hedge, are recognized directly in shareholders' equity. Amounts deferred in shareholders' equity are included in earnings in the same periods during which the hedged firm commitment or forecasted transaction affects earnings.

Recognition of derivatives which meet the criteria for the normal purchases normal sales exception under SFAS No. 133 is deferred until settlement. Under these contracts, the Group must deliver a specified quantity of gold at a future date at a specified price to the contracted counter-party.

Hedges of net investment in foreign entities are accounted for similarly to cash flow hedges.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognized in the statement of operations, under the caption entitled gains and losses on financial instruments. The fair value recognized on the balance sheet is included under the caption financial instruments.

The Group formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking derivatives designed as hedges to specific assets and liabilities or to specific firm commitments or forecasted transactions. The Group also formally assesses, both at the hedge inception date and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(k) **CASH AND CASH EQUIVALENTS:** Cash and cash equivalents comprise cash on hand, demand deposits and investments in money market instruments. These are all highly liquid investments with a maturity of three months or less at the date of purchase.

The carrying amount of cash and cash equivalents is stated at cost which approximates fair value.

(l) **TRADE RECEIVABLES:** Trade receivables are carried at anticipated realizable value. Estimates are made for doubtful debts based on a review of all outstanding amounts at year-end. Irrecoverable amounts are written off during the year in which they are identified.

(m) **PROVISIONS:** Provisions are recognized when information is available prior to the issuance of the financial statements which indicates that it is probable that an asset has been impaired or a liability had been incurred at the date of the financial statements and the amount can be reasonably estimated.

(n) **REHABILITATION COSTS:** SFAS No. 143, Accounting for asset retirement obligations ( SFAS No. 143 ) was adopted by the company with effect from July 1, 2002.

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SFAS No. 143 applies to legal obligations associated with the retirement of a long-lived asset that result from the acquisition, construction, development and/or the normal operation of a long-lived asset. Under SFAS No. 143 the Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the Company correspondingly capitalizes the cost by increasing the carrying value of the related long-lived asset. Over time, the liability is increased (accretion) to reflect an interest element considered in its initial measurement at fair value, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, the Company will record a gain or loss if the actual cost incurred differs from the liability recorded. The adoption of SFAS No. 143 resulted in the Company recording an increase in property, plant and equipment, net of \$16.9 million; an increase in provision for environmental rehabilitation of \$20.8 million; a decrease in minority interest of \$2.7 million; a decrease in deferred tax liabilities of \$5.3 million and a \$1.3 million debit cumulative effect of a change in accounting principle, net of tax.

Following the adoption of SFAS No. 143, the total amount of recognized liabilities for asset retirement obligations was \$79.6 million. These liabilities mainly relate to the obligations to perform reclamation and remediation activities to meet existing environmental laws and regulations that govern the Company's operations at the Company's active mines.

Environmental liabilities, other than rehabilitation costs which relate to liabilities from specific events, are expensed as incurred.



(o) **ENVIRONMENTAL TRUST FUNDS:** Contributions are made to the Group's trust funds, created in accordance with statutory requirements, to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the life of the Group's South African mines. Contributions are determined on the basis of the estimated environmental obligation over the life of the mine. Income earned on monies paid to environmental trust funds is accounted for as investment income. The funds contributed to the trusts plus growth in the trust funds are included under investments on the balance sheet.

(p) **EMPLOYEE BENEFITS**

(i) **PENSION AND PROVIDENT FUNDS:** The Group operates a defined benefit pension plan and defined contribution retirement plan and contributes to a number of industry based defined contribution retirement plans. The retirement plans are funded by payments from employees and the Company.

The expected costs of the defined benefit pension plan are assessed in accordance with the advice of independent actuaries. The cost of experience adjustments or planned amendments is expensed to operations over the expected average remaining service lives of the relevant employees. Any shortfalls are funded either immediately or as increased employer contributions to ensure the ongoing soundness of the fund.

Contributions to defined contribution funds are expensed to operations as incurred.

These funds are governed by the Pension Fund Act of 1956 (as amended).

(ii) **POST-RETIREMENT HEALTH CARE COSTS:** Medical coverage is provided through a number of schemes.

Post-retirement health care in respect of existing employees is recognized as an expense over the remaining service lives of the relevant employees.

The Company has an obligation to provide medical benefits to certain of its pensioners and dependents of ex-employees. These liabilities are unfunded and have been provided in full, calculated on an actuarial basis. A significant portion of the pensioners and dependents were recently bought out of the scheme.

Valuation of these obligations is carried out annually by independent actuaries using appropriate mortality tables, long-term estimates of increases in medical costs and appropriate discount rates.

(iii) **SHARE-BASED COMPENSATION PLANS:** The Company has elected to follow Accounting Policies Board Opinion No. 25 Accounting for Stock Issued to Employees (APB No. 25) and its related interpretations in accounting for its share option schemes. Under APB No. 25, because the exercise price of the Company's and subsidiary's employee stock options equaled the market price of the underlying share on the date of the grant, no compensation expense was recognized in the Company's financial statements, other than on occasions where the terms of share option vesting schedules are modified or accelerated. In particular, during the year ended June 30, 2005, as a result of the inability by participants to exercise their share options during the period of the attempted Harmony hostile takeover bid, the Company extended the exercise period of allocation options for certain employees whose options would otherwise have expired by June 25, 2005. The Company accounted for the modification under the intrinsic value method with a new measurement date and, since the option were fully vested on the modification date, recorded the incremental compensation cost of \$2.1 million as an expense.

Pro forma information regarding net income and earnings per share is required by SFAS No. 123 Accounting for Stock-Based Compensation. This information is required to be determined as if the Company had accounted for its employee stock options granted subsequent to December 31, 1995 under the fair value method of that statement. The fair value of the options granted during 2005, 2004 and 2003 reported below has been estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

	2005		2004		2003	
Expected life (in years)	3.0	6.0	6.0	6.0	6.0	6.0
Risk free interest rate	8.4%		8.4%		10.7%	
Volatility	35.0%		53.0%		54.5%	
Dividend yield	1.5%		2.4%		4.5%	

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the Company's options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the value estimate, in the opinion of management, the existing models do not necessarily provide a reliable single measure of the fair value of its options. The weighted average estimated fair value of employee stock options granted during fiscal 2005, 2004 and 2003 under the employee share option scheme was R25.66, R44.18 and R61.89 per share, respectively.

For purposes of pro forma disclosure, the estimated fair value of the options is recognized as an expense over the options' vesting period. The Company's pro forma information follows (millions except for per share information):

	2005 \$ m	2004 \$ m	2003 \$ m
(Loss)/income before cumulative effect of change in accounting principles as reported	(206.2)	48.9	258.3
Add back: Stock compensation expense under APB No. 25	2.1		
Less: Stock compensation expense under SFAS No. 123	(15.4)	(10.8)	(7.6)
Pro forma (loss)/income before cumulative effect of change in accounting principles	(219.5)	38.1	250.7
Pro forma basic (loss)/earnings per share before cumulative effect of change in accounting principles (\$)	(0.45)	0.08	0.53
Pro forma fully diluted (loss)/earnings per share before cumulative effect of change in accounting principles (\$)	(0.45)	0.08	0.53
Net (loss)/income as reported	(206.2)	48.9	257.0
Add back: Stock compensation expense under APB No. 25	2.1		
Less : Stock compensation expense under SFAS No. 123	(15.4)	(10.8)	(7.6)
Pro forma net (loss)/income	(219.5)	38.1	249.4
Pro forma basic (loss)/earnings per share (\$)	(0.45)	0.08	0.53
Pro forma fully diluted (loss)/earnings per share (\$)	(0.45)	0.08	0.53

The impact on pro forma (loss)/income before cumulative effect of change in accounting principles, pro forma basic (loss)/earnings per share before cumulative effect of change in accounting principles, pro forma fully diluted (loss)/earnings per share before cumulative effect of change in accounting principles, pro forma net (loss)/income, pro forma basic (loss)/earnings per share and pro forma fully diluted (loss)/earnings per share in the table above which shows the effect of recognizing share-based compensation expense using the fair value method rather than the intrinsic method, may not be indicative of the effect in future years. The Company continues to grant share options to certain employees. This policy may or may not continue.

(q) **REVENUE RECOGNITION:** Revenue arising from gold and by-product sales is recognized when the risks and rewards of ownership and title pass to the buyer under the terms of the applicable contract and the pricing is fixed and determinable. Sales revenue excludes value-added tax but includes the net profit and losses arising from hedging transactions from matched gold sales contracts, which are designated as normal sales contracts. Revenue from silver and other by-products sales are credited to production costs as a by-product credit

(r) **DIVIDEND INCOME:** Dividends are recognized when the right to receive payment is established.

(s) **INTEREST INCOME:** Interest is recognized on a time proportion basis taking account of the principal outstanding and the effective rate to maturity on the accrual basis.

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(t) **DIVIDENDS DECLARED:** Dividends proposed and the related taxation thereon are recognized only when the dividends are declared. Dividends are payable in South African Rand.

(u) **SEGMENT REPORTING:** The Group is a gold mining company operating geographically in South Africa, Ghana and Australia. The business segments comprise geographical operations based on locations and operating units.

(v) **(LOSS)/EARNINGS PER SHARE** is calculated based on the net income/(loss) divided by the weighted average number of common shares in issue during the year. Diluted earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.

(w) **COMPARATIVES:** The Company changed the presentation of its income statement in the current year primarily to reflect only Product sales as a component of Revenue, and to reflect Interest and dividends and Other income as components of Other (Expenses)/Income. Therefore, where necessary, comparative figures have been adjusted to conform with changes in presentation in the current fiscal year.

(x) **RECENT ACCOUNTING PRONOUNCEMENTS:**

In March 2005, the FASB ratified Emerging Issues Task Force ( EITF ) Issue No. 04-03, Mining Assets: Impairment and Business Combinations ( EITF 04-03 ). The EITF addressed the concern that an acquired mining asset may be subject to a day-two impairment if the value beyond proven and probable reserves ( VBPP ) and anticipated future market price increases are considered in the purchase price allocation but subsequently excluded in cash flow analysis used in an impairment test performed under FASB Statement No. 144, Accounting for the Impairment and Disposal of Long-Lived Assets ( FAS 144 ). The Task Force reached a consensus that an entity should include VBPP and the effects of anticipated fluctuations in the market price of minerals in the value allocated to mining assets in a purchase price allocation, and similarly, include the cash flows associated with VBPP and anticipated fluctuations in the market price of gold in estimates of future cash flows (both discounted and undiscounted) used for determining whether a mining asset is impaired under FAS 144. The Task Force noted in both cases that estimates should be consistent with the estimates of a market participant (i.e. the entity should consider all available information including current prices, historical averages and forward pricing curves).. The consensus reached by the Task Force was effective for business combinations and asset impairments performed in periods beginning after March 31, 2004. Accordingly, the Group followed the consensus of the EITF in performing its impairment analyses at June 30, 2005.

In March 2005, the FASB ratified EITF Issue No. 04-06, Accounting for Stripping Costs Incurred during Production in the Mining Industry ( EITF 04-06 ). EITF 04-06 addresses the accounting for stripping costs incurred during the production stage of a mine and refers to these costs as post-production stripping costs. EITF 04-06 requires that post-production stripping costs be considered costs of the extracted minerals and recognized as a component of inventory to be recognized in costs applicable to sales in the same period as the revenue from the sale of inventory. As a result, capitalization of post-production stripping costs is appropriate only to the extent product inventory exists at the end of a reporting period. The guidance in EITF 04-06 is effective for the first reporting period in fiscal years beginning after December 15, 2005, with early adoption permitted. The guidance in the EITF is consistent with the Group's current accounting for stripping costs. As such, the Group does not expect the adoption of the EITF to have a significant impact on its consolidated financial statements.

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In December 2004, the FASB issued SFAS No. 123R, *Share-Based Payment*, which revised SFAS No. 123, *Accounting for Stock-Based Compensation* and superseded APB Opinion 25, *Accounting for Stock Issued to Employees* and its related implementation guidance. SFAS No. 123R requires measurement and recording in the financial statements of the costs of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award, recognized over the period during which an employee is required to provide services in exchange for such award. The Group anticipates adopting the provisions of SFAS No. 123R on July 1, 2005, using the modified prospective method. Accordingly, compensation expense will be recognized for all newly granted awards and awards modified, repurchased, or cancelled after July 1, 2005. Compensation cost for the unvested portion of awards that are outstanding as of July 1, 2005 will be recognized rateably over the remaining vesting period. The compensation cost for the unvested portion of awards will be based on the fair value at date of grant as calculated for Gold Fields' pro forma disclosure under SFAS No. 123. The effect on net (loss)/income and (loss)/earnings per share in the periods following adoption of SFAS No. 123R is expected to be consistent with Gold Fields' pro forma disclosure under SFAS No. 123, except that estimated forfeitures will be considered in the calculation of compensation expense under SFAS No. 123R. Additionally, the actual effect on net income and earnings per share will vary depending upon the number and fair value of options granted in future years compared to prior years.

### 3 ACQUISITION AND DISPOSAL OF BUSINESSES

#### (a) St Helena Gold Mines Limited ( St Helena )

On October 30, 2002, the Company disposed of the St. Helena gold mining operation to the ARMGold/Harmony Free Gold Joint Venture Company (Proprietary) Limited ( Freegold ) for \$11.9 million in cash and a monthly royalty payment of 1% of net revenues from gold sales of the St. Helena Gold Mining Operations, payable to the Company for a period of four years subsequent to the disposal of the St. Helena operations. The Company realized a gain of \$13.4 million on disposal of the St. Helena operations.

#### (b) Acquisition of remaining 49% stake in Arctic Platinum Project

The Company's investment in the Arctic Platinum Project was achieved through an earn-in agreement with Outokumpu Mining Oy. The Arctic Platinum Project is an exploration project for platinum group metals and as such all contributions by the Company to the project to date have been classified as exploration expenditure and expensed as incurred. On September 11, 2003, the Company exercised its rights of first refusal to acquire the remaining 49% stake in the Arctic Platinum Project it did not already own for \$31.7 million, consisting of \$23 million in cash and Gold Fields ordinary shares worth \$8.7 million. These costs have been capitalized as part of mineral interests within property, plant and equipment.

### 4 IMPAIRMENT OF ASSETS

	2005 \$ m	2004 \$ m	2003 \$ m
Agnew Mine			29.6
Beatrix North and South sections	211.1		
Beatrix West section		61.8	
Living Gold	8.4		
St Ives old mill	9.8		
Driefontein 10 shaft	2.0		
Kloof No. 3 metallurgical plant	1.8		
Intangible asset Biox technology		5.0	
Mineral rights		5.9	
	233.1	72.7	29.6

#### Beatrix North and South sections

Beatrix is a relatively low grade mine and therefore is very sensitive to changes in its cost profile. Changes in the cost profile affects the pay-limit, which in turn affects the quantum of reserves.

During fiscal 2005, there were cost increases at Beatrix which resulted in an increase in the pay-limit. Due to the increase in the pay-limit, certain reserves at No. 2 shaft and Vlakpan included in fiscal 2004 became uneconomical to mine and were therefore excluded from the 2005 reserve calculation. In addition, due to the restructuring at No. 2 shaft, certain sections were closed which resulted in a further decrease in reserves from fiscal 2004. The reduction in reserves in fiscal 2005 as a result of these two factors was the main reason that led to recording the impairment charge of \$211.1 million, which represents the amount by which the carrying amount of the asset group exceeded its estimated fair value. The fair value of the asset group was estimated using the method described in note 2 (d) (viii).

**Living Gold**

An impairment charge was incurred at Living Gold, the rose project at Driefontein. As Living Gold is not a gold asset, its valuation was based on its business plan using a long-term exchange rate of R8.51 to the euro and a discounted cash flow valuation at a real discount rate of 10 per cent. This resulted in an impairment charge of \$8.4 million.

**Driefontein 10 shaft, Kloof No 3 Metallurgical plant and St Ives Old Mill**

Due to the closure of certain infrastructure in the Group, additional assets were impaired:

at Driefontein, the No 10 shaft was closed, resulting in an impairment charge of \$2.0 million;

at Kloof, the No. 3 Metallurgical plant was closed, resulting in an impairment charge of \$1.8 million; and

at St Ives, the old mill was closed, resulting in an impairment charge of \$9.8 million.



**Beatrix 4 West section**

During fiscal 2004, following a geological study at the Beatrix 4 West section and an associated revision of the ore reserve, the latest life-of-mine plans indicated that future production of gold should be based on 2.9 million ounces as opposed to 6.9 million ounces as previously estimated. At this level of extraction and at a gold price of \$350 per ounce, the life-of-mine plans did not support the carrying value of the shaft on an undiscounted cash flow basis. Accordingly, an asset impairment of \$61.8 million was charged against income, which reduced the carrying value of the Beatrix West section to \$11.9 million.

**Intangible asset - Biox technology**

During 2004, an asset impairment charge of \$5.0 million was required to adjust the carrying value of the Biox technology to its recoverable amount of \$15.0 million.

**Mineral rights**

New regulations in South Africa will result in mining companies forfeiting certain mineral rights not likely to be mined or explored. Accordingly, an asset impairment of \$5.9 million was charged against income.

**Agnew mine**

The allocation of the purchase price to the Agnew and St. Ives mines was based upon geological and other information available to the Company at the purchase date. During fiscal 2003, the Company revised the Agnew life of mine plan based upon the latest reserves and mineralized material. The life of mine plan was revised because the results of the Agnew mine following the acquisition had been below those anticipated due to lower recovered gold content, and certain events which rendered certain mineralized material unexploitable. The revised mine plan did not support the original allocation of the purchase price to the Agnew mine orebody, mining tenements and undeveloped properties. For management reporting purposes, the Company reallocated part of the initial purchase price from the Agnew mine orebody, mining tenements and undeveloped properties to the St. Ives mine orebody, mining tenements and undeveloped properties. US GAAP does not permit a company to reallocate the purchase price more than a year beyond the acquisition date, when sufficient data was available to make the initial purchase price allocation. Accordingly, an impairment write down of \$29.6 million was recorded to reflect the Agnew mine assets at their fair value.

**5 FINANCE EXPENSE /(INCOME)**

	2005 \$ m	2004 \$ m	2003 \$ m
Interest paid Mvelaphanda loan	56.9	18.2	
Interest paid other	0.7	9.0	4.8
Realized gain on foreign debt, net of cash	(2.7)	(11.4)	(5.0)
Unrealized gain on foreign debt, net of cash		(3.6)	(4.0)
	54.9	12.2	(4.2)

**6 INCOME AND MINING TAX BENEFIT/(EXPENSE)**

	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>\$ m</b>	<b>\$ m</b>	<b>\$ m</b>
South Africa	(15.2)	(10.1)	(64.3)
Ghana	(19.2)	(12.7)	(10.3)
Australia	(7.8)	(7.1)	(5.7)
Current income and mining taxes	(42.2)	(29.9)	(80.3)
South Africa	127.9	53.9	(34.6)
Ghana	(17.4)	(26.8)	(25.6)
Australia	32.1	(9.0)	6.7
Deferred income and mining taxes	142.6	18.1	(53.5)
Total income and mining tax benefit/(expense)	100.4	(11.8)	(133.8)

The Company's pre-tax (loss)/income before minority interests and cumulative effect of change in accounting principles comprise:

	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>\$ m</b>	<b>\$ m</b>	<b>\$ m</b>
South Africa	(394.2)	(84.1)	309.5
Ghana	123.8	118.3	85.4
Australia	(15.6)	48.3	11.6
	(286.0)	82.5	406.5

South African mining tax on mining income is determined on a formula basis which takes into account the profit and revenue from mining operations during the year. Non-mining income is taxed at a standard rate.

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Deferred tax is provided at the estimated effective mining tax rate on temporary differences. Major items causing the Group's income tax provision to differ from the South African maximum mining statutory rate of 45% (2004 and 2003: 46%) were:

	2005 \$ m	2004 \$ m	2003 \$ m
Tax benefit/(expense) on (loss)/income at South African maximum mining statutory rate	128.6	(38.0)	(187.0)
Rate adjustment to reflect estimated effective mining tax rate in South Africa of 40% (2004 and 2003: 40%) and tax rate in Ghana of 32.5% (2004 and 2003: 32.5%) and tax rate in Australia of 30% (2004 and 2003: 30%)	(4.6)	17.6	1.0
South African mining tax formula rate adjustment	11.5	7.0	18.4
Valuation allowance raised against deferred tax assets			(0.4)
Non-taxable income/additional deductions	(40.0)	15.1	30.6
Valuation allowance against deferred tax asset	(1.5)		
Use of assessed losses and unredeemed capital expenditure not previously recognized			13.7
Prior year adjustment		(1.0)	
Ghanaian tax rate adjustment	8.4		
Australian tax benefit from tax consolidations	26.8		
South African capital gains tax		(1.7)	(2.1)
Foreign levies and royalties	(21.8)	(19.8)	(16.1)
Other	(7.0)	9.0	8.1
Income and mining tax benefit/(expense)	100.4	(11.8)	(133.8)

Deferred income and mining tax liabilities and assets on the balance sheet of June 30, 2005 and 2004, relate to the following:

	2005 \$ m	2004 \$ m
<b>Deferred income and mining tax liabilities:</b>		
Mining assets	822.1	968.4
Financial instruments	35.0	30.0
Investment in environmental trust fund	23.2	21.0
Other	0.5	7.8
Total deferred income and mining tax liabilities	880.8	1,027.2
<b>Deferred income and mining tax assets:</b>		
Provisions, including rehabilitation accruals)	64.2	68.4
Tax losses	101.2	60.7
Unredeemed capital expenditure	155.4	166.1
Total deferred income and mining tax assets	320.8	295.2
Valuation allowance for deferred tax assets	(36.2)	(37.0)
Total deferred income and mining tax assets	284.6	258.2
Net deferred income and mining tax liabilities	596.2	769.0
<b>Net deferred income and mining tax liabilities comprise of:</b>		
Current deferred income and mining tax liabilities		
Non-current deferred income and mining tax liabilities	596.2	769.0
Net deferred income and mining tax liabilities	596.2	769.0

The classification of deferred income and mining tax liabilities or assets is based on the related liability or asset creating the deferred tax. Deferred taxes not related to a specific liability or asset are classified based on the estimated period of reversal.

The Company has established a valuation allowance for certain deferred tax assets which management believe will not be realized based on projections as of June 30, 2005 and 2004. The valuation allowance relates primarily to a full valuation allowance against certain foreign net deferred tax assets of \$34.8 million (2004: \$37.0 million), raised on the exploration costs incurred in Orogen investments SA (Luxembourg) and \$1.4 million (2004:\$Nil million) raised on losses incurred at Living Gold (Pty) Limited.

As at June 30, 2005 and 2004 the Group has unredeemed capital expenditure and tax loss carry forwards available for deduction against future mining income at its South African mining operations as follows:

unredeemed capital expenditure at GFI Mining South Africa (Pty) Limited of \$337.1 million (2004: \$313.9 million). This comprises \$Nil (2004: \$1.9 million) at the Driefontein operation, \$62.4 million (2004: \$37.0 million) at the Kloof operation and \$274.7 million (2004: \$275.0 million) at the Beatrix operation.

estimated and assessed tax losses at GFI Mining South Africa (Pty) Limited of \$7.4 million (2004: \$8.4 million). This comprises \$0.2 million (2004: \$Nil million) at the Kloof operation and \$7.2 million (2002: \$8.4 million) at the Beatrix operation.

These future deductions are utilizable against income generated by the individual tax entity concerned and do not expire unless the tax entity ceases to commercially mine for a period longer than one year. Under South African mining tax ring-fencing legislation, each tax entity is treated separately and as such these deductions can only be utilized by the tax entities in which the deductions have been generated.

estimated assessed losses at Gold Fields Shared Services (Pty) Limited of \$6.7 million (2004: \$2.4 million).

The Group has estimated capital allowances to be offset against future income of \$73.3 million (2004: \$116.2 million) and \$Nil million (2004: \$8.4 million) at Gold Fields Ghana Limited and Abosso Goldfields Limited respectively. The estimated capital allowances do not have an expiration date. In terms of current Ghanaian taxation legislation, tax losses not utilized by Gold Fields Ghana Limited and Abosso Goldfields Limited are forfeited after 5 years. Gold Fields Ghana Limited and Abosso Goldfields Limited currently have no tax losses available for utilization against future profits.

The Group has tax losses available of \$120.2 million (2004: \$121.8 million) at Orogen Investments SA (Luxembourg), which can only be used to offset future interest income generated by Orogen Investments SA (Luxembourg). In terms of current Luxembourg taxation legislation, losses incurred in accounting periods subsequent to December 31, 1990, can be carried forward indefinitely. Losses incurred prior to this date could only be carried forward for 5 years. All losses incurred by Orogen Investments SA (Luxembourg) were incurred subsequent to December 31, 1990.

The Australian tax legislation makes provision for companies that consolidate for tax purposes to recalculate their tax values based on a market value calculation. This gross up calculation was performed in fiscal 2005 by Gold Fields subsidiaries in Australia and Gold Fields recorded a net gross up of \$26.8 million.

The Group has estimated capital allowances to be offset against future income of \$183.9 million (2004: \$52.5 million) at Gold Fields Australia (Pty) Limited. The estimated capital allowances do not have an expiration date. In terms of current Australian taxation legislation, tax losses incurred by Gold Fields Australia (Pty) Limited are carried forward indefinitely. Gold Fields Australia (Pty) Limited currently has no tax losses available for utilization against future profits.

## 7 (LOSS)/EARNINGS PER SHARE

	For the year ended June 30, 2005		
	Loss Numerator \$ m	Shares Denominator	Per-share Amount cents
<b>Basic loss per share before cumulative effect of change in accounting principle</b>			
Shares outstanding July 1, 2004		491,492,520	
Weighted average number of shares issued during the year		494,988	
Loss available to common stockholders	(206.2)	491,987,508	(0.42)
<b>Fully diluted loss per share before cumulative effect of change in accounting principle</b>			
Effect of dilutive securities			
Loss available to common stockholders	(206.2)	491,987,508	(0.42)
<b>Basic loss per share</b>			
Shares outstanding July 1, 2004		491,492,520	
Weighted average number of shares issued during the year		494,988	
Loss available to common stockholders	(206.2)	491,987,508	(0.42)
<b>Fully diluted loss per share</b>			
Effect of dilutive securities			
Loss available to common stockholders	(206.2)	491,987,508	(0.42)

	For the year ended June 30, 2004		
	Income Numerator \$ m	Shares Denominator	Per-share Amount cents
<b>Basic earnings per share before cumulative effect of change in accounting principle</b>			
Shares outstanding July 1, 2003		472,364,872	
Weighted average number of shares issued during the year		12,656,094	
Income available to common stockholders	48.9	485,020,966	0.1010
<b>Fully diluted earnings per share before cumulative effect of change in accounting principle</b>			
Effect of dilutive securities		2,677,465	
Income available to common stockholders	48.9	487,698,431	0.10
<b>Basic earnings per share</b>			
Shares outstanding July 1, 2003		472,364,872	
Weighted average number of shares issued during the year		12,656,094	
Income available to common stockholders	48.9	485,020,966	0.10
<b>Fully diluted earnings per share</b>			
Effect of dilutive securities		2,677,465	
Income available to common stockholders	48.9	487,698,431	0.10

	For the year ended June 30, 2003		
	Income Numerator \$ m	Shares Denominator	Per-share Amount cents
<b>Basic earnings per share before cumulative effect of change in accounting principles</b>			
Shares outstanding July 1, 2002		470,522,224	
Weighted average number of shares issued during the year		1,291,882	
Income available to common stockholders	258.3	471,814,106	0.55
<b>Fully diluted earnings per share before cumulative effect of change in accounting principles</b>			
Effect of dilutive securities		3,480,133	
Income available to common stockholders	258.3	475,294,239	0.54
<b>Basic earnings per share</b>			
Shares outstanding July 1, 2002		470,522,224	
Weighted average number of shares issued during the year		1,291,882	
Income available to common stockholders	257.0	471,814,106	0.54
<b>Fully diluted earnings per share</b>			
Effect of dilutive securities		3,480,133	
Income available to common stockholders	257.0	475,294,239	0.54

## 8 RECEIVABLES

	2005 \$ m	2004 \$ m
Gold sale trade receivables	43.8	31.4
Other trade receivables	11.6	14.0
Deposits	2.0	2.0
Value added tax	18.0	36.4
Interest receivable	0.4	1.6
Payroll receivables	4.9	3.2
Pre-paid expenses	11.0	6.9
Capitalized project acquisition costs to be transferred to investments	12.0	
Rand Mutual Assurance refund	2.6	
Financial instrument receivables	1.3	
Debt issuance costs	3.6	5.1
Other	8.7	15.8
	119.9	116.4

**9 INVENTORIES**

	2005 \$ m	2004 \$ m
Ore stockpiles	10.5	26.0
Gold-in-process	16.9	5.3
Consumable stores	49.3	32.0
Mineral rights	0.7	0.6
	77.4	63.9

**10 PROPERTY, PLANT AND EQUIPMENT**

	2005 \$ m	2004 \$ m
Mining properties, mine development costs and mine plant facilities	2,324.9	2,579.8
Asset retirement cost	24.7	19.5
Other non-mining assets	204.5	206.2
	2,554.1	2,805.5

Included in the cost of property, plant and equipment is cumulative capitalized interest relating to the Tarkwa mine amounting to \$1.7 million (2004: \$1.7 million). No interest were capitalized during the fiscal 2005, 2004 and 2003.

Depreciation of property, plant and equipment amounted to \$274.5 million in 2005 (2004: \$198.6 million and 2003: \$188.1 million).

**11 NON-CURRENT INVESTMENTS**

	2005 \$ m	2004 \$ m
Listed investments (a)	108.1	93.4
Unlisted investments (b)	30.3	32.3
Amounts contributed to environmental trust fund (c)	58.1	52.6
Equity investees (d)		0.4
Other investments	7.0	1.1
	203.5	179.8



(a) Listed investments mainly consist of 4,212,137 shares in Western Areas Gold Mining Company valued at \$3.02 per share (2004: 4,212,137 shares at \$4.28 per share), 10,800,000 shares in Sino Gold Limited valued at \$1.42 per share (2004: 10,800,000 shares at \$1.61 per share), 4,350,000 shares in Mvelaphanda Resources Limited valued at \$2.28 per share (2004: 4 350,000 at \$2.83 per share), 12,344,444 shares in Bolivar Gold Corporation valued at \$2.11 per share (2004: 12,344,444 at \$1.08 per share), 7,628,571 shares in Comaplex Minerals Corporation valued at \$2.00 per share (2004: Nil shares) and Nil shares in Zijin Mining Group Company Limited (2004: 18,000,000 at \$0.34 per share).

The fair value of listed investments at June 30, 2005 of \$108.1 million (2004: \$93.4 million) comprises a cost of \$87.4 million (2004: \$81.9 million) and a net unrealized gain of \$20.7 million (2004: \$11.5 million). The net unrealized gain comprises a gross unrealized gain of \$34.1 million (2004: \$23.9 million) partly offset by a gross unrealized loss of \$13.4 million (2004: \$12.4 million). The gross unrealized loss of \$13.4 million (2004: \$12.4 million) comprises 17 equity investments in listed entities. Only 5 of the 17 equity investments have been in a continuous unrealized loss position for more than 12 months. The unrealised loss relating to these 5 investments amounting to \$7.7 million have been accounted in the consolidated statement of operations.

(b) Unlisted investments comprise investments in various unlisted companies in South Africa for which a fair value is not readily determinable. The directors of the Company perform independent valuations of the investments on an annual basis to ensure that no other-than temporary decrease in the value of the investments has occurred. Unlisted investments mainly consist of preference shares in Mvelaphanda Resources Limited with a cost of \$29.9 million (2004: \$28.6 million).

(c) The environmental trust funds are irrevocable trusts under the Group's control. The monies in the trusts are invested primarily in interest bearing short-term investments. The future realization of this asset is intended to fund environmental rehabilitation obligations of the Groups South African mines. Whilst the asset is under the Company's control, it is not available for the general purposes of the Company. All income from this asset is reinvested or spent to meet these obligations. These obligations are described in note 15, Provision for Environmental Rehabilitation.

(d) Equity in investee comprises the following:

Investments	Description of business	Ownership %		Market value		
		2005	2004	2005	2004	\$ m
				\$ m	\$ m	\$ m
Rand Refinery Limited	Refining of gold bullion and by-products	33.1	33.1			

The carrying value of the equity investment in Rand Refinery Limited has been reduced to nil because Gold Fields' share of the losses exceeds its carrying value in Rand Refinery. Gold Fields' obligation to make good its share of the losses in the investee is limited to the carrying value of the investment.

Rand Refinery Limited ( Rand Refinery ) acts as a sale agent on behalf of the Company s African operations. The market value of the Company s investment in Rand Refinery is not readily determinable. During the years ended June 30, 2005, 2004 and 2003, the Company received dividends from Rand Refinery of \$Nil million, \$0.8 million and \$1.9 million, respectively. At June 30, 2005 an amount of \$35.1 million was owing from Rand Refinery (2004: \$25.2 million).

## 12 ACCOUNTS PAYABLE AND PROVISIONS

	2005 \$ m	2004 \$ m
Trade payables	86.5	82.1
Accruals	82.0	76.9
Payroll and other compensation	22.2	26.8
Leave pay accrual	39.0	38.5
Financial instruments payable	6.3	25.4
Net interest payable on Mvelaphanda loan	32.6	17.2
Foreign levies payable	0.2	3.3
Other	6.6	20.4
	275.4	290.6

## 13 LONG TERM LOANS

	2005 \$ m	2004 \$ m
<b>Secured</b>		
Mvelaphanda loan agreement (a)	650.6	643.2
<b>Unsecured</b>		
Industrial Development Corporation loan (b)	2.5	
<b>Total long-term loans</b>	653.1	643.2

### (a) Mvelaphanda loan agreement

On March 17, 2004, Mvelaphanda Gold (Proprietary) Limited, a wholly owned subsidiary of Mvelaphanda Resources Limited, advanced an amount of \$591.3 million to GFI Mining South Africa (Pty) Limited ( "GFIMSA" ), (the "Mvela Loan" ). The loan bears interest at a fixed rate of 10.57% nominal annual compounded semi-annually and is guaranteed by Gold Fields, Gold Fields Australia and Gold Fields Guernsey. Interest is payable semi-annually and the loan amount is repayable five years from the date of advance. While the Mvela Loan is outstanding, Gold Fields and any of its material subsidiaries, which is defined as any subsidiary whose gross revenue in the most recently ended financial year represents more than 5% of the consolidated gross revenue of Gold Fields and its subsidiaries, may not, subject to certain exceptions, (i) sell, lease, transfer or otherwise dispose of any assets, (ii) enter into any merger or similar transaction, or (iii) encumber its assets. The Mvela Loan will become immediately due and payable upon the occurrence of any event of default, identified in the contract.

On the date the loan is repaid, Mvelaphanda Gold (Proprietary) Limited is obligated to use the entire proceeds of the loan repayment to subscribe for new shares in GFIMSA such that after the subscription it will own 15% of the enlarged equity of GFIMSA.

In addition, starting one year after the subscription by Mvela Gold of the GFIMSA shares, each of Gold Fields and Mvela Gold will be entitled to require the exchange of Mvela Gold's GFIMSA shares for ordinary shares of Gold Fields of an equivalent value based on an exchange ratio equal to 15% of a discounted cash flow calculation as applied to GFIMSA's operations divided by the same calculation as applied to Gold Fields operations, with certain adjustments. In the event that the parties do not agree on the number of Gold Fields ordinary shares to be issued to Mvela Gold in such exchange, then the exchange ratio will be determined by an independent merchant bank or investment bank appointed by the parties. Mvela Gold is entitled to dispose of the GFIMSA shares and any Gold Fields ordinary shares it may hold only in accordance with the terms of a pre-emptive rights agreement entered into by the parties.



In connection with the Mvela loan, GFIMSA entered into two interest rate swaps, an amortizing and an accreting swap. The amortizing swap for \$236.2 million and the accreting swap of \$355.1 million reflect the profile of the Mvela loan and have been designated as a fair value hedge. The fixed rate receivable on these interest rate swaps is equal to the interest rate payable on the loan from Mvelaphanda Gold (Proprietary) Limited and the floating rate payable is the three month Johannesburg Interbank Agreed Rate, or JIBAR rate plus a margin of 1.025%.

In terms of the Subscription and Share Exchange Agreement, Mvela Gold and Gold Fields have the right to require the exchange of the GFIMSA shares in return for the issue to Mvela Gold of new ordinary shares in Gold Fields. The minimum and maximum number of Gold Fields shares that will be issued by Gold Fields following the exercise of the Subscription and Share Exchange Agreement is 45,000,000 and 55,000,000 respectively.

On June 3, 2005, the interest rate swap was closed-out resulting in a gain of \$36.2 million. Of the \$36.2 million, \$0.8 million was accounted for in the income statement as a gain on financial instruments in fiscal 2005. The balance of \$35.4 million will be accounted for in the income statement as a gain on financial instruments in the income statements of fiscal years 2006 to 2009.

	2005 \$ m	2004 \$ m
Loan advanced	591.3	591.3
Fair value adjustment in relation to interest rate swap (2005: up to close-out of swap)	36.2	(13.8)
Amortization of fair value adjustment following close-out of interest rate swap	(0.8)	
Translation	23.9	65.7
Fair value of loan at end of year	650.6	643.2

The fair value adjustment in relation to the interest rate swaps is calculated using cash flows over the remaining period of the debt discounted at the five year forward curve of the three month JIBAR rate plus a margin of 1.025%.

#### Long-term debt repayment schedule

The Mvela loan is repayable in full on March 17, 2009.

#### (b) Industrial Development Corporation loan

On May 28, 2004, Living Gold (Pty) Limited ( Living Gold ), a subsidiary of GFIMSA entered into an agreement with the Industrial Development Corporation of South Africa Limited ( IDC ) in terms of which IDC agreed to provide a loan facility of R 16.6 million. On November 24, 2004, Living Gold drew down the full amount of the facility.

In terms of the loan agreement, interest accrues on the facility based on the First National Bank of Southern Africa Limited prime overdraft rate. The prime overdraft rate at June 30, 2005 was 10.5%. The loan is repayable in 96 equal monthly instalments commencing July 1, 2006.

14 **PROVISION FOR ENVIRONMENTAL REHABILITATION**

The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements. The following is a reconciliation of the total liability for environmental rehabilitation:

	2005 \$ m	2004 \$ m
<b>Asset retirement obligations</b>		
The following is a reconciliation of the total liability for asset retirement obligations:		
Balance at July 1	116.0	99.2
Revision to estimated cash flows		(6.7)
Additions to liabilities	11.6	
Liabilities settled	(1.6)	(1.6)
Accretion of liability	11.5	8.4
Foreign currency translation adjustment	(2.9)	16.7
Balance at June 30	134.6	116.0

The Company intends to finance the ultimate rehabilitation costs of the South African operations from the monies invested with the environmental trust fund, ongoing contributions, as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure. The Company will finance the ultimate rehabilitation costs of the non-South African operations from funds to be set aside for that purpose.

15 **PROVISION FOR POST-RETIREMENT HEALTH CARE COSTS**

	2005 \$ m	2004 \$ m
Accrued post-retirement health care costs	9.0	18.9

The Group has certain liabilities to subsidize the contributions payable by certain pensioners and dependants of ex-employees on a pay-as-you-go basis. The Group's contributions to these schemes on behalf of current and retired employees amounted to \$0.4 million in fiscal 2005 (2004: \$2.6 million and 2003: \$3.4 million). The obligation has been actuarially valued and the outstanding contributions will be funded over the lifetime of these pensioners and dependants. During fiscal 2005 approximately 2.1% (2004: approximately 6%) of these pensioners and dependants were bought out of the scheme at a premium of 15%.

The following table sets forth the funded status and amounts recognized in the Company's consolidated financial statements for the post-retirement health care costs:

	2005 \$ m	2004 \$ m
Actuarial present value	9.0	18.9
Plan assets at fair value		
Accumulated benefit obligation in excess of plan assets	9.0	18.9
Prior service costs		
Unrecognized net (gain)/loss		
Post-retirement health care liability	9.0	18.9

The following is a reconciliation of the benefit obligation:

	2005 \$ m	2004 \$ m
Benefit obligation at beginning of year	18.9	23.9
Service cost	0.5	1.3
Interest cost	1.2	1.7
Benefits paid	(0.4)	(0.6)
Benefits forfeited	(2.2)	(2.6)
Buy out of pensioners and dependants	(4.9)	(3.9)
Premium on buy out of pensioners and dependants	0.8	0.7
Release of cross subsidy liability following buy out	(4.5)	(6.2)
Foreign currency translation adjustment	(0.4)	4.6
Balance at end of year	9.0	18.9

The obligation has been valued using the projected unit credit funding method on past service liabilities. The valuation assumes a health care cost inflation rate of 7% per annum (2004: 11%) and a discount rate of 9% per annum (2004 13%).

The net periodic benefit cost is explained as follows:

	2005	2004	2003
	\$ m	\$ m	\$ m
Service cost	0.5	1.3	1.5
Interest cost	1.2	1.7	4.0
Recognized actuarial loss			
Net periodic benefit cost	1.7	3.0	5.5

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage point increase in assumed health care cost trend rates would have increased the aggregate of service and interest cost for 2005 by \$0.2 million (2004: \$0.3 million). The effect of this change on the accumulated post-retirement health care benefit obligation at fiscal year-end 2005 would be an increase of \$0.9 million (2004: \$1.8 million). A one percentage point decrease in assumed health care cost trend rates would have decreased the aggregate of service and interest cost for 2005 by \$0.1 million (2004: \$0.4 million). The effect of this change on the accumulated post-retirement health care benefit obligation at fiscal year-end 2004 would be a decrease of \$1.5 million (2003: \$2.2 million).

## 16 EMPLOYEE BENEFIT PLANS

**RETIREMENT BENEFITS:** The Gold Fields Limited Corporate Pension Fund is a defined benefit scheme, which has 14 active members. Membership to the scheme is closed. The scheme is valued at intervals of not less than three years using the projected unit credit method. This is the only defined benefit scheme in the Group.

The last actuarial valuation was carried out at June 30, 2004 and showed the fund to be under-funded by approximately \$0.4 million, which has been fully provided for. This scheme is in the process of being wound up. On June 1, 2004, all active members were transferred to the Gold Fields Retirement Fund, a defined contribution scheme. Pensioner members have been transferred from the scheme to a retirement scheme of their choice by June 30, 2005.

Contributions to the various retirement schemes are fully expensed during the year in which they are funded. The cost of providing retirement benefits for the Company's defined contribution plans for the year amounted to \$46.9 million (2004: \$38.7 million and 2003: \$26.6 million).

**SHARE OPTION SCHEMES:** At the annual general meeting held on November 10, 1999 shareholders approved the adoption of the GF Management Incentive Scheme ( New Scheme ) to replace the scheme ( Old Scheme ) in place prior to the down stream merger with Driefontein by the Company on June 1, 1999. As a result of introducing the New Scheme consequent upon the composite transaction, participants transferred to the New Scheme on terms no less favorable to them than those applicable to them in terms of the Old Scheme. The fair value of the awards granted to members of the Old Scheme was included in the determination of the purchase consideration as part of the composite transaction. The New Scheme was introduced to provide an incentive for certain officers and employees of the Group to acquire shares in the Company. In terms of the New Scheme's rules, up to a maximum of 3% of the Company's authorized issued ordinary shares, being 13,451,600 shares, may be offered to eligible Company employees. The exercise price of each ordinary share which is the subject of the option is the weighted average of the middle market price at which the ordinary shares traded on the JSE on the trading day immediately preceding the date on which the Board of Directors grants the options. At the annual general meeting held on October 31, 2001, the shareholders approved an increase in the maximum number of shares to 5% of the Company's issued ordinary shares, as at June 30, 2001 being 22,791,830 shares. For the convenience of the reader, the Rand amounts have been converted to U.S. dollars at the balance sheet rates for the respective fiscal years.



Details of the Scheme are as follows:

	Number of Share options	Weighted Average option price	
		Rand	\$
Outstanding as of July 1, 2002	6,578,112	31.45	3.03
Granted during the year	3,128,700	89.30	11.46
Exercised and released	(1,842,648)	21.64	2.78
Forfeited	(40,000)	92.95	11.93
Outstanding as of July 1, 2003	7,824,164	56.58	7.26
Granted during the year	2,910,900	88.25	14.01
Exercised and released	(1,300,977)	20.83	3.31
Forfeited	(740,248)	74.21	11.78
Outstanding as of July 1, 2004	8,693,839	63.52	10.08
Granted during the year	3,968,800	68.19	10.98
Exercised and released	(801,706)	26.74	4.31
Forfeited	(720,482)	77.78	12.52
Outstanding as of June 30, 2005	11,140,451	66.91	9.99

In terms of the New Scheme rules, options currently expire no later than seven years from the grant date and vest as follows. Upon the second anniversary of the grant date, a third of the total option grant vests, and then annually upon future anniversaries of the grant date, a further third of the total option grant vests. Proceeds received by the Company from the exercise of options are credited to common stock and additional paid-in capital. The options exercisable on June 30, 2005, 2004 and 2003 were 3,839,551, 3,376,816 and 1,599,202 respectively. The range of exercise prices for options outstanding at June 30, 2005 was R13.55 to R154.65. The range of exercise prices for options is wide primarily due to the fluctuation of the price of the Company's stock over the period of the grants.

On May 23, 2005, the contract life of options granted to certain employees at prices between R13.55 and R14.19 were extended by one year. These options would have otherwise expired by June 25, 2005. The incremental cost of the modification to these options, calculated as the difference between the intrinsic value at modification date (May 23, 2005) and intrinsic value at grant date of \$2.1 million, has been recognized in earnings as share-based compensation expense.

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The following tables summarize information relating to the options outstanding under the New Scheme as of June 30, 2005: (Tables are denominated in South African Rand where applicable).

Rand		\$	Number of Options	Contractual life (in years)	Outstanding options/Weighted average Exercise price	
					Rand	\$
Range of prices	13.55-14.19	2.02-2.12	388,208	1.42	14.08	2.10
	19.47-23.60	2.91-3.52	552,567	1.57	21.43	3.20
	25.67-29.45	3.83-4.40	961,942	1.48	25.87	3.86
	36.07-57.50	5.38-8.58	1,174,001	3.40	46.44	6.78
	57.51-73.29	8.58-10.94	2,997,600	6.76	65.33	9.71
	73.80-84.17	11.01-12.56	3,378,800	5.31	81.87	12.22
	84.59-119.90	12.56-17.90	1,400,033	4.93	96.92	14.47
	125.37-154.65	18.71-23.08	287,300	3.98	141.08	21.06
<b>Total</b>			<b>11,140,451</b>	<b>4.79</b>	<b>66.91</b>	<b>9.99</b>

Rand		\$	Number of options	Exercisable options	
				Weighted average exercise price Rand	Weighted average exercise price \$
Range of prices	13.55-14.19	2.02-2.12	388,208	14.08	2.10
	19.47-23.60	2.91-3.52	552,567	21.43	3.20
	25.67-29.45	3.83-4.40	961,942	25.87	3.86
	36.07-57.50	5.38-8.58	755,401	46.57	6.95
	57.51-73.29	8.58-10.94	8,200	65.32	9.75
	73.80-84.17	11.01-12.56	686,400	83.48	12.46
	84.59-119.90	12.56-17.90	335,133	104.04	15.53
	125.37-154.65	18.71-23.08	151,700	145.92	21.78
<b>Total</b>			<b>3,839,551</b>	<b>50.06</b>	<b>7.47</b>

These options will expire if not exercised at specific dates ranging from June 17, 2006 to May 31, 2012. Market prices of shares for which options were exercised during the fiscal years ended June 30, 2005 and 2004 ranged from R64.01 to R112.25.

At the annual general meeting held on October 31, 2001, shareholders approved the adoption of the GF Non-Executive Director Share Plan (the Plan). The Plan was introduced to provide an incentive for non-executive directors of the Company to acquire shares in the Company. In terms of the Plan's rules, up to a maximum of 0.5% of the Company's authorized issued ordinary shares as at June 30, 2001, being 2,279,183 shares may be offered to non-executive directors.

Under the Plan, the aggregate number of ordinary shares acquired by any one participant cannot exceed 0.1% of the issued share capital from time to time without the approval of the shareholders in a general meeting and the JSE. The exercise price of each ordinary share which is the subject of an option is the weighted average price of the ordinary shares on the JSE on the day immediately preceding the date on which the Non-Executive Directors Remuneration Committee resolves to grant the option.

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Under the Plan, all options granted may only be exercised no less than twelve months and no more than five years after the date on which the option was accepted by the participant. Should a participant cease to hold office for any reason, he will be entitled within thirty days to exercise those share options which he was entitled to exercise immediately prior to his ceasing to hold office, failing which the options shall automatically lapse. For the convenience of the reader, Rand amounts have been converted to U.S. dollars at the balance sheet rate as of June 30, 2005.

Details of the Plan are as follows:

	Number of options granted	Weighted Average option price Rand	Weighted Average option price \$
Outstanding as of June 30, 2002	145,000	43.70	5.61
Granted during the year	87,000	110.03	14.12
Exercised and released	(10,000)	43.70	5.61
Outstanding as of June 30, 2003	222,000	69.69	8.95
Granted during the year	100,000	88.38	14.03
Exercised and released	(19,000)	43.70	6.94
Outstanding as of June 30, 2004	303,000	77.49	12.30
Granted during the year	102,400	68.59	11.05
Exercised and released			
Outstanding as of June 30, 2005	405,400	75.24	11.23

The following tables summarize information relating to options outstanding under the Plan as of June 30, 2005. (Tables are denoted in South African Rand where applicable.)

Rand		\$	Number of options	Contractual life (in years)	Outstanding options Weighted average	
					Exercise price Rand	\$
Range of prices	43.70-65.55	6.52-9.78	116,000	1.37	43.70	6.52
	65.56-88.37	9.79-13.19	102,400	4.64	68.59	10.24
	88.38-110.03	13.19-16.42	187,000	2.94	98.45	14.69
Total			405,400	2.92	75.24	11.23

Rand		\$	Number of options	Contractual life (in years)	Outstanding options Weighted average	
					Exercise price Rand	\$
Range of prices	43.70-65.55	6.52-9.78	116,000	1.37	43.70	6.52
	88.38-110.03	13.19-16.42	187,000	2.94	98.45	14.69
			303,000	2.34	77.49	11.57
Total			303,000	2.34	77.49	11.57

These options will expire if not exercised at specific dates ranging from November 1, 2006 to February 17, 2010. Market prices of shares for which options were exercised during the fiscal years ended June 30, 2005 and 2004 ranged from R100.00 to R129.10.

## 17 **DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE AND CREDIT RISK OF FINANCIAL INSTRUMENTS**

### **Risk management activities**

In the normal course of its operations, the group is exposed to commodity price, currency, interest rate, liquidity and credit risk. In order to manage these risks, the group has developed a comprehensive risk management process to facilitate control and monitoring of these risks. General corporate hedging unrelated to any specific project is not routinely undertaken. The Group does not hedge its exposure to gold price fluctuation risk and sells at market spot prices, except when specifically required by financing arrangements, to protect cash flows on a project specific basis and to safeguard the viability of higher cost operations.

### **Concentration of credit risk**

The Group's financial instruments do not represent a concentration of credit risk as the Group deals with a number of major banks. Accounts receivable are regularly monitored and assessed and where necessary an adequate level of provision is maintained.

A formal process of allocating counterparty exposure and prudential limits is applied under the supervision of the Group's executive committee.

No margin facilities are engaged.

### **Foreign currency and commodity price risk**

In the normal course of business the Group enters into transactions for the sale of its gold, denominated in U.S. dollars. In addition, the Group has assets and liabilities denominated in a number of different currencies (primarily South African rand and Australian dollars). As a result, the Group is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates.

Prior to fiscal 2002 the Group did not hedge its exposure to foreign currency exchange rates. During fiscal 2002, this policy was amended and the Group entered into foreign currency forward sales and zero cost collars relating to its Australian and South African operations. During fiscal 2003, the Group entered into Rand/U.S. dollar purchase contracts to hedge the Group's commitment in respect of the Tarkwa mill and owner mining projects. This contract matured on June 3, 2004 and was rolled forward to December 3, 2004. On January 7, 2004, the Australian instruments were closed in U.S. dollars and subsequent to this on May 7, 2004, the future U.S. dollar values were fixed in Australian dollars. On

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January 7, 2004 a strip of Australian dollar/U.S. dollar call options were purchased in order to participate in any further Australian dollar appreciation. These instruments were not designated as hedges and accordingly, gains and losses are recognized in earnings.

### **Interest rate and liquidity risk**

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk. The Group does not currently hedge its exposure to interest rate risk.

In the ordinary course of business, the Group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure surplus funds are invested to maximize returns while ensuring that capital is safeguarded to the maximum extent possible by investing only with top financial institutions.

Substantial contractual arrangements for uncommitted borrowing facilities are maintained with several banking counterparties to meet the Group's normal contingency funding requirements.

### **Fair value**

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying amounts of receivables, accounts payable and cash and cash equivalents are a reasonable estimate of their fair values due to the short-term maturity of such instruments. The investments in the environmental trust fund approximate fair value, as the monies are invested in short-term maturity investments. The listed investments are carried at market value. Long-term loans approximate fair value, as they are subject to market based floating rates.

The estimated fair values of the Group's financial instruments are:

	June 30, 2005		June 30, 2004	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	503.7	503.7	656.3	656.3
Financial instruments	79.2	79.2	107.3	107.3
Receivables	119.9	119.9	116.4	116.4
Non-current investments	203.5	203.5	179.8	179.8
<b>Financial liabilities</b>				
Long-term loans	653.1	702.0	643.2	643.2
Accounts payable and provisions	274.5	274.5	290.6	290.6

**Derivative contracts as at June 30, 2005**

**Foreign currency contracts**

The following tables summarize the foreign currency contracts held by the Company as at June 30, 2005:

(a) **A\$/\\$ currency contracts**

Various maturity dates in fiscal years ending	Call options	
	\\$m Notional	A\\$1=\\$ Strike price
June 30, 2006	100.0	0.7670
June 30, 2007	75.0	0.7670
	175.0	0.7670

The mark-to-market value of these contracts amounted to a gain of \$4.1 million at June 30, 2005, which value is based on the prevailing interest rates and volatility at the time.

(b) **\\$/ZAR currency contracts**

Maturity date	Forward sales	
	\\$m Notional	ZAR1 = \\$ Strike price
December 5, 2005	30.0	0.14409

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The mark-to-market value of these contracts amounted to a loss of \$0.6 million at June 30, 2005, which value is based on the prevailing interest rates and volatility at the time.

(c) **International Petroleum Exchange (IPE) Gasoil options**

Maturity date	Forward sales	
	Liters	US\$/liter
June 8, 2005	51,600	0.45000

The mark-to-market value of these contracts amounted to a gain of \$1.9 million at June 30, 2005, which value is based on the prevailing interest rates and volatility at the time.



**Derivative contracts as at June 30, 2004**

The following tables summarize the foreign currency contracts held by the Company as at June 30, 2004:

**(a) A\$/\\$ currency contracts**

Various maturity dates in fiscal years ending	Call options	
	\$m Notional	A\$1=\$ Strike price
June 30, 2005	87.5	0.7670
June 30, 2006	100.0	0.7670
June 30, 2007	75.0	0.7670
	262.5	0.7670

**(b) \\$/ZAR currency contracts**

Maturity date	Forward sales	
	\$m Notional	ZAR1 = \$ Strike price
December 3, 2004	50.0	0.1506

The mark-to-market value of these contracts amounted to a positive US\$1.7 million at June 30, 2004, which value is based on quotes from brokers.

**Interest rate swap contracts as at June 30, 2004**

In terms of the Mvelaphanda loan, GFIMSA pays Mvelaphanda Gold (Proprietary) Limited interest on the Rand denominated Mvela loan at a fixed rate, semi-annually. The interest rate was fixed with reference to the 5 year ZAR swap rate, at 9.6179% nominal annual compounded semi-annually plus a margin of 0.95%. GFIMSA simultaneously entered into interest rate swap agreements converting the fixed interest rate exposure to a floating rate. In terms of the swap, GFIMSA is now exposed to the 3 month JIBAR rate plus a margin of 1.025%.

The marked-to-market value of the interest rate swap was a loss of \$13.8 million at June 30, 2004, to which hedge accounting has been applied. In terms of hedge accounting, the liability that exists in the balance sheet is decreased by the \$13.8 million. The mark-to-market value was based on the prevailing interest rates at the time.

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**ADDITIONAL CASH FLOW INFORMATION****(a) Supplemental cash flow disclosures**

The income and mining taxes paid in the statement of cash flow represents actual cash paid.

The following amounts of interest paid were included in net cash provided by operating activities:

	2005 \$ m	Years ended June 30, 2004 \$ m	2003 \$ m
Interest paid	57.6	27.2	4.8
<b>(b) Non cash-items</b>			
Excluded from the statements of cash flows are the following:			
<b>(i) For the year ended June 30, 2005</b>			
The \$9.0 million gain on market-to-market of listed investments			
<b>(ii) For the year ended June 30, 2004</b>			
The \$17.4 million loss on mark-to-market of listed investments.			
<b>(iii) For the year ended June 30, 2003</b>			
The \$3.4 million loss on mark-to-market of listed investments			
<b>(c) Acquisitions of subsidiaries</b>			
<b>Minority shareholders interest in Arctic Platinum</b>			
With effect from September 4, 2003, the Group acquired the minority shareholders interest in Arctic Platinum.			
Minority shareholders interest		31.7	
Paid for by issue of share capital		(8.7)	
Paid for by cash		23.0	
<b>(d) Disposal of St Helena</b>			
With effect from October 30, 2002, the Group disposed of the assets and liabilities of St. Helena to Freegold. The aggregate fair value of the assets and liabilities disposed of were as follows:			
Property, plant and equipment			0.2
Inventory			0.1
Environmental rehabilitation provision			(4.9)
Environmental rehabilitation investment			3.1
<b>Net liabilities disposed of</b>			(1.5)
Profit on disposal of St. Helena			13.4
<b>Payment received in cash</b>			11.9

**19 COMMITMENTS**

	2005 \$ m	2004 \$ m
<b>Capital expenditure</b>		
Authorized	454.6	520.7
Contracted for	23.8	57.5
Other guarantees	51.3	44.0

Guarantees consist of \$23.3 million committed to guarantee Gold Fields' environmental obligations with respect to its Ghanaian and Australian operations, \$26.8 million (comprising a loan of \$22.4 million and interest of \$4.4 million) to the Public Investment Commissioners (PIC) with regard to the Mvela loan and \$1.2 million for numerous other obligations.

Under the PIC agreement, the Company has effectively guaranteed a loan of R150 million (\$22.4 million) made by the PIC to certain lenders to Mvela, at an interest rate of 14.25%. Under the terms of the agreement, the PIC has the right to require the Company to assume all its rights and obligations under this loan together with its underlying security. The PIC is obliged to pay the Company a guarantee fee equal to 3.75% per annum on the date the loan is repaid.

Commitments will be funded from internal cash resources and borrowings as necessary.

**20 CONTINGENT LIABILITIES**

Gold Fields is a member of the World Gold Council. In terms of the membership agreement, all members are responsible for certain costs, including core costs on a three year rolling basis, winding up costs, if applicable, and various other contingent liabilities. Apportionment of liabilities, should they arise, is done proportionate to the member's production relative to the total production of all members. To date, no claims have been made on Gold Fields.

**21 LINES OF CREDIT**

The Group had unused lines of credit available amounting to \$388.0 million (R2.6 billion) at June 30, 2005 (2004: \$90.0 million).

**22 RELATED PARTY TRANSACTIONS****Pro-Drilling & Milling (Pty) Limited**

One of the Company's executive committee members sits on the board of and owns 50% of Pro-Drilling & Mining (Pty) Limited ( Pro-Drilling ) a privately owned drilling company. Pro-Drilling provides diamond drilling and core recovery, services at the Driefontein operation of GFMSA pursuant to a contract which is valid until terminated by either party with one months written notice. The Company paid Pro-Drilling \$1.8 million, \$0.3 million and \$0.2 million for the years ended June 30, 2005, 2004 and 2003 respectively.

#### **Mvelaphanda Resources Limited**

Two of the Company's non-executive directors at June 30, 2005, Tokyo Sexwale and Bernard van Rooyen, are the executive chairman and a director of Mvelaphanda Resources Limited ( Mvela ), respectively. Mvela is a broad based black economic empowerment consortium. Bernard van Rooyen retired from the Gold Fields Board of Directors on November 17, 2005.

On July 10, 2002, the Company announced that it had granted Mvela participation rights, varying between a minimum of 5% and a maximum of 15% in any new Gold Fields precious metals exploration projects in Africa, beginning March 1, 2002. In consideration for the transaction Mvela will issue the Company with options to subscribe in tranches for ordinary shares, consisting of one ordinary share and one unsecured debenture issued by Mvela, in Mvela at a 10% premium to the five day weighted average trading price on the JSE. Mvela initially issued the Company with options to subscribe for ordinary shares with a value of Rand 10 million (\$1 million). As at June 30, 2005 Mvela had issued the Company options to subscribe for ordinary shares with a value of R7.6 million (\$1.1 million), of which the Company is yet to subscrib for any Mvela ordinary shares.

The transaction with Mvela to acquire a 15% beneficial interest in the Company's South African mining operations for a total cash consideration of R4.1 billion (\$591.3 million) became effective on March 15, 2004. The Company has provided Mvela with vendor financing of R300 million (\$47.6 million) comprising R200 million of preference shares and R100 million of ordinary shares on commercial terms in connection with the transaction.

## **Rand Refinery**

Rand Refinery, in which the Company holds a 33.1% interest, has an agreement with the Company whereby it refines all the Company's South African and Ghanaian operations gold production. The Company's chief financial officer is currently a director of Rand Refinery and has held his directorship of Rand Refinery since July 10, 2000. The Company paid Rand Refinery \$2.6 million, \$3.4 million and \$1.73 million in refining fees for the years ended June 30, 2005, 2004 and 2003, respectively. Refer to footnote 12 - Non-current Investments for amounts owing by Rand Refinery to the Company as at June 30, 2005 and 2004, and the dividends received from Rand Refinery for the years ended June 30, 2005, 2004 and 2003 respectively.

On November 21, 2000, GFL Mining Services Limited ( GFLMS ) entered into an agreement with Rand Refinery in terms of which GFLMS acts as an agent for Rand Refinery with regard to the sale of a maximum of 50% of Gold Fields' South African gold production. In June 1, 2004, GFLMS exercised its right, by giving notice to Rand Refinery, to sell all of Gold Fields' South African gold production with effect from October 1, 2004. Gold Fields Ghana Limited and Abosso Goldfields Limited also have had agreements with Rand Refinery since March 2002 to transport, refine and sell substantially all of the gold production from the Tarkwa and Damang mines.

## **23 SUBSEQUENT EVENTS**

### ***Cerro Corona Project***

The feasibility study for the Cerro Corona Project in Northern Peru was completed during November 2005, and the Gold Fields' Board of Directors subsequently approved the associated investment of a purchase of an 80.7% economic interest and 92% voting interest in the Cerro Corona Project, subject to the receipt of approval by the Peruvian Government of the environmental impact study. On December 5, 2005, Gold Fields Limited announced that the Peruvian Government had approved the environmental impact study for the Cerro Corona Project. Gold Fields has now commenced steps to complete the purchase for a total consideration of \$40 million.

### ***Acquisition of Bolivar Gold Corp.***

On November 21, 2005, Gold Fields and Bolivar Gold Corp., or Bolivar, jointly announced that they had entered into an agreement providing for Gold Fields to acquire, through a court approved plan of arrangement, all of the outstanding securities of Bolivar not currently held by Gold Fields for total cash consideration of approximately \$330 million. Holders of Bolivar common shares will be offered C\$3.00 per Bolivar common share and holders of Bolivar warrants expiring on March 17, 2008, August 25, 2008 and December 22, 2009 will be offered C\$1.90, C\$1.25 and C\$0.90 per warrant, respectively. The consideration for the warrants expiring on March 17, 2008, and August 25, 2008, is calculated based on the amount of consideration per common share minus the warrant strike price and the consideration for the warrants expiring on December 22, 2009, is calculated based on a premium equal to the premium payable to common shareholders based on the closing price of the common shares on November 18, 2005. Furthermore, the transaction will trigger the redemption of C\$26 million principal amount of convertible debentures of Bolivar at a redemption price of C\$1,905.25 in cash per C\$1,000 principal amount of debentures for a total amount of \$24.1 million, which is included in the total purchase consideration referred to above.

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Gold Fields currently holds approximately 13% of the common shares and 32% of the warrants expiring on August 25, 2008. Definitive agreement documentation was executed on December 1, 2005, and the SARB has approved the proposed transaction.

Each of Gold Fields and Bolivar's Boards of Directors have voted to approve the transaction and it is anticipated that the transaction will close in January 2006, subject to, among other things, satisfaction of the following principal conditions precedent:

court approval of the plan of arrangement;

approval by two-thirds of the holders of common shares of Bolivar present in person or by proxy at an extraordinary general meeting of Bolivar to be held to approve the transaction;

approval by two-thirds of the holders of warrants of Bolivar, voting together as a single class, present in person or by proxy at an extraordinary general meeting of Bolivar to be held to approve the transaction;

no more than 10% of holders of Bolivar common shares exercising dissent rights; and

approval, to the extent necessary, of any regulatory authorities having jurisdiction over the transaction.

Bolivar is listed on the Toronto Stock Exchange and operates the Choco 10 open pit gold mine in the El Callao gold district in the Bolivar State, Venezuela.

*Arctic Platinum Joint Venture with North American Palladium*

On October 18, 2005, Gold Fields announced that it had entered into a letter of intent with North American Palladium, or NAP, a Canadian platinum metals group producer, to form a joint venture to further explore mining properties and develop a mine at APP. APP's location and geology are similar to that of NAP's other properties and it is expected that NAP will be able to utilize its operating and development experience in the design and construction of a mine at APP. The letter of intent provides that NAP will be granted an option to acquire up to a 60% undivided interest in APP including the Suhanko, SJ Reef and SK Reef mining properties and claims located south of Rovaniemi, Finland. NAP's option to acquire its interest in APP will vest upon NAP satisfying the following conditions on or before June 30, 2008: (i) completing a \$7.5 million re-scoping study and exploration program and \$5.0 million feasibility study; (ii) making a decision to develop a mine at APP; and (iii) paying Gold Fields up to \$45.0 million through the issuance of NAP common shares. The price per share will be \$4.88, which is the weighted average trading price of NAP's common stock on the American Stock Exchange for 11 trading days commencing October 11, 2005. During the next stage of work, NAP is expected to manage the exploration, engineering and evaluation activity on APP. This work is to be divided into two phases, Phase I, a re-scoping study, and Phase II, a feasibility study. The proposed exploration program will focus on APP's SK Reef and SJ Reef projects. The feasibility study is expected generate a report with sufficient engineering detail and cost estimates in order for the APP to be considered for project financing or other suitable financing alternatives.

The re-scoping and feasibility studies are expected to commence in the first quarter of 2006 and take approximately 30 months to complete. It is expected that a joint venture will be formed with NAP holding a 60% interest and Gold Fields holding a 40% interest. Gold Fields would have a back-in right to acquire an additional 10% interest in the joint venture to be paid for by reducing the number of NAP common shares issued to Gold Fields by 20%. NAP would remain operator of the joint venture which would be managed under a joint venture arrangement. Completion of the transaction is subject to a number of conditions including, among other things, negotiating and executing a formal option and joint venture agreement and receipt of all required regulatory and third party approvals and consents, including certain regulatory approvals, such as the South African Reserve Bank.

**24      GEOGRAPHICAL AND SEGMENT INFORMATION**



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Gold Fields is primarily involved in gold mining, exploration and related activities. Activities are conducted and investments held both inside and outside of South Africa.

The segment results have been prepared and presented in accordance with International Financial Reporting Standards ( IFRS ) and reconciled to US GAAP, as IFRS information is what the Company's chief operating decision maker reviews in allocating resources and making investment decisions. The Company's gold mining operations are managed and internally reported based upon the following geographic areas: the Driefontein division, the Kloof Division, the Free State Beatrix and Free State St. Helena (until its disposal on October 30, 2002), in Ghana the Tarkwa and Damang mines and Australia. The Group also has exploration interests which are included in the Corporate and other segment. Corporate costs are allocated between segments based upon the time spent on each segment by members of the executive team.

	Fiscal year ended June 30, 2005								
	Driefontein South Africa	Kloof South Africa	Beatrix South Africa	Tarkwa Ghana	Damang Ghana	Australia	Corporate and other	Reconciling items	Group consolidated
<b>Statement of operations</b>									
Revenue	489.7	436.4	264.5	287.5	104.3	310.7			1,893.1
Operating costs (1)	(400.4)	(409.5)	(262.6)	(159.5)	(66.4)	(231.7)		(22.0)	(1,552.1)
Gold inventory change (2)				1.2	(2.3)	6.2		2.5	7.6
<b>Operating profit</b>	89.3	26.9	1.9	129.2	35.6	85.2		(19.5)	348.6
Amortization and depreciation	(39.5)	(55.4)	(14.1)	(38.0)	(5.7)	(74.0)	(16.8)	(31.0)	(274.5)
<b>Net operating profit/(loss)</b>	49.8	(28.5)	(12.2)	91.2	29.9	11.2	(16.8)	(50.5)	74.1
Exploration expenditure							(31.8)	(14.2)	(46.0)
Impairment of assets	(2.0)	(1.8)	(9.7)			(9.8)	(18.7)	(191.1)	(233.1)
Other items as detailed in the statement of operations	5.0	5.0	(1.1)	2.2	0.9	3.0	0.2	(95.8)	(80.6)
Current taxation	(6.4)		5.9	(10.3)	(8.9)	(7.8)	(14.7)		(42.2)
Deferred taxation	0.3	15.6	(7.0)	(14.3)	(3.1)	27.8	6.6	116.7	142.6
<b>Profit/(loss) after taxation</b>	46.7	(9.7)	(24.1)	68.8	18.8	24.4	(75.2)	(234.9)	(185.2)

## Fiscal year ended June 30, 2005

	Driefontein Division South Africa	Kloof Division South Africa	Free State Beatrix South Africa	Tarkwa Ghana	Damang Ghana	Australia	Corporate and other	Reconciling items	Group consolidated
<b>Balance sheet</b>									
Total assets	485.0	457.4	172.9	310.8	76.1	607.5	1,472.1	11.1	3,592.9
Total liabilities (excluding deferred taxation and minority shareholders interest)	139.6	170.9	111.7	36.7	16.0	84.3	69.8	460.2	1,089.2
Deferred tax liability/(asset)	160.3	137.4	(26.2)	75.9	3.3	37.1	97.2	111.2	596.2
Capital expenditure	29.6	37.1	35.7	75.6	10.6	135.6	24.2	(30.7)	317.7

(1) Operating costs under IFRS includes: Corporate expenditure \$22.5 million, Environmental rehabilitation \$11.5 million and Employment termination costs \$13.7 million, which are not included in production costs under US GAAP. In addition, gold inventory change is included in production costs under US GAAP.

(2) Reflects the change in quantity and value of broken ore and ore on the heap leach pad during the financial year.

	Fiscal year ended June 30, 2004								
	Driefontein South Africa	Kloof South Africa	Beatrix South Africa	Tarkwa Ghana	Damang Ghana	Australia	Corporate and other	Reconciling items	Group consolidated
<b>Statement of operations</b>									
Revenue	440.4	400.9	241.4	213.2	120.0	290.3			1,706.2
Operating costs (1)	(370.8)	(367.8)	(229.9)	(126.6)	(66.7)	(202.1)		(20.9)	(1,384.8)
Gold inventory change (2)					(0.2)	(6.6)		(0.3)	(7.1)
<b>Operating profit</b>	<b>69.6</b>	<b>33.1</b>	<b>11.5</b>	<b>86.6</b>	<b>53.1</b>	<b>81.6</b>		<b>(21.2)</b>	<b>314.3</b>
Amortization and depreciation	(33.8)	(36.0)	(12.3)	(14.6)	(8.1)	(60.1)	(14.3)	(19.4)	(198.6)
<b>Net operating profit/(loss)</b>	<b>35.8</b>	<b>(2.9)</b>	<b>(0.8)</b>	<b>72.0</b>	<b>45.0</b>	<b>21.5</b>	<b>(14.3)</b>	<b>(40.6)</b>	<b>115.7</b>
Exploration expenditure							(28.5)	(11.4)	(39.9)
Impairment Beatrix Shaft No. 4			(61.8)						(61.8)
Other items as detailed in the statement of operations	16.3	(8.8)	(8.6)	0.8		43.9	32.5	(7.1)	68.9
Current taxation	(2.1)	(0.7)	(0.7)	(8.1)	(4.7)	(7.1)	(6.5)		(29.9)
Deferred taxation	13.3	13.2	20.5	(21.3)	(5.6)	(14.1)	15.2	(3.1)	18.1
<b>Profit/(loss) after taxation</b>	<b>63.3</b>	<b>0.8</b>	<b>(51.4)</b>	<b>43.4</b>	<b>34.7</b>	<b>44.2</b>	<b>(1.6)</b>	<b>(62.3)</b>	<b>71.7</b>

## Fiscal year ended June 30, 2004

	Driefontein Division South Africa	Kloof Division South Africa	Free State Beatrix South Africa	Tarkwa Ghana	Damang Ghana	Australia	Corporate and other	Reconciling items	Group consolidated
<b>Balance sheet</b>									
Total assets	502.4	519.7	207.6	245.0	79.0	502.8	1,626.6	288.6	3,971.7
Total liabilities (excluding deferred taxation and minority shareholders interest)	173.6	190.1	125.8	36.1	15.7	82.8	51.4	407.4	1,082.9
Deferred tax liability/(asset)	170.8	161.6	(34.8)	61.6	0.2	59.7	110.4	239.5	769.0
Capital expenditure	34.5	49.9	42.8	136.7	3.2	127.0	23.3	(39.5)	377.9

(1) Operating costs under IFRS includes: Corporate expenditure \$20.3 million, Environmental rehabilitation \$8.4 million and Employment termination costs \$10.5 million, which are not included in production costs under US GAAP. In addition, gold inventory change is included in production costs under US GAAP.

(2) Reflects the change in quantity and value of broken ore and ore on the heap leach pad during the financial year.

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Fiscal year ended June 30, 2003

	Driefontein South Africa	Kloof South Africa	Beatrix South Africa	St. Helena South Africa	Tarkwa Ghana	Damang Ghana	Australia	Corporate and other	Reconciling items	Group consolidated
<b>Statement of operations</b>										
Revenue	420.2	380.1	217.6	16.0	179.4	99.5	219.0		6.4	1,538.2
Operating costs (1)	(267.2)	(257.1)	(158.7)	(12.9)	(103.7)	(70.4)	(139.0)		(31.9)	(1,041.1)
Gold inventory change (2)	(4.2)	(0.5)			(1.8)	(1.1)	6.5		1.5	0.4
<b>Operating profit</b>	<b>148.8</b>	<b>122.5</b>	<b>58.7</b>	<b>3.1</b>	<b>73.9</b>	<b>28.0</b>	<b>86.5</b>		<b>(24.0)</b>	<b>497.5</b>
Amortization and depreciation	(25.0)	(24.4)	(9.4)		(15.6)	(7.1)	(56.2)	(10.1)	(40.3)	(188.1)
<b>Net operating profit/(loss)</b>	<b>123.8</b>	<b>98.1</b>	<b>49.3</b>	<b>3.1</b>	<b>58.3</b>	<b>20.9</b>	<b>30.3</b>	<b>(10.1)</b>	<b>(64.3)</b>	<b>309.4</b>
Exploration expenditure								(23.4)	(6.2)	(29.6)
Other items as detailed in the statement of operations	(2.9)	(0.1)	(0.3)	14.6	0.6	4.3	52.6	70.2	(13.3)	125.7
Current taxation	(30.2)	(25.9)	(0.6)	(3.0)	(6.7)	(3.6)	(5.7)	(4.6)		(80.3)
Deferred taxation	(10.6)	(5.8)	(19.9)		(17.6)	(7.3)	(14.7)	6.0	16.4	(53.5)
<b>Profit after taxation</b>	<b>80.1</b>	<b>66.3</b>	<b>28.5</b>	<b>14.7</b>	<b>34.6</b>	<b>14.3</b>	<b>62.5</b>	<b>38.1</b>	<b>(67.4)</b>	<b>271.7</b>
<b>Balance sheet</b>										
Total assets	427.0	449.2	259.8	2.4	162.0	41.3	399.2	726.1	259.8	2,726.8
Total liabilities (excluding deferred taxation and minority shareholders interest)	104.2	67.5	26.8	3.9	29.5	15.7	76.0	58.2	19.6	401.4
Deferred tax liability/(asset)	176.9	172.4	19.9		40.3	(5.4)	43.4	101.8	98.0	647.3
Capital expenditure net	73.5	53.9	48.6		26.6	1.8	82.0	7.7	(69.8)	224.3

(1) Operating cost under IFRS includes: Corporate expenditure \$16.6 million, Environmental rehabilitation \$5.3 million and Employment termination costs \$3.8 million, which are not included in Production costs under US GAAP. In addition, gold inventory charge is included in Production costs under US GAAP

(2) Reflects the change in quantity and value of broken ore and ore on the heap leach pad during the financial year

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The following provides a breakdown of the reconciling items for each line item presented.

		2005 \$ m	2004 \$ m	2003 \$ m
<b>Revenue</b>				
Revenue recognition	(i)			6.4
				<b>6.4</b>
<b>Operating costs</b>				
On-mine exploration	(j)	(9.3)	(14.6)	(22.3)
Provision for rehabilitation	(l)	(1.3)		(0.6)
Revenue recognition	(i)			(6.4)
Deferred stripping	(o)	(11.4)	(6.3)	(2.6)
		<b>(22.0)</b>	<b>(20.9)</b>	<b>(31.9)</b>
<b>Gold inventory</b>				
Inventory	(g)	2.5	(0.3)	1.5
		<b>2.5</b>	<b>(0.3)</b>	<b>1.5</b>
<b>Amortization and depreciation</b>				
Business combination formation of Original Gold Fields	(a)	(27.0)	(20.3)	(19.9)
Business combination formation of Gold Fields	(b)	(4.0)	(3.6)	(2.7)
Business combination purchase of St. Ives and Agnew	(c)	2.3	2.6	3.4
Business combination purchase of Abosso	(d)	1.0	0.4	1.3
Amortization of reserves	(g)(h) (q) (o)	(3.1)	(3.3)	(21.0)
Amortization inclusion of future costs	(h)	(0.2)	6.3	(0.9)
Provision for rehabilitation	(l)		(1.5)	(0.5)
		<b>(31.0)</b>	<b>(19.4)</b>	<b>(40.3)</b>
<b>Exploration expenditure</b>				
Exploration costs	(j)	(14.2)	(11.4)	(6.2)
		<b>(14.2)</b>	<b>(11.4)</b>	<b>(6.2)</b>
<b>Other items as detailed in the statement of operations</b>				
Post-retirement medical benefits	(n)	4.0	4.5	12.0
Share-based compensation	(k)	(2.1)		
Investments in affiliates	(m)	1.3		4.3
Write-down of investments	(p)	(7.7)		
Impairment of Agnew	(r)			(29.6)
Impairment of assets	(f)	(191.1)	(10.9)	
Mvelaphanda transaction interest paid	(s)	(43.3)	(12.4)	
Mvelaphanda transaction debt insurance costs	(s)	0.8		
Mvelaphanda transaction fair value hedge accounting	(s)		11.7	
Mvelaphanda transaction profit on close out of hedge	(s)	(49.2)		
		<b>(287.3)</b>	<b>(7.1)</b>	<b>(13.3)</b>

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		2005	2004	2003
		\$	m \$	m \$
<b>Total liabilities excluding minority interests and shareholders interests</b>				
Provision for rehabilitation	(l)	(0.6)	2.4	10.0
Post-retirement medical benefits	(n)	5.4	9.7	9.6
Mvelaphanda transaction debt issuance cost	(s)	4.8	5.1	
Mvelaphanda transaction fair value hedge accounting	(s)	32.8	(11.0)	
Mvelaphanda transaction classification of instrument	(s)	366.2	389.5	
Mvelaphanda transaction interest paid	(s)	51.6	11.7	
		<b>460.2</b>	<b>407.4</b>	<b>19.6</b>
<b>Total assets</b>				
Business combination formation of Original Gold Fields	(a)	27.1	55.9	62.0
Business combination formation of Gold Fields	(b)	61.9	69.8	63.6
Business combination purchase of St. Ives and Agnew	(c)	(8.7)	(11.5)	(11.5)
Business combination purchase of Abosso	(d)	(2.4)	(0.6)	3.0
Business combination acquired tax losses	(e)		(10.5)	(9.6)
Mvelaphanda transaction debt insurance costs	(s)	3.6	5.1	
Impairment of assets	(f)	137.8	345.2	299.3
Amortization of reserves	(g)	(44.8)	(38.5)	(28.5)
Amortization inclusion of future costs	(h)	8.7	8.1	2.1
Exploration costs	(j)	(101.8)	(78.2)	(80.9)
Provision for rehabilitation	(l)	(8.9)	(11.8)	(0.8)
Investments in affiliates	(m)	(2.8)		
Deferred stripping	(o) (g) (h) (q)	(21.9)	(9.2)	(3.0)
Inventory	(q)	2.3	0.3	(1.5)
Impairment of Agnew	(r)	(39.0)	(35.5)	(34.4)
		<b>11.1</b>	<b>288.6</b>	<b>259.8</b>

**Notes to the reconciliation of segment information to the historical financial statements**

- (a) Business combination formation of Original Gold Fields  
For management reporting purposes, the formation of Original Gold Fields was accounted for as a uniting-of-interests. Under US GAAP, the Company accounted for the assets and liabilities acquired from Gold Fields of South Africa Limited at historical cost, and the assets and liabilities acquired from Gencor and outside shareholders as a purchase.
- (b) Business combination formation of Gold Fields  
For management reporting purposes, the difference between the purchase price and net asset value of acquired assets that arose on this transaction was set-off against shareholders' equity. Under US GAAP, the excess purchase price was capitalized to property, plant and equipment and is being amortized over its useful life.
- (c) Business combination purchase of St. Ives and Agnew  
For management reporting purposes, traded equity securities issued as consideration in a business combination are valued on the date they are issued. Under US GAAP, traded equity securities issued as consideration in a business combination are valued a few days before and after the terms of the transaction are announced.

- (d) **Business combination purchase of Abosso**  
 For management reporting purposes, traded equity securities issued as consideration in a business combination are valued on the date they are issued. Under US GAAP, traded equity securities issued as consideration in a business combination are valued a few days before and after the terms of the transaction are announced.
- (e) **Business combination acquired tax losses**  
 For management reporting purposes, for tax losses acquired which result subsequently in deferred tax assets being recognized, the benefit is recorded in income. Under US GAAP, when tax losses which have been acquired for which deferred tax assets have been recognized, and against which a valuation allowance has been recorded which is subsequently released, the release of the valuation allowance recorded against deferred tax assets is first charged against goodwill and any other intangible assets, with the remaining balance of the valuation allowance release recognized in income.
- (f) **Impairment of assets**  
 For management reporting purposes, higher impairment charges were recognized in fiscal 2005 and 2004 based upon the higher values assigned to the assets acquired as part of the Original Gold Fields formation, than that which was recognized under US GAAP. In addition, prior to fiscal 2003, impairment charges were recorded for management purposes based on discounted cash flows, but not recorded under US GAAP, since the undiscounted cash flows exceeded the carrying amounts of the assets under US GAAP.
- (g) **Amortization of reserves**  
 For management reporting purposes, a portion of ore resources at the Australian operations, based on the philosophy of endowment, is used for calculating depreciation and amortization. Under US GAAP, depreciation and amortization is calculated based upon existing proven and probable reserves.
- (h) **Amortization inclusion of future costs**  
 For management reporting purposes, future mine development costs are included in mining assets in calculating depreciation and amortization. Under US GAAP, future development costs are not included in the calculation of depreciation and amortization.
- (i) **Revenue recognition**  
 For management reporting purposes, prior to fiscal 2003, revenue was recognized prior to title passing to the buyer. Under US GAAP, revenue is recognized when the risks and rewards of ownership and title pass to the buyer under the terms of the applicable contract and the pricing is fixed and determinable.
- (j) **Exploration costs**  
 For management reporting purposes, exploration costs are capitalized from the date the drilling program confirms sufficient evidence of mineralization to proceed with a feasibility study. Under US GAAP, exploration costs are capitalized from the date a bankable feasibility study is completed.
- (k) **Share-based compensation**  
 For management reporting purposes share-based compensation is not recognized. Under US GAAP, the Company recognizes share-based compensation expense for the modification to the vesting conditions of an employee's share options, based upon the difference between the option grant price and the market price at the date of modification.
- (l) **Provision for rehabilitation**
- (i) **Method of recognition**  
 For management reporting purposes, environmental rehabilitation costs are provided for, based upon the net present value of the expected future obligation and a corresponding asset is raised. Under US GAAP, prior to fiscal 2003, environmental rehabilitation costs were provided for based on the units-of-production method based on the expected ultimate rehabilitation amount.
- (ii) **Amortization of rehabilitation asset**  
 The rehabilitation asset's carrying value for management reporting purposes is different to that under US GAAP, which results in a different amortization charge.



- (iii) Revisions to the asset retirement obligation  
 For management reporting purposes, all changes in the carrying amount of the obligation are recognized in the income statement. Changes resulting from revisions in the timing or amount of estimated cash flows are recognized as an increase or decrease in the carrying amount of the asset retirement obligation and the associated capitalized retirement cost for US GAAP.
- In addition, the current discount rate is applied to measure the retirement obligation for management reporting purposes. Under US GAAP any decreases in the asset retirement obligation as a result of downward revisions in cash flow estimates should be treated as a modification of an existing asset retirement obligation, and should be measured at the historical discount rate used to measure the initial asset retirement obligation.
- (m) Investments in affiliates  
 For management reporting purposes an equity investment exceeding a 20% shareholding was treated as an available-for-sale investment prior to fiscal 2003. Under US GAAP this investment was accounted for under the equity method since acquisition.
- (n) Post-retirement medical benefits  
 For management reporting purposes, only the employer's contribution liability is accounted for. Under US GAAP, the liability includes certain employees' cross subsidy liabilities.
- (o) Deferred stripping  
 For management reporting purposes, the Company defers the waste stripping costs in excess of the expected average pitlife stripping ratio. Under US GAAP waste stripping costs are considered costs of the extracted minerals and recognized as a component of inventory to be recognized in costs applicable to sales in the same period as the revenue from the sale of inventory.
- (p) Write-down of investments  
 Under US GAAP, were the fair value of available for sale investments are lower than their original cost for a continuous period of longer than 12 months, the unrealized loss is recognized in the consolidated statements of operations. For management reporting purposes, the unrealized losses on these investments have remained in other comprehensive income.
- (q) Inventory  
 Under US GAAP additional amortization and waste normalization are included in the cost of inventory produced. No such absorption of costs occurred for management reporting purposes. Additionally, for management reporting purposes, no adjustment is required to record inventory at net realizable value. Under US GAAP, due to the impact of the amortization adjustments on the inventory valuation, an adjustment is required to record inventory at net realizable value.
- (r) Impairment of Agnew  
 For management reporting purposes the Agnew mine was not determined to be impaired. Under US GAAP the Agnew mine was determined to be impaired and an impairment charge was recognized.
- (s) Mvelaphanda transaction  
 classification of instrument  
 For management reporting purposes the Mvela loan is split between a debt component and an equity component. Under US GAAP the Mvela loan is classified as debt.  
 interest paid  
 Due to the classification of the Mvela loan as debt under US GAAP, additional interest is charged to the income statement.  
 debt issuance cost  
 For management reporting purposes debt issuance cost is set off against debt. Under US GAAP debt issuance cost is recorded as a deferred cost within accounts receivable.

fair value hedge accounting

For management reporting purposes only the amortizing swap is treated as a fair value hedge in relation to the debt component of the Mvela loan. Under US GAAP both the amortizing and accreting swap are treated as a fair value hedge as the entire loan is classified as debt.

Profit on close out of hedge

For management reporting purposes the profit on close-out of the interest rate swaps was accounted for in earnings at the time the swaps were closed out. Under US GAAP the profit is deferred and amortized to earnings over the life of the hedged item.

**Report of the Independent Registered Public Accounting Firm**

**To the Board of Directors and Shareholders of Gold Fields Limited**

We have audited the consolidated balance sheets of Gold Fields Limited and its subsidiaries as of June 30, 2005 and 2004, and the related consolidated statements of operations, comprehensive income, cash flows and of changes in shareholders' equity for each of the three years in the period ended June 30, 2005 and have issued our report thereon dated December 9, 2005, included elsewhere in this Annual Report on Form 20-F. Our audits also included the financial statement schedules listed in Item 19 of this Annual Report on Form 20-F. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules.

In our opinion, the financial statement schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

**PricewaterhouseCoopers Inc**

*Registered Accountants and Auditors*

*Chartered Accountants (SA)*

Johannesburg, Republic of South Africa

December 9, 2005

**Schedule 1 Valuation and Qualifying Accounts**



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	Balance at beginning of period	Charged to costs and expenses	Foreign currency translation adjustment	Deduction	Balance at end of period
<b>Year ended June 30, 2005</b>					
Valuation allowance	37.0	1.4	(2.2)		36.2
<b>Year ended June 30, 2004</b>					
Valuation allowance	34.2		2.8		37.0
<b>Year ended June 30, 2003</b>					
Valuation allowance	43.6		0.4	(9.8)	34.2
<b>Year ended June 30, 2002</b>					
Valuation allowance	45.5		(0.1)	(1.8)	43.6

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**Exhibits**

The following instruments and documents are included as Exhibits to this annual report.

<b>No.</b>	<b>Exhibit</b>
1.1( )	Memorandum of Association of Gold Fields
1.2( )	Articles of Association of Gold Fields
2.1( )	Memorandum of Association of Gold Fields (included in Exhibit 3.1)
2.2( )	Articles of Association of Gold Fields (included in Exhibit 3.2)
2.3( )	Deposit Agreement among Gold Fields, Gold Fields Limited (f/k/a/Driefontein Consolidated Limited), The Bank of New York, as depositary, and the owners and beneficial owners from time to time of American Depositary Receipts, dated as of February 2, 1998, as amended and restated as of May 21, 2002
2.4( )	Form of American Depositary Receipt (included in Exhibit 2.3)
2.5( )	Excerpts of relevant provisions of the South African Companies Act
2.6( )	Excerpts of relevant provisions of the JSE Securities Exchange South Africa listing requirements
4.1( )	The GF Non-Executive Director Share Plan, adopted October 31, 2001
4.2( )	The GF Management Incentive Scheme, adopted November 10, 1999
4.3( )	Deed of Amendment to the GF Non-Executive Share Plan, adopted December 6, 2002
4.4( )	Deed of Amendment to the GF Management Incentive Scheme between Gold Fields Limited and Tokyo Mosima Gabriel Sexwale and Gordon Rae Parker, both in their capacity as trustees for The GF Management Incentive Trust, adopted May 4, 2001
4.5( )	Deed of Amendment to the GF Management Incentive Scheme between Gold Fields Limited and Tokyo Mosima Gabriel Sexwale and Gordon Rae Parker, both in their capacity as trustees for The GF Management Incentive Trust, adopted October 31, 2001
4.6( )	Exploration Incentive Plan, adopted on May 25, 1999, as amended on August 22, 2000
4.7( )	Agreement between Ian D. Cockerill and Gold Fields Guernsey Limited, effective March 1, 2004
4.8( )	Service Agreement between Ian D. Cockerill and GFL Mining Services Ltd., effective March 1, 2004
4.9( )	Service Agreement between Nicholas J. Holland and GFL Mining Services Ltd., effective March 1, 2004
4.10( )	Agreement between Nicholas J. Holland and Gold Fields Guernsey Limited, effective March 1, 2004
4.11( )	Memorandum of Agreement between AngloGold Limited and Driefontein Consolidated (Proprietary) Limited, dated September 18, 2003
4.12( )	First Addendum of Agreement between AngloGold Limited and Driefontein Consolidated (Proprietary) Limited, dated January 27, 2004.
4.13( )	Purchase Agreement between Outokumpu Nickel B.V., Outokumpu Mining Oy, Gold Fields Exploration B.V. and Gold Fields Finland Oy, dated September 4, 2003
4.14( )	Reorganization Agreement between Beatrix Mining Ventures Limited, Driefontein Consolidated (Proprietary) Limited, Kloof Gold Mining Company Limited, GFL Mining Services Limited, Gold Fields Limited and Newshelf 706 Limited, dated July 25, 2003
4.15( )	Addendum Number 1 to the Reorganization Agreement between Beatrix Mining Ventures Limited, Driefontein Consolidated (Proprietary) Limited, Kloof Gold Mining Company Limited, GFL Mining Services Limited, Gold Fields Limited and Newshelf 706 Limited, dated February 12, 2004
4.16( )	Covenants Agreement between Gold Fields Limited, Mvelaphanda Resources Limited, Lexshell 579 Investments (Proprietary) Limited and Newshelf 706 Limited, dated November 26, 2003
4.17( )	Subscription and Share Exchange Agreement amongst Lexshell 579 Investments (Proprietary) Limited, GFL Mining South Africa Limited and Gold Fields Limited dated December 11, 2003
4.18( )	GFI-SA Loan Agreement amongst Lexshell 579 Investments (Proprietary) Limited, First Rand Bank Limited, GFI Mining South Africa Limited, Gold Fields Limited, Gold Fields Australia Proprietary Limited and Gold Fields Guernsey Limited dated December 11, 2003
4.19( )	Addendum to GFI-SA Loan Agreement among Gold Fields, Mvela Gold, Gold Fields Australia, Gold Fields Guernsey Limited and GFI-SA, dated February 13, 2004
4.20( )	PIC Put Option Agreement between Public Investment Commissioners, GFL Mining Services Limited and Gold Fields Limited dated February 13, 2004
4.21( )	Agreement between Gold Fields Limited, GFL Mining Services Limited, Mvelaphanda Resources Limited, GFI Mining South Africa Limited, and Mvelaphanda Gold (Proprietary) Limited, dated November 17, 2004
4.22( )	

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	Second Addendum To GFI-SA Loan Agreement among Mvelaphanda Gold (Proprietary) Limited, FirstRand Bank Limited (Acting Through Its Rand Merchant Bank Division), GFI Mining South Africa (Proprietary) Limited, Gold Fields Limited, Gold Fields Australia Pty Limited, and Gold Fields Guernsey Limited, dated November 17, 2004
4.23	The Gold Fields Limited and Bolivar Gold Corp. Arrangement Agreement, dated December 1, 2005
4.24	The Gold Fields Limited 2005 Non-Executive Director Share Plan, adopted November 17, 2005
4.25	The Gold Fields Limited 2005 Share Plan, adopted November 17, 2005
8.1	Amended list of subsidiaries of the registrant
12.1	Certification of Chief Executive Officer
12.2	Certification of Chief Financial Officer

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No.	Exhibit
13.1	Certification of Chief Executive Officer
13.2	Certification of Chief Financial Officer
( )	Incorporated by reference to the registration statement on Form 20-F (File No. 1-31318) filed by Gold Fields with the Securities and Exchange Commission on May 6, 2002.
( )	Incorporated by reference to the annual report on Form 20-F (File No. 1-31318), filed by Gold Fields with the Securities and Exchange Commission on October 24, 2002.
( )	Incorporated by reference to the annual report on Form 20-F (File No. 1-31318), filed by Gold Fields with the Securities and Exchange Commission on December 29, 2003.
( )	Incorporated by reference to the annual report on Form 20-F (File No. 1-31318), filed by Gold Fields with the Securities and Exchange Commission on November 26, 2004.

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