GOLD FIELDS LTD
Form 6-K
October 30, 2009

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of October 2009
Commission File Number 1-31318
Gold Fields Limited
(Translation of registrant's name into English)
150 Helen Rd.
Sandown, Sandton 2196
South Africa
(Address of principal executive offices)
Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F..x... Form 40-F.....

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ________

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ________

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes ..... No ..x...

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- ________

Operating profit of R2.8 billion and
net earnings of R1.0 billion in the quarter ended September 2009

JOHANNESBURG. 29 October 2009, Gold Fields Limited (NYSE & JSE: GFI) today announced net earnings for the September 2009
quarter of R1,007 million, compared with a loss of R293 million and net earnings of R39 million for the June 2009 and the September 2008
quarters respectively. In US dollar terms net earnings for the September 2009 quarter were US$129 million, compared with a loss of US$29
million and net earnings of US$5 million for the June 2009 and the September 2008 quarters respectively.

September 2009 quarter salient features:

- Attributable gold production at 906,000 ounces was in line with the previous quarter;
- Total cash cost increased 5 per cent from R140,916 per kilogram (US$512 per ounce) to R147,343 per kilogram (US$586 per ounce);
- Notional cash expenditure increased 2 per cent from R203,042 per kilogram (US$738 per ounce) to R207,754 per kilogram (US$826 per ounce);
- Net debt at R6.7 billion (US$908 million) is robust at 0.58 of annual EBITDA;
- Post quarter end announcement of 271 million ounces of mineral resources and 81 million ounces of mineral reserves for F2010;
- Royalty payable by St Ives terminated for a total consideration of A$308 million;
- Stake in Eldorado sold for US$299 million, following the exchange of Sino shares for Eldorado shares.

Statement by Nick Holland, Chief Executive Officer of Gold Fields:

"Despite a challenging quarter at Driefontein and Kloof, where safety related interruptions had a material effect on their respective production levels, Gold Fields maintained its production in line with the guidance provided on 6 August 2009, thus demonstrating greater stability and consistency in the production results of the Group.

We are extremely disappointed with the six fatalities during the quarter, and have again redoubled our efforts to reinforce the commitment of every person in Gold Fields to operate safely. Safety is our number one value and we remain committed not to mine if we cannot mine safely, and to improve even further on the record safety year that we had during F2009.

Particularly pleasing during the past quarter has been the outstanding performances from Cerro Corona, Beatrix and South Deep, all of which exceeded their guidance, and Tarkwa which came in on guidance. Consistent performances were also delivered from Agnew and Damang.

In the South Africa Region, Beatrix continued to build on the turn around that it started during the previous quarter by again increasing

its production by 7 per cent. South Deep also had a very encouraging quarter, continuing the build-up to its 300koz target for F2010, by improving its production by 26 per cent. Driefontein and Kloof, by contrast, both had very difficult quarters after a slow start-up caused by the spill-over effects of safety stoppages late in the June quarter. As development and flexibility improves over the next 12 to 24 months we expect these mines to improve their performance. We believe that both Driefontein and Kloof can and should do better, and the focus remains on returning these operations to a production level of approximately 209koz of gold per quarter for Driefontein and 177koz for Kloof.
St Ives had a disappointing quarter, its production being 9 per cent below the previous quarter. This was mainly as a result of the rehabilitation work in a high grade area of the Belleisle underground mine taking longer than expected due to safety concerns. We look forward to a stronger performance from St Ives over the next quarterly period. Agnew had a satisfactory quarter with production levels similar to the previous quarter.

With the Tarkwa CIL plant now having stabilised at its nameplate capacity of more than a million tons milled per month, the West Africa Region is well positioned. Tarkwa is now capable of producing between 190koz and 200koz per quarter and we hope to see a strong movement towards this range during the December quarter. This is, however, subject to resolution of the current industrial relations situation affecting the gold sector in Ghana, which continues to be tense following protracted wage negotiations which, at the time of writing, are not close to resolution.

The Group has achieved a solid cost performance during the first quarter. Despite the Rand exchange rate of R7.82 against the US Dollar being about two per cent stronger than the rate of R8.00 used in our guidance for the quarter, our cash costs came in on guidance at US$586/oz and our NCE slightly better than guidance at US$826/oz.

We look forward to further improvements in our performance during the December quarter and our aim is to increase production to approximately 925,000 ounces in this next quarter."

Stock data
JSE Limited – (GFI)
Number of shares in issue
Range - Quarter
ZAR89.99 – ZAR109.50
- at end September 2009
704,989,014
Average Volume - Quarter

3,065,713 shares / day
- average for the quarter
704,878,283
NYSE – (GFI)
Free Float
100%
Range - Quarter
US$10.99 – US$14.76
ADR Ratio
1:1
Average Volume - Quarter
4,990,599 shares / day
Bloomberg / Reuters
GFISJ / GFLJ.J

1 I GOLD FIELDS RESULTS **Q1F2010**
* Attributable – All companies wholly owned except for Ghana (71.1%) and Cerro Corona (80.7%).

Forward Looking Statements

Certain statements in this document constitute "forward looking statements" within the meaning of Section 27A of the US Securities Act of 1933 and Section 21E of the US Securities Exchange Act of 1934.

Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the company to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements. Such risks, uncertainties and other important factors include among others: economic, business and political conditions in South Africa, Ghana, Australia, Peru and elsewhere; the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions, exploration and development activities; decreases in the market price of gold and/or copper; hazards associated with underground and surface gold mining; labour disruptions; availability terms and deployment of capital or credit; changes in government regulations, particularly environmental regulations; and new legislation affecting mining and mineral rights; changes in exchange rates; currency devaluations; inflation and other macro-economic factors, industrial action, temporary stoppages of mines for safety reasons; and the impact of the AIDS crisis in South Africa. These forward looking statements speak only as of the date of this document.

The company 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 document or to reflect the occurrence of unanticipated events.

Health and safety

We regret to report that there were six fatal accidents for the quarter at the South African operations. The Group's fatal injury frequency rate improved by 30 per cent from 0.20 in the June quarter to 0.14 in the September quarter.

The lost day injury frequency rate regressed from 3.48 in the June quarter to 4.21 in the September quarter, while the serious injury frequency rate improved from 2.04 to 2.02.

Ongoing focus on safety improvement practices at all operations is continuing with the "stop, think, fix, verify and continue" philosophy. In addition leadership programmes are being rolled out across our operations to create an environment in which all employees can produce safely.

Financial review

Quarter ended 30 September 2009 compared with quarter ended 30 June 2009

Revenue

Attributable gold production for the September 2009 quarter at 906,000 ounces was in line with the previous quarter. At the South African operations, production decreased marginally from 529,000 ounces to 527,000 ounces. Attributable gold production at the West African operations increased by 4 per cent from 155,000 ounces to 161,000 ounces. Attributable equivalent gold production at the South American operation increased by 6 per cent from 68,000 ounces in the June quarter to 72,000 ounces in the September quarter. At the Australian operations gold production decreased by 5 per cent from 154,000 ounces to 146,000 ounces.

At the South African operations, gold production in the September quarter at Beatrix increased by 7 per cent due to higher volumes and yields. At South Deep gold production increased by 26 per cent associated mainly with higher underground volumes as the mine builds up production. Gold production at Kloof was unchanged despite safety related stoppages, increased seismicity and a fire during the quarter. At Driefontein gold production decreased by 11 per cent due to a decrease in underground volumes and grade resulting mainly from safety related stoppages.

At the West African operations, managed gold production at Tarkwa increased by 6 per cent due to an increase in CIL throughput. At Damang, gold production decreased by 4 per cent largely due to a planned primary crusher rebuild.

In South America, Cerro Corona produced 88,500 equivalent ounces and sold 89,000 equivalent ounces, which is 5 per cent and 2 per cent higher than the previous quarter respectively.

At the Australian operations Agnew's gold production increased by 2 per cent due to higher volumes processed. At St Ives, gold production decreased by 8 per cent mainly due to safety related rehabilitation at Belleisle which resulted in lower mining volumes from high grade areas.

The average quarterly US dollar gold price achieved increased 4 per cent from US$920 per ounce in the June quarter to US$959

SOUTH AFRICAN RAND

UNITED STATES DOLLARS

Quarter

Salient features

Quarter

September
2008
June
2009
September
2009
September

2009
June
2009
September
2008
24,817 28,171 **28,165** kg Gold produced*
oz
(000)
906
906
798
153,461 140,916 **147,343** R/kg Total cash cost $/oz
586
512
617
226,120 203,042 **207,754** R/kg
Notional cash expenditure
$/oz
826
738
909
12,698 13,581 **13,559** 000 Tons milled 000
13,559
13,581
12,698
217,586 253,162 **241,164** R/kg Revenue $/oz
959
920
874
333 331 **343** R/ton Operating costs $/ton
44
39
43
1,574 3,338 **2,787** Rm Operating profit $m
356
385
203
27 43 **38** % Operating margin %
38
43
27
39 (293) **1,007** Rm $m
129
(29)
5
6 (46) **143** SA c.p.s.
Net earnings/(loss)
US c.p.s.
18
(5)
1

39 855 **452** Rm $m
58
98
5
6 126 **64** SA c.p.s.
Headline earnings
US c.p.s.
8
15
1
120 949 **625** Rm $m
80
109
16
18 140 **89** SA c.p.s.
Net earnings excluding gains and
losses on foreign exchange,
financial instruments, exceptional
items and share of profit/(loss) of
associates after taxation
US c.p.s.
11
16
2

per ounce in the September quarter. The average rand/US dollar exchange rate at R7.82 strengthened 9 per cent compared with the R8.56 achieved in the June quarter. As a result of the above factors the rand gold price reduced from R253,162 per kilogram to R241,161 per kilogram, a 5 per cent decrease. The Australian dollar gold price decreased from A$1,209 per ounce to A$1,155 per ounce. This was due to the Australian dollar strengthening by 10 per cent against the United States dollar from 0.76 in the June quarter to 0.83 in the September quarter, partially offset by the increase in the US dollar gold price.

The decrease in the rand gold price achieved quarter on quarter caused revenue to decrease by 5 per cent from R7,779 million in the June quarter to R7,416 million in the September quarter. In dollar terms revenue increased by 5 per cent from US$902 million in the June quarter to US$948 million in the September quarter.

Operating costs

Operating costs increased by 3 per cent from R4,492 million in the June quarter to R4,644 million in the September quarter. In dollar terms costs increased by 14 per cent from US$523 million in the June quarter to US$594 million in the September quarter. Total cash cost increased by 5 per cent in rand terms from R140,916 per kilogram in the June quarter to R147,343 per kilogram in the September quarter and by 14 per cent in dollar terms from US$512 per ounce in the June quarter to US$586 per ounce in the September quarter.

At the South African operations, operating costs increased by 10 per cent from R2,508 million (US$292 million) to R2,768 million (US$354 million). This increase was mainly due to annual wage increases, higher electricity costs and two months of winter electricity tariffs. Total cash cost at the South African operations increased by 12 per cent from R145,145 per kilogram (US$527 per ounce) to R162,553 per kilogram (US$647 per ounce).

At the West African operations, operating costs including gold-in-process movements increased by 3 per cent from US$112 million (R959 million) in the June quarter to US$115 million (R903 million) in the September quarter. This was mainly due to the increase in processing volumes at Tarkwa, partly offset by lower costs at Damang due to reduced mining volumes, and reduced power tariffs. Total cash cost at the West African operations was flat at US$513 per ounce.

At the South American operation, operating costs including gold-in-process movements, increased from US$29 million (R251 million) to US$31 million (R241 million) mainly due to increased accrual of Workers Legal Participation of profit. Total cash cost at Cerro Corona increased marginally from US$337 per ounce in the June quarter to US$349 per ounce in the September quarter.

At the Australian operations, operating costs including gold-in-process movements decreased from A$112 million (R724 million) to A$110 million (R716 million), but increased from US$85 million to US$92 million due to the strengthening of the Australian dollar against the United States dollar. Total cash cost increased 13 per cent from US$552 per ounce (A$731 per ounce) to US$626 per ounce (A$754 per ounce).

Notional cash expenditure (NCE)

Notional cash expenditure is defined as operating costs (including general and administration) plus capital expenditure, which includes brownfields exploration, and is reported on a per kilogram and per ounce basis – refer to the detailed table on page 24 of this report. The objective is to provide the all-in costs for the Group, and for each operation. The NCE per ounce is an important measure, as it determines how much free cash flow is generated in order to pay taxation, interest, greenfields exploration and dividends.

The NCE for the Group for the September quarter amounted to R207,754 per kilogram (US$826 per ounce) compared with R203,042 per kilogram (US$738 per ounce) in the June quarter. At the South African operations the NCE increased from R216,891 per kilogram (US$788 per ounce) in the June quarter to R233,034 per kilogram (US$927 per ounce) in the September quarter mainly due to the higher operating costs. At the West African operations the NCE decreased from US$687 per ounce to US$678 per ounce. At the South American operation, Cerro Corona, NCE increased by 3 per cent from US$584 per ounce in the June quarter to US$599 per ounce in the September quarter. NCE at the Australian operations increased from US$721 per ounce (A$955 per ounce) to US$831 per ounce (A$1,002 per ounce).

Operating margin

The net effect of the changes in revenue and costs, after taking into account gold-in-process movements, was a 17 per cent decrease in operating profit from R3,338 million (US$385 million) in the June quarter to R2,787 million (US$356 million) in the September quarter. The Group operating margin was 38 per cent compared with 43 per cent in the June quarter. The margin at the South African operations decreased from 39 per cent to 30 per cent. At the West African operations the margin increased from 45 per cent to 47 per cent. At South America the margin decreased from 65 per cent to 64 per cent, while at the Australian operations the margin decreased from 40 per cent to 35 per cent.

Amortisation

Amortisation increased from R1,067 million (US$124 million) in the June quarter to R1,174 million (US$150 million) in the September quarter. At the South African operations amortisation increased from R573 million (US$66 million) to R606 million (US$78 million). This was mainly due to the increased production at Beatrix and South Deep. At the West African operations, amortisation increased from US$14 million (R120 million) to US$28 million (R216 million). This was mainly due to a once-off reduction of amortisation at Tarkwa in the June quarter because of a reclassification of assets at the CIL plant. At South America, amortisation increased from US$12 million (R105 million) to US$14 million (R109 million) in line with the increase in production. At the Australian operations, amortisation decreased from US$28 million (R237 million) to US$27 million (R207 million) mainly due to reduced mining volumes at St Ives.

Other

Net interest paid decreased from R171 million (US$20 million) in the June quarter to R49 million (US$6 million) in the September quarter. Expensive fully covered offshore debt at our South African operations was retired and refinanced with cheaper offshore debt in our offshore entities. In addition, higher rate local facilities were replaced by lower rate commercial paper. Net interest paid is forecast to increase to around R120 million (US$16 million) in the December quarter. In the September quarter interest paid of R137 million (US$18 million) was partly offset by interest received of R68 million (US$12 million) and interest capitalised of R20 million (US$3 million). This compares with interest paid of R246 million (US$29 million) partly offset by interest received of R58 million (US$7 million) and interest capitalised of R17 million (US$2 million) in the June quarter.

The share of loss of associates after taxation of R16 million (US$2 million) in the September quarter compares with the share of loss of R12 million (US$2 million) in the June quarter. The loss relates to equity accounted losses incurred at Rand Refinery Limited (Rand Refinery) of R3 million (US$nil million) and at Rusoro Mining Limited (Rusoro) of R13 million (US$2 million). The loss in the June quarter relates to equity accounted losses incurred at Rand Refinery of R19 million (US$3 million) partly offset by equity accounted gains incurred in Rusoro of R7 million (US$1 million).

The loss on foreign exchange of R63 million (US$8 million) in the September quarter compares with a loss of R76 million (US$8 million) in the June quarter. The loss in the September quarter mainly relates to exchange losses on the repayment of Australian dollar intercompany loans. The loss in the June quarter was mainly due to translation of balances on offshore accounts at a stronger rand exchange rate.

3 I GOLD FIELDS RESULTS **Q1F2010**

The loss on financial instruments of R132 million (US$17 million) in the September quarter compares with a gain of R71 million (US$8 million) in the June quarter. The loss in the September quarter comprises R20 million (US$3 million) realised losses and R112 million (US$14 million) unrealised losses on the Cerro Corona copper financial instruments. Refer to page 18 of this report for more detail. The gain in the June quarter comprised mainly realised gains due to the close out of the United States dollar/South African rand and United States dollar/Australian dollar denominated forward sales amounting to R54 million (US$6 million) and R20 million (US$2 million) respectively.

Share based payments amounted to R120 million (US$15 million) in the September quarter, which was R100 million more than the June quarter due to annual forfeiture adjustments in the June quarter which reduced the normal charge.

Other costs decreased from R126 million (US$14 million) in the June quarter to R5 million (US$1 million) in the September quarter. This was mainly due to a decrease in prefeasibility costs on the uranium project and a decrease in research and development costs.

Exploration

Exploration expenditure decreased from R171 million (US$20 million) in the June quarter to R133 million (US$17 million) in the September quarter due to decreased drilling activity and the stronger rand in the September quarter. Refer to the Exploration and Corporate Development section for more detail.

Exceptional items

The exceptional gain in the September quarter of R667 million (US$85 million) was mainly as a result of a R447 million (US$57 million) profit on the sale of our stake in Sino Gold, a R282 million (US$37 million) profit on the sale of Eldorado shares, partially offset by a R57 million (US$7 million) impairment of sundry offshore exploration investments. The exceptional loss in the June quarter of R1,252 million (US$139 million) was mainly due to the impairment of Rusoro and sundry offshore exploration investments of R1,210 million (US$134 million) and voluntary severance packages paid at the South African operations of R103 million (US$12 million), partly offset by a profit on the sale of IAMGold shares of R65 million (US$7 million).

Taxation

Taxation for the quarter amounted to R638 million (US$82 million) compared with R657 million (US$76 million) in the June quarter, in line with the decrease in taxable profit partially offset by tax paid on the disposal of Sino Gold and Eldorado shares. The tax expense includes normal and deferred taxation at all operations, together with government royalties at the international operations.

Earnings

Net profit attributable to ordinary shareholders amounted to R1,007 million (US$129 million) or 143 SA cents per share (US$0.17 per share), compared with a loss of R293 million (US$29 million) or 46 SA cents per share (US$0.05 per share) in the June quarter.

Headline earnings i.e. earnings less the after tax effect of asset sales, impairments and the sale of investments amounted to R452 million (US$58 million) or 64 SA cents per share (US$0.08 per share), compared with earnings of R855 million (US$99 million) or 126 SA cents per share (US$0.15 per share) in the June quarter.

Earnings excluding exceptional items as well as net gains and losses on foreign exchange, financial instruments and profit/(losses) of associates after taxation amounted to R625 million (US$80 million) or 89 SA cents per share (US$0.11 per share), compared with earnings of R949 million (US$109 million) or 140 SA cents per share (US$0.16 per share) reported in the June quarter.

Cash flow

Cash inflow from operating activities for the quarter amounted to R1,263 million (US$165 million), compared with R2,282 million (US$265 million) in the June quarter. This quarter on quarter decrease of R1,019 million (US$100 million) was mainly due to the decrease in profit before tax and exceptional items of R670 million (US$63 million), an increase in taxation paid of R382 million (US$51 million) and an increase in working capital of R381 million (US$49 million).

Capital expenditure decreased from R1,791 million (US$209 million) in the June quarter to R1,746 million (US$223 million) in the September quarter.

At the South African operations capital expenditure decreased from R1,059 million (US$122 million) in the June quarter to R1,050 million (US$134 million) in the September quarter. This decrease was mainly due to the discontinuation of the capitalization of pre-production expenditure at Beatrix's North section and lower capital expenditure at Driefontein due to timing. This was partially offset by an increase at South Deep, in line with the build-up in production. Expenditure on Ore Reserve Development (ORD) at Driefontein, Kloof and Beatrix accounted for R146 million (US$19 million), R174 million (US$22 million) and R95 million (US$12 million) compared with R134 million (US$16 million), R149 million (US$17 million), and R87 million (US$10 million) in the June quarter respectively, the increase in development being in line with the stated need to increase ore reserve flexibility.

At the West African operations capital expenditure was similar at

US$36 million and comprised mainly continued waste removal at Teberebie and an increase in the primary fleet. In South America, at Cerro Corona, capital expenditure increased from US$20 million to US$22 million mainly due to construction work on the second phase of the Tailings Management Facility. At the Australian operations, St Ives's capital expenditure increased by A$2 million to A$23 million due to excavation of a box-cut at Athena and related infrastructure development. Capital expenditure increased by A$1 million to A$13 million, at Agnew due to increased underground capital development at Kim and Main Lode.

Purchase of Glencar of R301 million (US$38 million) reflects the purchase of Glencar Mining, an Irish registered company with exploration interests in Mali. The royalty termination is due to the termination of the Morgan Stanley Royalty at St Ives for a consideration of R1,999 million (A$308 million).

Proceeds on the disposal of investments of R2,266 million (US$299 million) reflects the sale of Eldorado shares of R2,266 million (US$299 million), compared with R282 million (US$33 million) in the June quarter realised on the sale of IAMGold shares.

Net cash inflow from financing activities in the September quarter amounted to R644 million (US$68 million). Loans received in the September quarter amounted to R3,369 million (US$433 million). This included loans received of R1,161 million (US$150 million) to partly fund the termination of the Morgan Stanley Royalty at St Ives, R1,072 million on the issue of commercial paper, R750 million working capital loans and R301 million to finance the purchase of Glencar. Loans repaid amounted to R2,739 million (US$367 million), mainly made up of a repayment of the Western Areas loan of R2.0 billion (US$273 million), R330 million on the refinancing of the South African commercial paper and R265 million (US$36 million) repayment of an offshore facility.

Net cash outflow for the quarter at R439 million (US$58 million) compares to a net cash inflow of R430 million (US$28 million) in the June quarter. After accounting for a negative translation adjustment of R87 million (US$19 million positive), the cash balance at the end of September was R2,278 million (US$309 million). The cash balance at the end of June was R2,804 million (US$348 million), a net decrease of R526 million (US$39 million) for the quarter.

Balance sheet (Investments and net debt)

Investments decreased from R2,971 million (US$369 million) at 30 June 2009 to R1,164 million (US$158 million) at 30 September 2009. This decrease was mainly due to the exchange of our stake in Sino Gold for Eldorado shares and the subsequent disposal thereof during the September quarter.

Net debt (long-term loans plus current portion of long-term loans less cash and deposits) increased from R6,092 million (US$756 million) in the June quarter to R6,694 million (US$908 million) in the September quarter due to short-term working capital requirements.

Detailed and operational review

South African operations

Cost and revenue optimisation initiatives

During financial 2008, the South African operations reviewed the suite of projects under Project 500 and identified the following for implementation over the next two to three years.

Project 1M

Project 1M is a productivity initiative that aims to improve quality mining volumes by increasing the face advance by between 5 and 10 per cent on financial 2009 actuals. This would translate to similar improvements in tons broken over the same period.

This should be achieved through the following key improvement initiatives:

- drilling and blasting practices;
- cleaning and sweeping practices;
- mining cycle and training; and
- improved pay face availability.

The planned increase in face advance targets will improve underground production, which will reflect in improved labour efficiencies, lower unit mining costs and improved revenue. In terms of progress to date, although an improvement in safety is clearly visible, improvement in quality volumes remains a challenge.

Project 2M

Project 2M is a technology initiative aimed at mechanising all flat-end development (i.e. development on the horizontal plane) at the long-life shafts of Driefontein, Kloof and Beatrix by the end of financial 2010. South Deep is excluded as it is a fully mechanised mine. The aim of the project is to improve safety, productivity and increase ore reserve flexibility. The project achieved a mechanisation rate of 47 per cent of flat-end development by the end of the September quarter, targeting 100 per cent by 30 June 2010. Unit cost, equipment efficiency and labour productivity are improving as teams are gaining more experience with the mechanised equipment. Safety improvements to date are very encouraging.

Project 3M

Project 3M is a suite of projects focused on reducing energy and utilities consumption, work place absenteeism and surface ("above-ground") costs, including supply chain.

Electricity power consumption targets for financial 2010 were set to maximize production within the Eskom limits of 90 per cent. During the September quarter, this challenge has been met on consumption, but the actual tariff of electricity increased by 36 per cent. Various projects are in progress to reduce consumption including the introduction of three chamber pump systems which will use the gravitational force of chilled service water from surface to pump out warm underground water, thereby improving efficiency and reducing electricity costs. At Driefontein and Kloof, real time monitoring of power consumption has been introduced at all major points of delivery and monitoring and improving pump efficiencies continues. The project to reduce diesel consumption is on track. The original target was to save 20 per cent on the financial 2008 base. Current consumption of 1.7 million litres per quarter represents a 22 per cent reduction.

The management of work place absenteeism project ("Unavailables project") aims to reduce the impact of work place absenteeism on production and costs. This project aims to reduce work place absenteeism by 4 per cent by the end of financial 2010. A target of 2 per cent in each of financial 2009 and 2010 was set. A 2 per cent reduction was achieved in financial 2009 mainly due to reduced incidences of industrial action and more diligent labour management. Marginal progress was made during the September quarter.

The above-ground cost project aims to reduce surface costs by at least R150 million per annum by the end of financial 2010. Various initiatives are in place.

Projects which reduced above ground cost were the following:
- Shared services – savings for the quarter were R12 million. These savings were realised by optimization of process, labour, discounts received and inventory.
- Training expenditure – a much more focused strategy to service our core business is in the process of being developed. Benefits of this re-aligned strategy for the quarter amounted to R7 million.
- South African operations (various small projects) – savings for the quarter amounted to R6 million.

Contracted procurement savings for the September quarter amounted to R32 million. Forward buying strategies and higher stock levels allowed room to buffer price inflation to some extent during financial 2009. However, commodity prices have started correcting to the longer term averages (oil, copper and ammonia).

During the September quarter the strategy shifted from cost claw-back to cost containment, with ongoing efficiency optimization initiatives. Price inflation was experienced in cost areas such as labour, power, fuel, timber, ammonia and explosives. Cost savings were negotiated on grinding balls, steel products, coal and wire ropes.

Project 4M

Project 4M initiative focuses on the Mine Health and Safety Council (MHSC) milestones agreed to on 15 June 2003 by a tripartite health and safety summit comprising representatives from Government, organized Labour Unions and Associations, and mining companies. The focus is on achieving occupational health and safety targets and milestones over a 10-year period. The commitment was driven by the need to achieve greater improvements in occupational health and safety in the mining industry.

In order to meet the noise induced hearing loss target the company is focusing on the noise at source. A target was set that no machine or piece of equipment may generate a noise level in excess of 110 dB (A) after December 2013. A number of action plans have been put in place to meet this target based on the highest potential exposure source. Progress is monitored quarterly.

Project 5M

Uranium project

Good progress has been made with the feasibility study for the West Wits Tailings Retreatment Project during the first quarter of F2010. Core feasibility study activities centered on finalising the process flow diagrams, completing design criteria, detailing the operating and control philosophy for the respective sections of the plant, integrating the different process steps and determining the requirements in terms of services and infrastructure. This is being completed in parallel with operation of the first phase of the pilot plant which simulates the milling, ambient low temperature uranium leach and flotation concentrator processes. Concentrator samples generated will be dispatched to SGS Laboratories in Canada for the second phase of the pilot plant test work.

The second phase of the pilot plant will be commissioned at the end of October 2009 and will simulate the uranium extraction, elution, solvent extraction and product recovery stages of the central treatment plant. A pilot plant simulation for the sulphuric acid roaster has been completed successfully.

The feasibility study incorporates an optimization process that covers all the different project activities, and runs in parallel to the metallurgical design, engineering, equipment selection, cost estimation process and budget activities. This is aimed at identifying and taking advantage of opportunities to improve capital and operating cost efficiencies during the execution and operational phases of the project.

The legislative approval process has entered the public participation phase with the completion of the first open day and public meeting, as well as numerous meetings with various focus groups within the communities. There has been active participation in the process from a significant cross section of the potentially affected communities including farmers, regional planners, contractor associations, environmentalists, scientists, academics, non-governmental organizations and the general public. The technical investigation for the environmental impact assessment was completed and the second peer review took place during the second week of October 2009. As soon as the full action plan has been formulated, the impact on the overall project schedule can be determined.

Activities initiated during the past quarter also included an assessment of the marketing opportunities for sulphuric acid and uranium. British Sulphur Consultants, a division of CRU International completed a sulphuric marketing study with specific reference to Southern Africa. From this, a strategy will be developed for the marketing of excess sulphuric acid produced during the process. During the 34th Symposium of the World Nuclear Associations in September representatives from Gold Fields met with a wide range of different role players within the nuclear fuel industry to familiarise them with the project, its objectives, outputs and timelines. This created an opportunity to get a better understanding of the requirements of the nuclear fuels market, potential markets and future off take requirements. NAC International, a leading authority on the nuclear fuel cycle, has been contracted to complete a comprehensive uranium marketing study for the project.

The West Wits Tailings Retreatment Project feasibility study is on schedule to complete the engineering, feasibility design and cost estimating activities in the first quarter of 2010.

Integrated continuous improvement initiatives and strategic sourcing/ contract benefits

The following areas of price inflation and cost reductions were achieved:

Australasia

Inflation increases were experienced in areas such as cement, fuel, explosives, gas and lime, while inflation off-sets were experienced in cyanide, carbon, electric cables and steel support products. A performance based contract is being finalised for underground mining contracts at St Ives designed to align the contractors more closely to St Ives by introducing a line of sight risk-reward-model.

West Africa

Rise and fall price reductions continued to flow through in areas such as cyanide and grinding balls during the quarter. Fuel prices increased in line with the increase in the oil price.

South America

The Peruvian operations experienced commodity deflation due to price reductions in areas such as ammonia nitrate/explosives, grinding balls and liners.

South Africa region

Driefontein

Sept
2009
June
2009
Gold produced
- kg
5,893
6,630
-
000'ozs
189.5
213.2
Yield - underground
- g/t
7.3

7.6
-
combined
-
g/t
3.8
4.3
Total cash cost
- R/kg
154,387
129,397
-
US$/oz
614
470
Notional cash expenditure
- R/kg
207,416
183,529
-
US$/oz
825
667

Gold production decreased from 6,630 kilograms (213,200 ounces) in the June quarter to 5,893 kilograms (189,500 ounces) in the September quarter due to a decrease in underground volumes and grade. Underground tonnage decreased from 794,000 tons in the June quarter to 708,000 tons in the September quarter mainly due to safety related stoppages following an incident at 5 shaft. Surface tonnage increased from 742,000 tons to 832,000 tons, partially offsetting the loss of underground production. Underground yield decreased from 7.6 grams per ton to 7.3 grams per ton due to lower volumes from the higher grade shafts following the safety stoppages. Surface yield improved from 0.8 grams per ton in the June quarter to 0.9 grams per ton in the September quarter mainly due to changes in the mix.

Main development decreased by 11 per cent for the quarter and on-reef development increased by 36 per cent. The average development value increased from 1,109 centimetre grams per ton in the June quarter to 1,625 centimetre grams per ton in the September quarter, primarily due to improved values at 1 shaft and 5 shaft.

Operating costs increased from R905 million (US$105 million) to R950 million (US$122 million). The increase in operating cost is mainly due to annual wage increases, the annual increase in electricity costs and two months of winter electricity tariffs. Total cash cost increased from R129,397 per kilogram to R154,387 per kilogram.

Operating profit decreased from R764 million (US$89 million) in the June quarter to R467 million (US$60 million) in the September quarter mainly due to the lower production and the 5 per cent lower rand gold price received.

GOLD FIELDS RESULTS **Q1F2010 I 6**

Capital expenditure decreased from R311 million (US$36 million) to R272 million (US$35 million). The decrease was mainly due to changes in the timing of spending on projects.

Notional cash expenditure increased from R183,529 per kilogram (US$667 per ounce) to R207,416 per kilogram (US$825 per ounce) due to the increase in operating costs and the lower production.

December quarter's gold production is forecast to be higher due to an increase in underground volumes closer to historical levels following the safety stoppages which affected the September quarter. Total cash cost is expected to decrease due to the higher production and lower electricity costs as a result of summer tariffs. Capital expenditure is forecast to increase due to the uranium feasibility study, development on the extraction of the 4 shaft pillar, implementation of new technology mechanised equipment and housing upgrades.

The estimate for the December quarter is as follows:
• Gold produced – 6,500 kilograms (209,000 ounces)
• Total cash cost* – R140,000 per kilogram (US$580 per ounce)
• Capital expenditure* – R310 million (US$42 million)
• Notional cash expenditure* – R192,000 per kilogram (US$805 per ounce)

* Based on an exchange rate of US$1 = R7.40.

Kloof

		Sept 2009	June 2009
Gold produced	- kg	**5,024**	5,004
-	000'ozs	**161.5**	160.9
Yield - underground	- g/t	**6.7**	7.4
- combined	- g/t	**4.8**	5.6
Total cash cost	- R/kg	**162,818**	

145,284
-
US$/oz
648
528
Notional cash expenditure - R/kg
217,456
201,459
-
US$/oz
865
732

Gold production remained steady at 5,024 kilograms (161,500 ounces) in the September quarter compared with 5,004 kilograms (160,900 ounces) in the June quarter. This is despite two safety related stoppages, increased seismicity, as well as an underground fire between Main shaft and 7 shaft during the quarter. The underground tonnage increased from 638,000 tons to 713,000 tons but was offset by a decrease in yield from 7.4 grams per ton to 6.7 grams per ton. The decrease in yield is a short term issue and was largely due to a 12 per cent lower broken grade as a result of lower grade facies being mined as well as a loss of high grade panels due to seismicity. Going forward grades are expected to return to historic levels due to a reduction of lower grade mining.

Total main development increased by 11 per cent for the quarter and on-reef development improved by 1 per cent. The average development value increased by 29 per cent to 2,489 centimetre grams per ton in the September quarter, due to an increase in the VCR grades.

Operating costs increased from R763 million (US$89 million) in the June quarter to R848 million (US$109 million) in the September quarter. The increase in operating cost is mainly due to annual wage increases, the annual increase in electricity costs and two months of winter electricity tariffs. These increases resulted in a 12 per cent increase in total cash cost from R145,284 per kilogram in the June quarter to R162,818 per kilogram in the September quarter.

Operating profit decreased from R489 million (US$57 million) in the June quarter to R361 million (US$46 million) in the September quarter due to the increase in operating cost and the 5 percent lower rand gold price.
Capital expenditure at R244 million (US$31 million) is similar to the previous quarter's expenditure of R245 million (US$29 million), the majority of which is ore reserve development.

Notional cash expenditure increased from R201,459 per kilogram to R217,456 per kilogram due to the higher operating cost.

Gold production for the December quarter is forecast to increase by 4 per cent compared with the September quarter. Total cash cost per ounce is forecast to decrease in the December quarter due to the higher gold production. Capital expenditure is planned to increase largely due to the increase in ore reserve development, hydro power equipment, the 69 line decline project and housing and accommodation upgrades.

The estimate for the December quarter is as follows:
• Gold produced – 5,200 kilograms (167,000 ounces)
• Total cash cost* – R160,000 per kilogram (US$670 per ounce)
• Capital expenditure* – R280 million (US$38 million)
• Notional cash expenditure* – R219,000 per kilogram (US$920 per ounce)
* Based on an exchange rate of US$1 = R7.40

Beatrix		**Sept 2009**	June 2009
Gold produced	- kg	**3,437**	3,199
	- 000'ozs	**110.5**	102.9
Yield	- g/t	**4.3**	4.1
Total cash cost	- R/kg	**165,900**	157,862
	- US$/oz	**660**	574
Notional cash expenditure	- R/kg	**215,595**	224,726
	- US$/oz	**858**	817

Gold production at Beatrix increased by 7 per cent from 3,199 kilograms (102,900 ounces) in the June quarter to 3,437 kilograms

(110,500 ounces) in the September quarter. Tons milled increased from 774,000 tons to 791,000 tons of which 23,000 tons were from surface clean-up. Yield increased from 4.1 grams per ton in the June quarter to 4.3 grams per ton for the September quarter.

Development volumes showed a 9 per cent reduction during the quarter because of hoisting constraints at 3 shaft due to winder repairs and a continued focus on safety. The main on-reef development returned a value of 1,226 centimetre grams per ton for the quarter compared with 1,131 centimetre grams per ton for the June quarter.

Operating costs increased by 12 per cent from R528 million (US$61 million) in the June quarter to R591 million (US$76 million) in the September quarter. The increase in operating cost is mainly due to the cessation of pre-production costs previously capitalised, annual wage increases, the annual increase in electricity costs and two months of winter electricity tariffs. Total cash cost increased by 5 per cent from R157,862 per kilogram in the June quarter to R165,900 per kilogram in the September quarter.

Operating profit decreased by 11 per cent from R272 million (US$32 million) in the June quarter to R235 million (US$30 million) in the September quarter due to the lower gold price, higher operating cost, partially offset by higher production.

Capital expenditure decreased from R191 million (US$22 million) in the June quarter to R150 million (US$19 million) in the September quarter mainly due to the discontinuation of pre-production expenditure capitalised at the North section.

Notional cash expenditure decreased from R224,726 per kilogram (US$817 per ounce) to R215,595 per kilogram (US$858 per ounce) mainly due to the lower capital expenditure and increased production.

7 I GOLD FIELDS RESULTS **Q1F2010**

The forecast for the December quarter's gold production is expected to decrease due to anticipated lower grades. Total cash cost in the December quarter is expected to increase mainly due to the lower production. The forecast increase in capital expenditure is due to infrastructure required at the North section to alleviate the hoisting constraint.

The estimate for the December quarter is as follows:

• Gold produced – 3,200 kilograms (103,000 ounces)
• Total cash cost* – R173,000 per kilogram (US$725 per ounce)
• Capital expenditure* – R152 million (US$21 million)
• Notional cash expenditure* – R228,000 per kilogram (US$955 per ounce)

* Based on an exchange rate of US$1 = R7.40.

South Deep project

		Sept 2009	June 2009
Gold produced	- kg	**2,032**	1,614
	- 000'ozs	**65.3**	51.9
Yield - underground	- g/t	**6.5**	6.7
- combined	- g/t	**5.1**	3.8
Total cash cost	- R/kg	**179,921**	184,201
	- US$/oz	**716**	669
Notional cash expenditure	- R/kg	**375,344**	386,245
	- US$/oz	**1,493**	

1,403

Gold production increased by 26 per cent from 1,614 kilograms (51,900 ounces) in the June quarter to 2,032 kilograms (65,300 ounces) in the September quarter, due to improved mining volumes as the mine builds its production base. Underground tonnage processed increased from 313,000 tons in the June quarter to 347,000 tons in the September quarter which included 40,000 waste tons in the September quarter and 87,000 waste tons in the June quarter. The underground reef yield decreased from 6.7 grams per ton in the June quarter to 6.5 grams per ton in the September quarter. This was mainly due to an increase in tonnage from the lower grade destress projects. The combined yield increased from 3.8 grams per ton in the June quarter to 5.1 grams per ton in the September quarter as a result of the increase in underground volumes and decrease of lower grade surface source tonnage processed which decreased from 111,000 tons in the June quarter to 52,000 tons in the September quarter. Development increased by 30 per cent for the September quarter from 2,091 metres to 2,715 metres. The new mine capital development in phase 1, sub 95 level, increased from 1,160 metres to 1,361 metres. Development in the current mine areas above 95 level increased by 39 per cent per cent from 931 metres to 1,298 metres. Added to this was an additional 57 metres of raiseboring during the quarter.

Operating costs increased by 21 per cent from R312 million (US$36 million) in the June quarter to R379 million (US$48 million) in the September quarter in line with the planned build-up. This was mainly due to the 11 per cent increase in underground tons produced, which required more employees, annual wage increases, the annual increase in electricity costs and two months of winter electricity tariffs. The total cash cost decreased by 2 per cent from R184,201 per kilogram (US$669 per ounce) in the June quarter to R179,921 per kilogram (US$716 per ounce) in the September quarter.

An operating profit of R109 million (US$14 million) was realised in the September quarter compared with the June quarter's operating profit of R92 million (US$11 million) due to the increase in gold production, partly offset by the 5 per cent lower gold price and increased operating costs.

Capital expenditure increased by 24 per cent from R311 million (US$36 million) in the June quarter to R384 million (US$49 million) in the September quarter in line with the planned project build-up. The increased expenditure was mainly on development, mechanised equipment, the new tailings dam and the rock winder for the ventilation shaft. Notional cash expenditure decreased by 3 per cent from R386,245 per kilogram (US$1,403 per ounce) to R375,344 per kilogram (US$1,493 per ounce) due to the increase in gold production.

Gold production for the December quarter is forecast to increase in line with the planned production build up. Capital expenditure is planned to increase on the new tailings facility, delivery of mechanised equipment and more development.

The estimate for the December quarter is as follows:
• Gold produced – 2,250 kilograms (72,000 ounces)
• Total cash cost* – R178,000 per kilogram (US$750 per ounce)
• Capital expenditure* – R445 million (US$60 million)
• Notional cash expenditure* – R382,000 per kilogram (US$1,605 per ounce)
* Based on an exchange rate of US$1 = R7.40

West Africa region
Ghana
Tarkwa

		Sept 2009	June 2009
Gold produced	- 000'ozs	**175.1**	164.7
Yield - heap leach	- g/t	**0.6**	0.7
- CIL plant	- g/t	**1.4**	1.3
- combined	- g/t	**1.1**	1.0
Total cash cost	- US$/oz	**480**	481
Notional cash expenditure	- US$/oz	**690**	684

Gold production increased by 6 percent from 164,700 ounces in the June quarter to 175,100 ounces in the September quarter. The increase in gold production was driven primarily by the increase in CIL throughput.

Total tons mined, including capital stripping, was similar quarter on quarter at 31.6 million tons. Ore mined was maintained at 5.3 million tons. Head grade for the September quarter was 1.20 grams per ton, 0.07 grams per ton higher than June quarter's head grade of 1.13 grams per ton. The strip ratio achieved was 5.01, similar to the June quarter.

Total feed to the North heap leach decreased to 2.26 million tons in the September quarter compared with 2.53 million tons in the June quarter mainly due to a corresponding increase in higher grade ore milled, given that mined volumes were similar quarter on quarter. North heap leach yield for the quarter decreased to 0.6 grams per ton compared with the June quarter's 0.7 grams per ton. The heap leach facilities produced 46,100 ounces in the September quarter, 20 per cent lower than the 57,500 ounces produced in the June quarter. The decline in ounces can be attributed to a slower release of GIP at the South heap leach, lower feed grade to the North heap leach, as well as the impact of the lower tons crushed in the June quarter. Furthermore, there was a one-in-fifteen year storm event in July which adversely affected heap leach recoveries.

The total feed to the CIL plant was 2.87 million tons compared with 2.53 million tons in the June quarter. CIL yield was 1.4 grams per ton, compared with 1.3 grams per ton in the June quarter. The CIL plant produced 129,000 ounces in the September quarter compared with 107,200 ounces in the June quarter.

Operating costs, including gold-in-process movements, were US$4 million (R27 million) higher than the June quarter at US$84 million (R657 million). Operating costs increased in line with the increased tons milled at the expanded plant and an increase in drill and blast activity.

Operating profit at US$85 million (R663 million) in the September quarter was higher than the US$72 million (R623 million) achieved in the June quarter due to increased gold production and the higher gold price, partially offset by increased costs.

Capital expenditure increased from US$31 million (R251 million) to US$33 million (R255 million) for the September quarter, with mining equipment (US$11 million) and pre-stripping at the Teberebie cutback (US$16 million) being the major items for the quarter.

Notional cash expenditure for the quarter was US$690 per ounce, compared with the previous quarter's US$684 per ounce, reflecting the increased operating costs and capital expenditure.

The estimated increase in gold production for the December quarter is due to increased production from the CIL plant, but is subject to a timely conclusion of the protracted wage negotiations. Mining activity and heap leach stacking could be affected in the next quarter, but contingencies are in place to keep the mill running during any interruptions.

The estimate for the December quarter is as follows:
• Gold produced – 185,000 ounces
• Total cash cost – US$460 per ounce
• Capital expenditure – US$39 million
• Notional cash expenditure – US$690 per ounce.
* Based on an exchange rate of US$1 = R7.40.

Damang	**Sept 2009**	June 2009
Gold produced - 000'ozs	**51.4**	53.4
Yield - g/t	**1.3**	1.3
Total cash cost - US$/oz	**622**	611
Notional cash expenditure - US$/oz	**637**	696

Gold production decreased by 4 per cent from 53,400 ounces in the June quarter to 51,400 ounces in the September quarter. This decrease was mainly due to a planned seven day primary crusher re-build and a two day mill shutdown which in turn reduced the tons milled by 6 per cent.

Total tons mined, including capital stripping decreased from 3.8 million tons in June quarter to 2.5 million tons in September quarter because of a revised mine schedule caused by the crusher re-build. Ore mined decreased from 1.1 million tons to 0.8 million tons and the strip ratio achieved was 2.00 against the June quarter's 2.38.

Operating costs, including gold-in-process movements, decreased from US$32 million (R275 million) in the June quarter to US$31 million (R246 million) in the September quarter. Although a decrease in power costs was realised, this was partially offset by hauling more oxide material because of the crusher re-build. Total cash cost increased from US$611 per ounce to US$622 per ounce reflecting the decrease in ounces produced.
Operating profit for the September quarter increased to US$18 million (R141 million) compared with US$17 million (R150 million) achieved in the June quarter. This was driven largely by the increased gold price received.

Capital expenditure decreased from US$6 million (R51 million) in the June quarter to US$3 million (R27 million) in the September quarter mainly due to the timing of capital projects.

Notional cash expenditure for the quarter was lower at US$637 per ounce compared with the previous quarter's US$696 per ounce mainly as a result of the decrease in capital expenditure.
Gold production for the December quarter is expected to be marginally higher than the September quarter due to increased tons milled but this is subject to a timely conclusion of the protracted wage negotiations. Mining activity could be affected if negotiations are not concluded timeously, but contingencies are in place to keep the mill running during any interruptions. Capital expenditure is expected to be higher due to the secondary crusher project aimed at significantly increasing the treatment of higher grade fresh material at the current throughput rate and an increase in exploration activities. Notional cash expenditure per ounce is expected to increase as a result of the increased capital expenditure.
The estimate for the December quarter is as follows:

- Gold produced – 52,000 ounces
- Total cash cost – US$610 per ounce
-

Capital expenditure – US$7 million
•
Notional cash expenditure – US$700 per ounce
* Based on an exchange rate of US$1 = R7.40.

South America region
Peru
Cerro Corona
Sept
2009
June
2009
Gold produced
- 000'oz
33.4
40.5
Copper produced
- tons
9,100
9,300
Total equivalent gold produced - 000' eq oz
88.5
83.9
Total equivalent gold sold
- 000' eq oz
89.1
86.9
Yield - gold
- g/t
0.7
0.8
- copper
- %
0.62
0.66
- combined
- g/t
1.8 1.8
Total cash cost
-US$/eq oz
349
337
Notional cash expenditure
-US$/eq oz
599
584
Gold price *
- US$/oz
966
986
Copper price *

- US$/t
5,779
4,581
* Used to calculate total equivalent gold produced

As planned, gold produced decreased by 18 per cent from 40,500 ounces in the June quarter to 33,400 ounces in the September quarter. Copper produced decreased by 2 per cent from 9,300 tons produced in the June quarter to 9,100 tons produced in the September quarter. During the September quarter concentrate with payable content of 34,400 ounces of gold was sold at an average gold price of US$951 per ounce and 8,900 tons of copper were sold at an average copper price of US$5,138 per ton, net of treatment and refining charges. The lower gold and copper production compared to the June quarter was mainly due to the lower grade of the ore milled (gold grade reduced to 1.10 grams per ton in September quarter from 1.27 grams per ton in June quarter and copper at 0.75 per cent was slightly lower than the 0.82 per cent achieved in the June quarter).

Total tons mined increased as planned from 3.78 million tons in the June quarter to 3.91 million tons during the September quarter. Ore mined at 1.62 million tons was 5 per cent higher than June quarter's 1.55 million tons. The strip ratio of 1.41 for the September quarter was similar to the June quarter's strip ratio of 1.43, but is higher than the life of mine strip ratio, forecast at 0.9. The current higher strip ratio is in line with the current mine plan to ensure greater production flexibility.

Ore processed increased from 1.47 million tons in the June quarter to 1.54 million tons in the September quarter, with concentrate production at 41,200 dry tons in the September quarter compared with 43,500 dry tons in the June quarter. Gold yield for the quarter was 0.7 grams per ton and copper yield was 0.62 per cent compared with 0.8 grams per ton and 0.66 per cent respectively in the June quarter, mainly reflecting the lower head grades.

Operating costs, including gold-in-process movements, increased from US$29 million (R251 million) in the June quarter to US$31 million (R241 million) in the September quarter. The increased operating cost was due to an increase in the accrual for statutory Workers Legal Participation of profits in line with higher earnings. Total cash cost was US$349 per equivalent ounce sold compared with US$337 per equivalent ounce sold in the June quarter.

Operating profit at US$55 million (R431 million) was slightly higher than operating profit in June quarter of US$53 million (R467 million), reflecting higher equivalent ounces.

Capital expenditure increased from US$20 million (R163 million) in the June quarter to US$23 million (R176 million) in the September quarter. During the quarter US$20 million was spent on construction of the second phase of the Tailings Management Facility.

Notional cash expenditure for the September quarter at US$599 per equivalent ounce was marginally higher than the previous quarter's US$584 per equivalent ounce, mainly due to increased capital expenditure and higher operating cost.

The estimate for the December quarter is as follows:
• Metals (gold and copper) produced – 90,000 equivalent ounces**
• Gold produced – 31,600 ounces
• Copper produced – 10,000 tons
• Total cash cost* – US$360 per equivalent ounce
• Capital expenditure – US$26 million
• Notional cash expenditure* – US$640 per equivalent ounce
* Based on an exchange rate of US$1 = R7.40.
** Equivalent ounces are based on a gold price of US$1,000 per ounce and copper price of US$5,800 per ton.

Australasia region
Australia
St Ives

	Sept 2009	June 2009
Gold produced - 000'ozs	**100.3**	108.9
Yield - heap leach - g/t		

0.6
0.5
- milling
- g/t
2.4
2.5
- combined
- g/t
1.9
1.9
Total cash cost
- A$/oz
841
814
-
US$/oz
698
614
Notional cash expenditure - A$/oz
1,086
1,021
-
US$/oz
901
770

Gold production decreased by 8 per cent from 108,900 ounces in the June quarter to 100,300 ounces in the September quarter. The lower production was due to stoping issues in the high grade stopes at Belleisle and a shortfall in high grade open pit tons which extended into the second half of the quarter.

Gold produced from the Lefroy mill decreased by 8 per cent, from 99,500 ounces to 91,700 ounces, due to a decrease in tons milled and a decline in head grade to the mill. Production from the heap leach decreased from 9,400 ounces in the June quarter to 8,600 ounces in the September quarter, due to a short term failure of the stacker which was subsequently resolved.

At the open pit operations 1.5 million tons of ore were mined for the quarter, compared with 1.7 million tons in the June quarter. Grade decreased from 1.5 grams per ton to 1.2 grams per ton. The decrease in volume and grade was mainly due to the completion of the high grade Grinder pit in the June quarter. The average strip ratio, including capital waste, remained steady at 3.2 for the current quarter.

At the underground operations 363,000 tons of ore was mined at 4.5 grams per ton in the September quarter, compared with 326,000