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)

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

or

ý **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

o **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)

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:

Title of Each Class	**Name of Each Exchange on Which Registered**
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 ý No o

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

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 ar 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 Austr dollars refer to Australian dollars and C$ refers to Canadian dollars.

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.

	Year ended June 30,				
	2001	2002	2003	2004	2005
	(in $millions, except where otherwise noted)				
Statement of Operations Data					
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

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)	

	Year ended June 30,				
	2001	2002	2003	2004	2005
	(in $millions, except where otherwise noted)				
Statement of Operations Data					
Write-down of investments	2.0				7.7
Write-down of mineral rights				3.6	
Other expenses/(income)	(11.8)	(0.5)	(3.4)	(2.1)	5.2
(Loss)/income before tax, share of equity investees (losses) profits, minority interests and cumulative effect of change in accounting principles	13.0	398.4	405.5	82.9	(285.6)
Income and mining tax benefit/(expense)	(21.6)	(147.1)	(133.8)	(11.8)	100.4
(Loss)/income before, share of equity investees (losses) profits, minority interests and cumulative effect of change in accounting principles	(8.6)	251.3	271.7	71.1	(185.2)
Share of equity investee s (loss)/profits after taxation				1.0	(0.4)
Minority interests	(8.8)	(12.2)	(14.4)	(21.8)	(20.6)
(Loss)/income before cumulative effect of changes in accounting principles	(17.4)	239.1	258.3	48.9	(206.2)
Cumulative effect of changes in accounting principles, net of tax	(0.6)		(1.3)		
Net (loss)/income	(18.0)	239.1	257.0	48.9	(206.2)
Other Financial and Operating Data					
Basic (loss)/earnings per share before cumulative effect of changes in accounting principles ($)	(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.

	Year ended June 30,				
	2001	**2002**	**2003**	**2004**	**2005**
	(in $millions, except where otherwise noted)				
Balance Sheet Data					
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
Total current assets	126.5	364.8	327.1	916.1	802.9
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
Total assets	1,967.4	2,211.2	2,726.8	3,971.7	3,592.9
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		
Total current liabilities	128.6	234.8	257.2	304.8	292.5
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

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)

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
Other Data					
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:

	Year ended June 30,			
	Average(1)	**High**	**Low**	**Period end**
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.

	Month ended		
	High	**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

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.

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, 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 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.

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.

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 pittable 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 pittable 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.

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 at 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)

	Proven reserves			Probable reserves			Total reserves			Attributable gold production in the year ended June 30, 2005(2)
	Tonnes (million)	**Head Grade (g/t)**	**Gold (000 oz)**	**Tonnes (million)**	**Head Grade (g/t)**	**Gold (000 oz)**	**Tonnes (million)**	**Head Grade (g/t)**	**Gold (000 oz)**	**(000 oz)**
Underground										
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	
Australia										
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
Total Underground	58.7	7.9	14,821	134.9	7.6	32,928	193.6	7.7	47,749	3,172
Surface (Rock Dumps)										
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

Surface (Production Stockpile)										
Ghana										
Tarkwa	3.7	0.8	95				3.7	0.8	95	
Damang	5.4	1.3	231				5.4	1.3	231	
Australia										
St. Ives	7.0	1.2	268				7.0	1.2	268	
Agnew	0.4	1.6	18				0.4	1.6	18	
Surface (Open Pit)										
Ghana										
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)
Australia										
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)
Peru										
Cerro Corona(7)	19.1	1.1	703	54.0	1.0	1,660	73.1	1.0	2,363	
Total Surface	170.8	1.3	7,233	194.5	1.2	7,781	365.3	1.3	15,013	1,048
Total	229.5	3.0	22,054	329.4	3.8	40,709	558.9	3.5	62,762	4,221(8)

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.

Copper Ore Reserve statement as of June 30, 2005

	Proved Reserves			Probable Reserves			Total Reserves			Attributable Cu production in the year ended June 30, 2005
	Tonnes (million)	Cu (%)	Cu (million lbs)	Tonnes (million)	Cu (%)	Cu (million lbs)	Tonnes (million)	Cu (%)	Cu (million lbs)	(million lbs)
Surface (Open Pit)										
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.

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

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.

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

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 Operati 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 Field s 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 sayings 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 trading 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.

	Year ended June 30,		
Production	**2003**	**2004**	**2005**
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
Results of operations ($million)			
Revenues	1,538.2	1,706.2	1,893.1
Total production costs(2)	1,168.3	1,538.3	1,764.0
Total cash costs(3)	974.9	1,332.5	1,483.3
Cash profit(4)	563.3	373.7	409.8
Cost per ounce of gold ($)			
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.

	Year ended June 30,		
Production	**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
Results of operations ($million)			
Revenues	958.5	1,153.4	1,336.4
Total production costs(1)	729.9	1,139.6	1,340.3
Total cash costs(2)	636.8	996.6	1,133.8
Cash profit(3)	321.7	156.8	202.6
Cost per ounce of gold ($)			
Total production costs	252	382	423
Total cash costs	221	334	357

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.

	Year ended June 30,		
Production	**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
Results of operations ($million)			
Revenues	579.7	552.8	556.7
Total production costs (2)	438.4	398.7	424.7
Total cash costs (3)	338.1	335.9	349.5
Cash profit (4)	241.6	216.9	207.2
Cost per ounce of gold ($)			
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 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.

	Year ended June 30,		
Production	**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
Results of operations ($million)			
Revenues	420.2	440.4	489.7
Total production costs(1)	293.7	405.6	442.3
Total cash costs(2)	254.7	354.5	383.6
Cash profit(3)	165.5	85.9	106.1
Cost per ounce of gold ($)			
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.

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

Assuming that Gold Fields does not increase or decrease reserve estimates at Driefontein and that there are no changes to the current mine plan at Driefontein, Driefontein s June 30, 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:

		Processing Techniques				
Plant	**Year Commissioned(1)**	**Comminution Phase**	**Treatment phase**	**Capacity(2) (tonnes/month)**	**Average milled for the year ended June 30, 2005 (tonnes/month)**	**Approximate recovery factor for the year ended June 30, 2005(3)**
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 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.

	Year ended June 30,		
Production	**2003**	**2004**	**2005**
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
Results of operations ($million)			
Revenues	380.1	400.9	436.4
Total production costs(1)	281.4	403.0	464.6
Total cash costs(2)	245.9	353.8	393.2
Cash profit(3)	134.2	47.2	43.2
Cost per ounce of gold ($)			
Total production costs	246	388	448
Total cash costs	215	341	379

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

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.

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:

Processing Techniques

Plant	Year commissioned	Comminution Phase	Treatment phase	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)
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 tramming 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. Stoping 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.

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.

	Year ended June 30,		
Production	**2003**	**2004**	**2005**
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
Results of operations ($million)			
Revenues	217.6	241.4	264.5
Total production costs(1)	171.5	245.5	282.4
Total cash costs(2)	151.1	222.2	253.4
Cash profit(3)	66.5	19.2	11.1
Cost per ounce of gold ($)			
Total production costs	260	393	452
Total cash costs	229	356	406

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

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:

		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)**
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%

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.

		Year ended June 30,	
Production	**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
Results of operations ($million)			
Revenues	179.4	213.2	287.5
Total production costs(2)	121.5	141.7	196.1
Total cash costs(3)	105.0	126.4	156.9
Cash profit(4)	74.4	86.8	130.6
Cost per ounce of gold ($)			
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 s ore can be processed either using conventional heap leach techniques with acceptable recoveries or SAG milling with a CIL Plant. The current operation incorporates two separate heap leach circuits, the North Plant and the South Plant, and a new SAG mill plant which was commissioned in 2004. The following table sets forth year commissioned, processing techniques and processing capacity per month, as well as average 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** 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)**
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 flitches, 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.

		Year ended June 30,	
Production	**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
Results of operations ($million)			
Revenues	99.5	120.0	104.3
Total production costs(2)	77.9	75.5	74.9
Total cash costs(3)	72.6	68.5	69.9
Cash profit(4)	26.9	51.5	34.4
Cost per ounce of gold ($)			
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:

		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	1997	Single stage crushing with SAG and ball milling	CIL treatment	383,000	435,000	91%

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

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.

	Year ended June 30,		
	2003	**2004**	**2005**
Production			
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
Results of operations ($million)			
Revenues	176.2(3)	211.8	221.4
Total production costs(1)(2)	151.3	204.7	231.6
Total cash costs(4)	101.5	162.6	176.9
Cash profit(5)	74.7	49.2	44.5
Cost per ounce of gold ($)			
Total production costs(1)	295	377	439
Total cash costs(1)	198	300	336

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 s 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 Walter 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

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)
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%

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 Byrnecut. Byrnecut 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. Byrnecut receives fees under the contracts which depend on the type of service being performed and the equipment being used, with adjustments for performance. Under the terms of the agreement, Byrnecut is liable for claims arising from its performance or non-performance and any loss, damage, injury or death related to the presence of its employees on the sites. Byrnecut is not liable for claims or loss due to the mine owner s negligence. Byrnecut is required to ensure that it and any subcontractors have adequate insurance. The current agreement 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 Byrnecut. 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 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
Production			
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
Results of operations ($million)			
Revenues	49.2(3)	78.5	89.3
Total production costs(1) (2)	56.9	61.1	69.1
Total cash costs(4)	31.5	44.5	49.4
Cash profit(5)	17.8	34.0	39.9
Cost per ounce of gold ($)			
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 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%

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.

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 artisinal 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.

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 valorum 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 at 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 Field s 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, know 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 Abosso 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.

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 ® through its wholly-owned Swiss subsidiary Biomin Technologies S.A. Biox ® 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 ®, 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 acquiror because the Original Gold Fields shareholders obtained the majority interest in the enlarged company. As part of this transaction, the remaining interest in the Driefontein mine came into the Gold Fields group.

With effect from July 1, 1999, Gold Fields acquired the remaining interest in the St. Helena mine and reorganized the group to simplify its holding structure. 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 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.

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.

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 at 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:

	Price per ounce		
Year	**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.

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 Comm 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 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.

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 at 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 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				
	Gold Production (000oz)	Total cash costs (1)	Total production costs (2) ($/oz)	Gold production (000oz)	Total cash costs (1)	Total production costs (2) ($/oz)	Percentage increase/ (decrease) in unit total cash costs	Percentage increase/(decrease) in unit total production costs (%)
South Africa								
Driefontein	1,141	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.