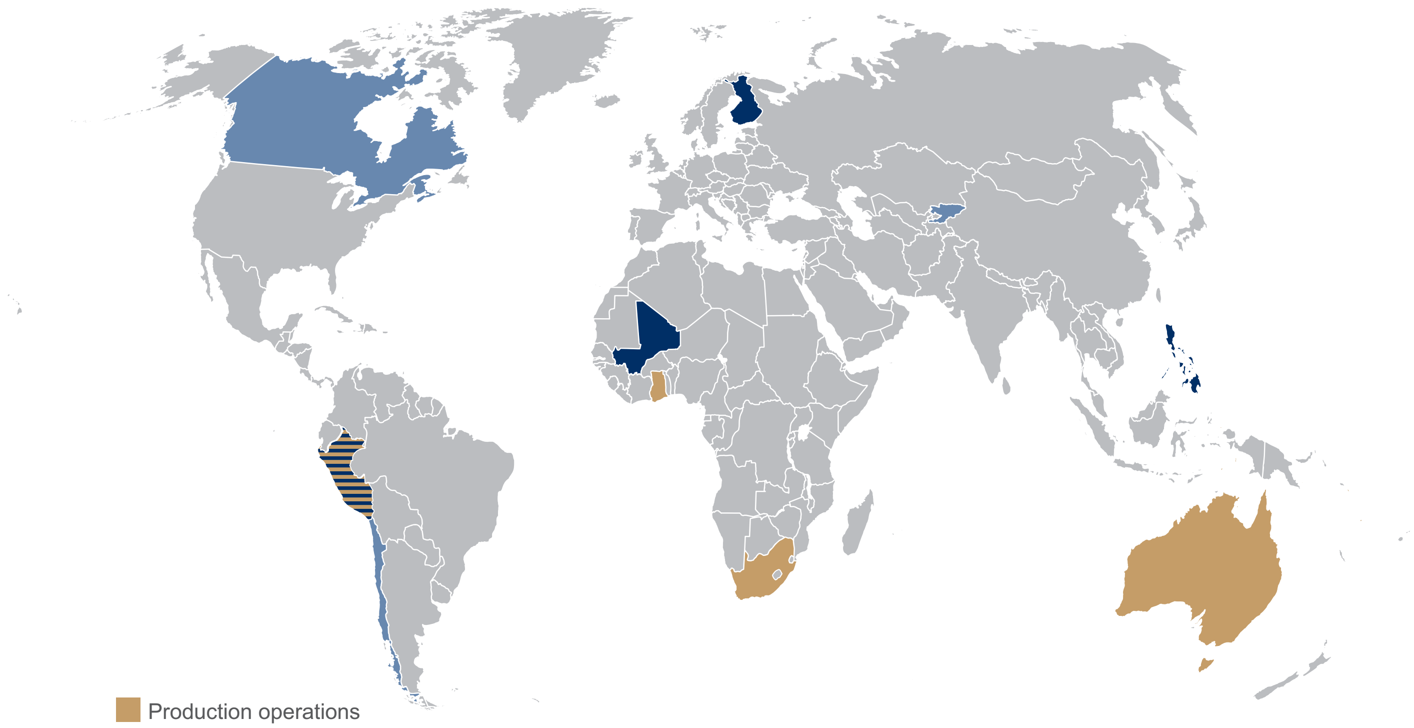
Integrated Annual Report

For the six months ended
31 December
2010

GOLD FIELDS

Global presence at a glance



Production operations
Resource development and feasibility projects
Early greenfields exploration

Figure 1: C2010 key operating statistics

Mine	Managed production ('000oz)	Attributable production ('000oz)	Total Cash Cost (US$/oz)	NCE[1] margin (%)	Mineral Reserves (million Au-Eq oz)	Mineral Resources (million Au-Eq oz)	Employees in service	Lost-Time Injury Frequency Rate
Australasia								
Agnew	152	152	626	17	1.32	3.85	212	1.11
St Ives	468	468	710	20	2.82	5.77	319	5.05
South Africa								
Beatrix	377	377	826	11	5.45	16.01	9,485	3.31
KDC[2]	1,215	1,215	824	9	20.24	71.88	28,693	6.31
South Deep	274	274	914	-50	34.5	81.45	3,077	2.87
South America								
Cerro Corona	406	328	363	56	2.67	4.12	350	0.00
West Africa								
Damang	228	162	660	21	2.08	4.64	463	0.47
Tarkwa	735	523	573	32	9.25	12.64	2,073	0.43

1 Notional Cash Expenditure
2 Kloof-Driefontein Complex

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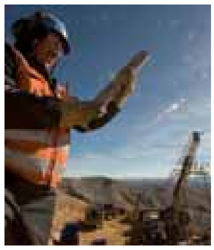

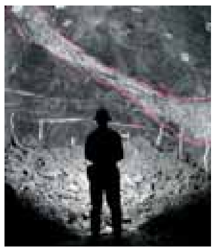

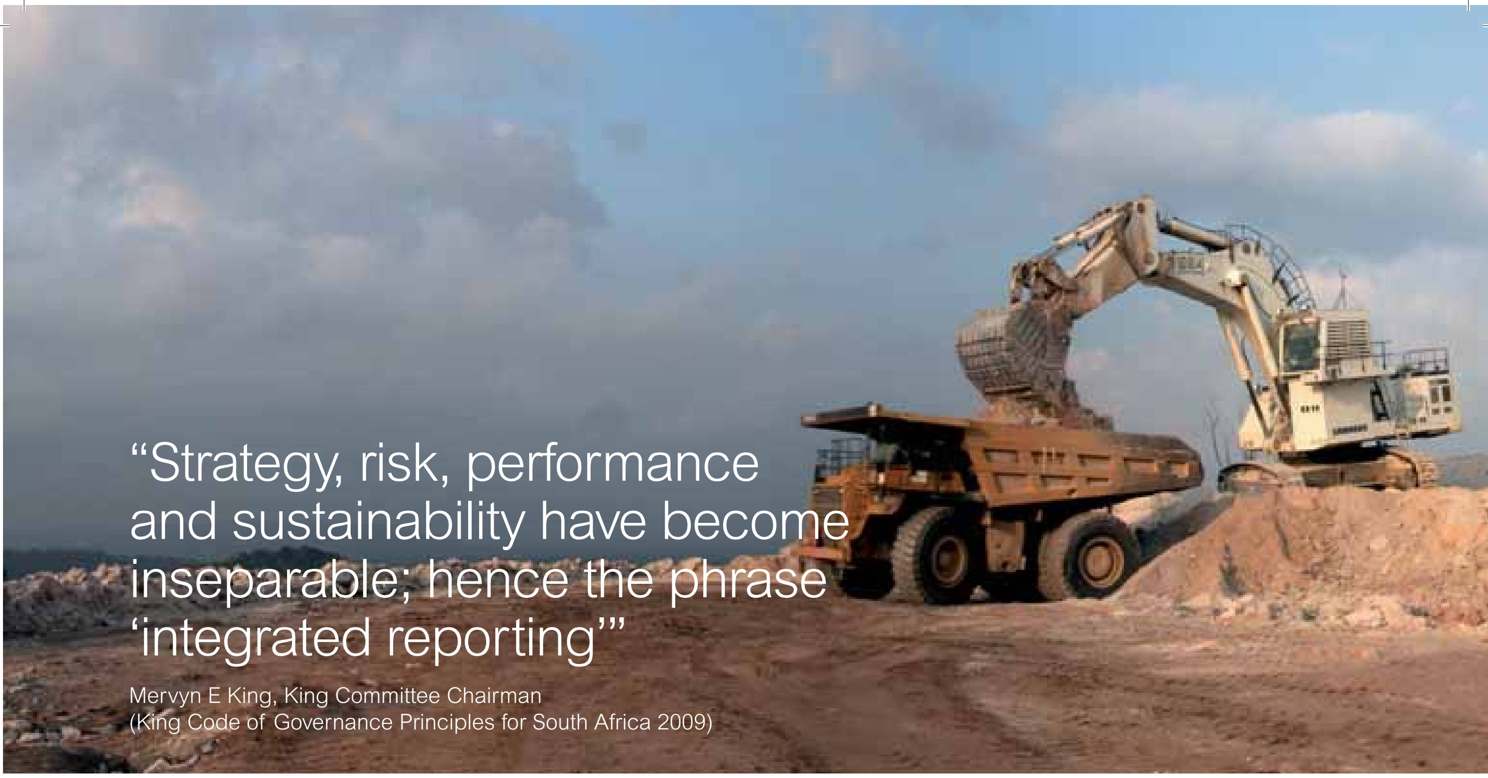

> “Strategy, risk, performance and sustainability have become inseparable; hence the phrase ‘integrated reporting’”

Mervyn E King, King Committee Chairman
(King Code of Governance Principles for South Africa 2009)

Integrated reporting

This Integrated Annual Report provides an overview of Gold Fields eight global operations on a Group and mine-by-mine basis. The report also describes our exploration and business development activities. We do this using an ‘integrated’ approach to reporting that examines our operational, sustainability and financial performance together.

The aim of our integrated approach is to enable investors and other stakeholders, including host governments, local communities and our employees, to make a better informed assessment of the value of Gold Fields – and our ability to flourish in the new growth environments of tomorrow.

In recognition of the integrated nature of our operational and sustainability performance, we examine these themes in **Section 1** of the report. **Section 2** of the report fulfils our statutory financial reporting requirements.

Gold Fields is one of the world’s largest unhedged producers of gold with attributable annualised **production of 3.6 million gold equivalent ounces** from eight operating mines in Australia, Ghana, Peru and South Africa. Gold Fields also has an extensive and diverse global growth pipeline with **four major projects** in resource development and feasibility, with construction decisions expected in the next 18 to 24 months.

Gold Fields has total attributable gold equivalent **Mineral Reserves of 76.7 million ounces** and **Mineral Resources of 225.4 million ounces**. Gold Fields is listed on the JSE Limited (primary listing), the New York Stock Exchange (NYSE), NASDAQ Dubai Limited, Euronext in Brussels (NYX) and the Swiss Exchange (SWX).

About this report

We believe this Integrated Annual Report, together with additional documents held online, represents an A+ application of the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines. Our auditors, KPMG, have provided independent assurance (p185) on selected sustainability information (p189) as well as our A+ self-declaration.

This Integrated Annual Report also forms part of our Communication on Progress to the United Nations Global Compact. A summary of our compliance with the GRI and the 10 Principles of the United Nations Global Compact – as well as related standards including the Millennium Development Goals (MDGs) and the International Council on Mining & Metals (ICMM) ten principles – is presented online.

Coverage

This Integrated Annual Report covers the six months period to end-December 2010. However, to reflect the fact that Gold Fields has changed its financial year-end from end-June to end-December, the front section of this Integrated Annual Report (excluding the statutory financial report) will often refer to statistics and developments in the 2010 calendar year (the 12 months ended 31 December 2010), referred to as 'C2010'.

Any reference to the current financial year (the year to end-December 2011) will be referred to as 'C2011'.

The previous four financial years will be demarcated as follows:

- The six months ended 31 December 2010
- F2010: The 12 months ended 30 June 2010
- F2009: The 12 months ended 30 June 2009
- F2008: The 12 months ended 30 June 2008

Our previous Annual Report was for the 12 months ended 30 June 2010.

Forward looking statements

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

Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the company to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements.

Such risks, uncertainties and other important factors include among others: economic, business and political conditions in Australia, Ghana, Peru, South Africa and elsewhere; the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions, exploration and development activities; decreases in the market price of gold or copper; the price and supply of energy; hazards associated with underground and surface gold mining; labour disruptions; availability, terms and deployment of capital or credit; changes in government regulations, particularly environmental regulation and new legislation affecting mining and mineral rights; changes in exchange rates; currency devaluations; inflation and other macro-economic factors, industrial action; temporary stoppages of mines for safety reasons; and the impact of the HIV/AIDS crisis in South Africa.

These forward looking statements speak only as of the date of this document. The company undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

http://www.globalreporting.org
http://www.unglobalcompact.org/
http://www.un.org/
http://www.icmm.com/

Gold Fields in numbers

Figure 2: Group operating statistics

Category	C2010	C2009	C2008	C2007	C2006
Gold produced – attributable (kg)	108,802	111,421	103,541	122,367	124,419
Gold produced – attributable ('000oz)	3,497	3,582	3,329	3,934	4,000
Total cash cost (R/kg)	165,526	146,456	138,665	95,846	75,377
Total cash cost (US$/oz)	703	540	526	423	347
Notional Cash Expenditure (NCE) (R/kg)	239,796	210,215	210,827	139,796	103,038
Notional Cash Expenditure (NCE) (US$/oz)	1,019	776	800	618	474
Gold price (R/kg)	287,150	261,517	228,160	157,275	132,655
Gold price (US$/oz)	1,220	965	865	695	610
Operating profit (Rm)	14,469	13,589	9,427	7,568	7,161
Operating costs (Rm)	20,082	18,368	16,026	12,947	10,611
Operating margin (%)	42	43	37	37	41
NCE margin (%)	17	20	8	11	22

Figure 3: Group sustainability statistics[1]

Category	C2010	C2009	C2008
Economic value distributed (Rm)	25,658	22,794	20,557
Economic value distributed (US$m)	3,506	2,704	2,506
Total taxation and royalties paid (Rm)[2]	2,202	2,098	1,307
Total taxation and royalties paid (US$m)[2]	301	249	159
Employee wages and benefits (Rm)	7,514	6,612	5,804
Total employees	47,268	51,122	49,325
Fatalities	18	26	31
Lost Time Injury Frequency Rate (LTIFR)[4]	4.38	3.81	5.34
Cyanide consumption (tonnes)	21,487	22,165	18,922
CO_2 emissions ('000 tonnes)[5]	5,955	5,906	5,218
Electricity consumption (MWh)	5,580,332	5,465,628	5,185,927
Water withdrawal (million liters)	76,326	72,403	75,950
Socio-economic development spend[3] (US$m)	67	11	14

Tarkwa, Ghana

1 Assured sustainability data for the six months ended 31 December 2010 are provided alongside the third party assurance statement on p189

2 Excluding deferred tax

3 Includes spending on projects that are: 1) external to the core business needs of the company; 2) influential in uplifting communities; 3) guided by a strong development approach; and 4) infrastructure investment that benefits communities

4 Per million hours worked

5 This includes Scope 1,2 and 3 emissions, but not fugitive mine methane emissions

Figure 4: Group financial statistics

Category	C2010	C2009	C2008	C2007	C2006
Revenue (Rm)	34,391	31,772	25,360	20,470	17,612
Basic earnings – cents per share	161	492	400	504	525
Headline earnings – cents per share	177	611	406	248	512
Dividends declared – cents per share	140	130	215	95	200
Total assets (Rm)	71,061	66,276	66,402	53,766	51,863
Shareholders' equity (Rm)	46,623	44,725	43,282	37,885	27,764
Cash and cash equivalents (Rm)	5,464	1,828	1,054	1,321	1,413
Cash flows from operating activities (Rm)	12,373	8,597	7,362	2,133	6,039
Cash generated/(utilised) (Rm)	3,867	852	(533)	(975)	(1,645)
EBITDA (Rm)	14,469	13,589	9,427	3,754	7,183
Net debt (Rm)	3,974	6,669	9,354	5,092	9,539
Net debt: EBIDTA	0.27	0.49	0.99	1.36	1.33
Net asset value per share (R)	98.59	93.96	101.62	82.40	94.04
Return on capital employed (%)	23	23	15	7	21
Average rate US$1 = R	7.32	8.43	8.20	7.04	6.76
Closing rate US$1 = R	6.75	7.51	9.65	7.02	6.96
Ordinary share price – high	125.90	123.50	135.00	142.00	173.80
Ordinary share price – low	83.80	77.37	54.00	93.58	110.81
Ordinary share price – year end	120.60	97.98	91.90	99.00	132.75
Average daily volume of shares traded (million)	2.3	2.9	3.1	2.9	2.3
American Depository Receipts (ADRs) (US$) – high	18.49	15.82	17.61	20.08	26.33
American Depository Receipts (ADRs) (US$) – low	11.08	7.94	4.90	13.61	16.46
American Depository Receipts (ADRs) (US$) – year end	18.13	13.11	9.93	14.20	18.88
Average daily volume of shares traded (million)	4.9	6.7	7.5	4.6	2.7
Number of shares in issue (million)	720.8	705.4	653.4	652.5	551.5
Market capitalisation at year end (Rbn)	86.9	69.1	60.1	64.6	73.2

Figure 5: Attributable Mineral Resources by Region (million Au-Eq oz)

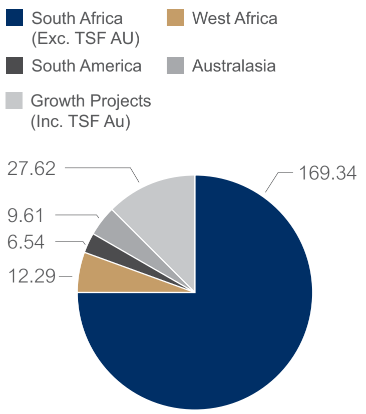

Figure 6: Attributable Mineral Reserves by Region (million Au-Eq oz)

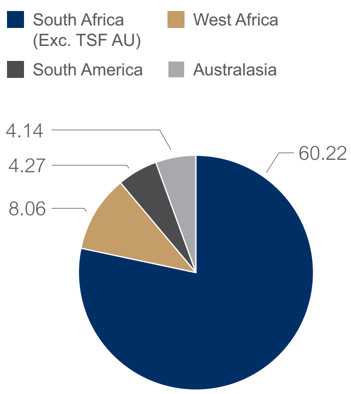

Figure 7: Average exchange rates and commodity prices

	C2010	C2009	C2008
R/US$	7.32	8.43	8.20
A$/US$	0.92	0.87	0.84
Gold (US$/oz)	1,220	965	865
Gold (R/kg)	287,150	261,517	228,160
Gold (A$/oz)	1,323	1,236	1,026

1. Overview strategy

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10.2%
Increase in non-South African production (C2009 to C2010)

3.6Moz
Group attributable annualised gold production in C2010

6.5%
Increase in Group operating profits (C2009 to C2010)

9
Countries in which we are currently producing and/or exploring

100%
Operations certified to ISO 14001

100%
Operations certified to OHSAS 18001

Our **Vision** is to be the global leader in sustainable gold mining. We aim to achieve this by applying our six core **Values** to every decision we make and every action we take:

- Safety: If we cannot mine safely, we will not mine
- Responsibility: We act responsibly and care for the environment, each other, and our stakeholders – our employees, our communities and our shareholders
- Honesty: We act with fairness, integrity, honesty and transparency
- Respect: We treat each other with trust, respect and dignity
- Innovation: We encourage innovation and entrepreneurship
- Delivery: We do what we say we will do

Strategy meeting at Gold Fields headquarters, Johannesburg, South Africa

1.1 Vision of the Chair

Dear Shareholders

This is my first report as Chair of Gold Fields. I've worked with the mining industry for many years and bring this experience to my new role. I also bring a global perspective derived from my time at the World Bank, where we engaged in high profile work premised on the capacity of the resources sector to create prosperity and wealth and to alleviate poverty, especially in developing nations.

Despite my brief tenure at Gold Fields, I have already gained an appreciation of the company and its values as well as an understanding of its considerable contributions to development. This is not just through its duty to investors, but also through its responsibilities to other key stakeholders – host governments, employees and local communities. These contributions and the emerging theme of 'sustainable gold', as well as the increasing geographical spread of Gold Fields operations, are the focus of my first introductory statement.

Confidence in Gold Fields

The past year has seen gold retain its position as a safe haven investment in the face of global political and economic instability. This is supported by the strong performance of the gold price as well as underlying fundamentals that appear to indicate the metal's upside potential is greater than the downside risk. These fundamentals include strong investment demand and continued economic growth in emerging markets, led by China and India, where rising disposable incomes have boosted the demand for gold jewellery. On the supply side, stagnant global gold production, as well as the discovery of ever fewer large deposits, has supported the strong gold price.

In C2010 our share price outperformed those of our large gold mining peers. We believe that this is due to the fact that investors are starting to recognise the value opportunity inherent in Gold Fields, both in terms of its eight superior mining operations across three continents, but also because of its exciting growth performance. The continued optimisation of our existing operations and realisation of our future growth portfolio is central to our strategy and looks set to deliver lasting returns to shareholders.

The Gold Fields growth strategy rests on three pillars:

- Optimising our operations
- Growing Gold Fields
- Securing our future responsibly

This report includes a transparent and systematic account of our progress in all three areas, underpinned by a sound corporate governance framework, commitment to proficient risk management and effective engagement with our stakeholders. My confidence in the future of Gold Fields is based not only on our extensive worldwide portfolio of quality greenfields and near-mine exploration projects; it is also rooted in our global Mineral Resources and Mineral Reserves position that has few equals. It is sustained by the excellence of our management team and our continued investment in top talent.

Our worldwide expansion means that the company is also firmly on track to achieve its target of 5 million attributable ounces of gold, either in production or in development, by 2015.

Global investment that builds on our South African history

Earlier this year, Citibank rated South Africa as the richest mineral resource holder in the world, valuing its resources at US$2.5 trillion in current terms, well ahead of Russia and Australia. Not only is mining the country's foundation industry; but as recently as C2009, it contributed around 9% (R330 billion) of Gross Domestic Product (GDP). Mining remains one of the largest employers of unskilled and semi-skilled labour, supporting the livelihoods of around half a million people directly and another half a million in related industries. Employment and wage benefits from mining extend well beyond South Africa to many countries in sub-Saharan Africa.

Innovative new approaches are needed to address the challenges faced by the mining industry in South Africa over the past decade. These challenges include largely external factors such as the volatile and rising Rand-US Dollar exchange rate and recent global economic and political upheavals. They also include the need for improved infrastructure, sustainable energy solutions and new ways of dealing with regulatory constraints, policy uncertainty and wage increases. Finally, they include mechanisms to enhance the productivity of labour and address health and safety risks as well as the shortage of human capital.

Notwithstanding these challenges, Gold Fields has operated proudly in South Africa since 1887. Our intent is to remain in South Africa for at least the next 50 years, motivated largely by our investment in the lucrative South Deep project, and to continue our ambitious global expansion programme.

The South African operations continue to present a unique opportunity for meaningful wealth creation and distribution. Building on this foundation makes us even more effective as a leading global gold company.

'Sustainable gold' wherever we operate

Gold Fields addresses these challenges directly through our commitment to 'sustainable gold'. This means ensuring we achieve sustained production and growth, as well as contribute to sustainable development wherever we operate.

Our ability to bring our large long-life quality Mineral Reserve base to account depends on a continued and demonstrable commitment to sustainable development, which underpins our 'social licence to operate' in respect of both host governments and local stakeholders. This in turn helps shape our future growth environment. Our greatest priority in this regard is safety, as efforts to create a safe environment are underpinned by a commitment to our most important value, "if we cannot mine safely, we will not mine".

We are determined to move beyond the stigma of underground gold mining as inherently dangerous by improving safety performance and consistently reducing the risk of fatalities. It is my personal goal during my tenure as Chair to ensure continued progress on our journey to Zero Harm. We are also complementing existing safety measures with programmes that enhance workforce productivity through capacity building and our proactive health, housing and welfare initiatives that focus on employee wellbeing 24 hours a day.

Gold Fields is also working with our peers and stakeholders on challenging industry-wide themes such as artisanal and small-scale mining, illegal mining and 'conflict gold'.

Our work with the Rand Refinery, in which we are a significant shareholder, is at the forefront of the World Gold Council's (WGC) Responsible Gold programme, which is addressing chain of custody and conflict free gold (p176). How we proactively and responsibly address these themes wherever we operate will increasingly distinguish us as "the leader in sustainable gold mining".

Our commitment to 'sustainable gold' is both astute risk management and responsible business practice and therefore fundamental to creating the conditions for enhanced medium- and long-term shareholder value.

Contributing to a legacy of strong human capital

Developing human capacity at all stages and levels across the gold value chain will increase our ability to deliver on production targets and growth goals.

The majority of our employees in South Africa pass through the Gold Fields Academy on an annual basis. The Academy also provides thousands of workers and community members with basic literacy and numeracy skills. It trains selected workers to be, for example, electricians, plumbers and carpenters. These are skills they can use after leaving the mining industry, allowing them to contribute elsewhere in the economy. Significant investment is also required at university level as the mining sector is rapidly running short of crucial engineering and technical skills. Over the past year alone, Gold Fields committed R26 million (US$3.6 million) in support of mining faculties at South African universities, in addition to numerous ongoing partnerships with tertiary institutions in all our host countries.

Gold Fields creates significant economic value not just for employees, but also for our local communities and host governments through royalties, taxes and social upliftment programmes.

This is based on the understanding that mineral rights are, justifiably, viewed as part of the national patrimony. This is founded on the belief that we wish to create a positive and lasting post-mining legacy. Economic value creation applies above all to our investors who must be rewarded for their investment – a goal we prioritise as we position ourselves as the investment of choice in 2011 and beyond.

Retirement of Alan Wright as Chair

In November last year, I was privileged to take over the position of Chair from Alan Wright, who has served Gold Fields with distinction for over 40 years. Leaders like Alan have helped shape the mining industry, ensuring the sector remains a contributor to national wealth. Over the few months I have worked with him, he has been generous in sharing his enormous experience of the company. I am committed to doing Alan's Gold Fields legacy justice.

I would also like to express my sincere appreciation to my fellow directors for the enthusiasm with which they welcomed me and their energetic and informed contributions to Board deliberations. In particular, this includes Chris von Christierson, who will be retiring at the AGM on 17 May 2011 after serving on the Board with dedication for 12 years.

Finally, I would like to thank our Chief Executive Officer, Nick Holland, his management team and all Gold Fields employees for their unwavering commitment to the company and its values.

Dr Mamphela Ramphele

Chair

1.2 Report from the Chief Executive Officer

As I reflect on C2010, all our efforts at Gold Fields have been focused on realising our Vision of being "the global leader in sustainable gold mining". C2010 was also the year in which the company's share price outperformed its senior gold peer group in what continues to be the strongest gold market in our generation.

1.2.1 The gold market

In December 2010, gold prices reached what was then an all-time high of US$1,426 per ounce, an increase of almost 30% for the year and an increase of 460% over the low of US$256 per ounce recorded on 18 February 2001. Several key dynamics had some role to play in the continued rise in the gold price in C2010:

Investment demand

The first is higher levels of investment in gold and gold related products, such as the various Exchange Traded Funds (ETFs) now available around the world. Gold has increasingly been viewed as a relatively stable asset class amid the global economic volatility experienced over the past two years. In C2010, public and private investors continued to increase their investment in gold in response to economic volatility and uncertainty. This is due to the historical status of the metal as an efficient and accessible way to preserve capital. As a result, gold has become a key investment target for those who seek to diversify their holdings and mitigate their portfolio risks. The amount of gold held by ETFs, for example, has risen from 150 tonnes in 2004 to around 2,150 tonnes at the end of C2010, with total holdings in ETFs reaching US$98 billion. Despite the growth in demand for gold and gold related investment products, investments in gold only constitute approximately 1% of all funds under management globally which, we believe, leaves considerable scope for further investment in gold.

Jewellery demand

The second dynamic that drove the gold market in C2010 was strong economic growth in the emerging markets, led by India and China. This has not only translated into strong demand for all commodities, but has also increased disposable income in markets that have traditionally demonstrated strong demand for gold and other precious metals. Both India and China, the first and second largest consumers of gold in the world respectively, enjoyed strong levels of economic growth of around 9% in C2010. This has underpinned strong demand for gold jewellery, which is used by many families to store and protect their wealth. Official data shows that China imported about 260 tonnes of gold in C2010, more than double the amount imported in C2009.

Similarly, India's gold imports were up substantially, while the governments and central banks of emerging economies have sought to diversify their exposure to currencies and have increased their sovereign gold reserves. We believe that the outlook for continued economic growth in India and China remains strong and could continue to provide significant support for the price of gold during 2011 and beyond.

New mine supply

Additional support for the gold market during C2010 came from the continued decline in global gold discoveries over the last decades. According to Gold Fields research, gold discoveries have been on a declining trend since their peak in the mid-1980s. As a result, the gold sector is not discovering sufficient ounces to replace those ounces lost through production. In addition, the grade of ore being discovered is generally decreasing, the amount being spent on making these discoveries is rising, and the costs of developing and mining these lower grade deposits are getting higher.

This has resulted in growing competition for resources and increasing prices for gold resource assets against a scenario where primary gold supply remains the same today as it was 10 years ago, despite the significant rise in the gold price. Operating environments are becoming more challenging and the lead times to bring projects to fruition are increasing. This trend is unlikely to change in the short-term. Despite a small increase in primary gold production in C2010, we do not foresee any change in overall production trends in the short- to medium-term. Gold Fields, however, is well positioned to address these challenges.

"If we cannot mine safely, we will not mine"

Gold Fields Safety Value

Future price dynamics

Market consensus is that quantitative easing, low interest rates and prospects for significantly higher inflation in the years to come should underpin a strong gold price during C2011. Gold is also likely to be supported by political events, notably growing social and political instability in the Middle East, the threat of sovereign debt defaults in Europe and a global economic recession.

The wider gold mining industry also expects continued strong prices. In PwC's annual survey of executives from 44 gold mining companies, 73% of respondents thought gold prices would increase further in 2011. This forecast is also supported by 24 analysts polled by the London Bullion Market Association in January 2011.[1]

In light of these considerations, we share industry opinion that supply and demand fundamentals backed by economic conditions provide some support for current gold price levels, at least in the short-term.

Fiscal environment

Allied to this, one of the most prominent challenges continues to be a hardening fiscal environment in many producer countries. This has manifested itself in increases, or proposed increases, in new taxes or higher royalties in all of our host countries. This has been demonstrated by attempts in Australia to impose the Resource Super-Profit Tax in May 2010, the imposition of higher royalty rates in March 2011 in Ghana, the forthcoming Carbon Pollution Reduction Scheme in Australia and an anticipated carbon tax in South Africa.

1 Financial Times, Bumper Times Beckon for Precious Metals, 7 January 2011

Input costs and Notional Cash Expenditure (NCE)

The resurgence in global mining activity has further exacerbated the shortage of skilled workers as a major challenge and driver of costs. This has resulted in a global war for mining talent.

The continued rise in input costs in C2010 will require gold prices to remain between US$1,100 and US$1,400 an ounce, if we are to avoid funding pressures on sustainable primary gold supplies. By the end of C2010, the industry-wide NCE of producing an ounce of gold was estimated at between US$950 and US$1,050 per ounce.[2] As demand for commodities continues to increase and mining activities again ramp-up around the world, the mining industry could face another significant spike in input costs, similar to that experienced in C2008 and C2009.

One issue which has become a significant risk to the sustainability of the industry as a whole is the need for greater transparency – both for itself and its investors – regarding the all-in cost of producing an ounce of gold. Against the backdrop of escalating input costs, it is becoming more urgent for the gold mining industry to move towards a more inclusive and transparent reporting of costs. We believe that NCE, which includes all operating costs and all capital expenditure as well as near-mine exploration, represents the most representative cost of producing an ounce of gold, and is a more reliable measure than the commonly used 'cash costs'.

2 Gold Fields estimate

The main argument used against NCE as a cost measure is the inclusion of so-called 'growth capital' in the definition. Nonetheless, in our view 'growth capital' should be included because the bulk of the capital invested in new production is largely aimed at replenishing the industry's declining output. If this is not the case, then surely we should have seen primary gold supply increasing over the last 10 years instead of remaining stagnant, particularly in the face of significantly higher gold prices. In an industry that continues to favour cash costs instead of reporting all-in costs, it is not surprising that external stakeholders will demand a greater share of the (apparently) higher operating profit margins that are not supported by underlying cash flow.

We believe that each one of these key dynamics that drove the gold bull market during C2010 remain firmly in place. This bodes well for the gold price, but also represents both challenges and risks to the industry – in terms of potentially rising costs, increased imposts and the continuing war for skills.

1.2.2 Our Vision

It is against this backdrop that Gold Fields took decisive steps during C2010 towards realising our Vision of being "the global leader in sustainable gold mining". We have implemented strategies aimed at reducing our relative costs by optimising our existing operations and improving the overall quality of our assets. The focus has been on advancing four overarching operational objectives:

- Improving our safety performance, led by a further reduction in fatalities (p71), the further consolidation of our Safe Production Management Programme (p72) and a reduction in unplanned safety-related production stoppages
- Growing our free cash flow margin per ounce on an NCE basis through the launch of an extensive business reengineering programme in the Australasia, South Africa and West Africa Regions (p61)
- Growing our production base to at least 5 million ounces, in production or in development, by 2015, while at the same time improving the overall number of ounces of production per issued share. This includes the ongoing development and production ramp-up at our South Deep mine, continued advancement of our four resource development and feasibility projects (p120-123), organic growth in our international regions (p118-119) and stabilising our established mines in South Africa (p56)
- Maintaining a strong balance sheet. Our balance sheet was bolstered by the highly successful US$1 billion, 10-year bond issue in October 2010, which significantly strengthened our liquidity and debt maturity profile. We are also using our strong cash flow to continuously support our balance sheet

Gold Fields Framework for Sustainable Development

As part of our Vision, we have developed and introduced a comprehensive and industry – leading sustainability framework – the Gold Fields Framework for Sustainable Development. This provides for the comprehensive and systematic implementation of our Values through an overarching Sustainable Development Policy that is supported by subsidiary policies, strategies and best practice guides. The Framework is fully aligned with a range of internationally recognised sustainability benchmarks and standards, including those promoted by:

- South Africa's King III Code
- The World Gold Council
- The International Council on Mining and Metals
- The UN Global Compact

This Framework – together with our core commitment to safe mining – forms the basis for continuous improvement in the sustainability of our business. As a measure of our progress, we plan to build on our already well established place as a top performer in the JSE Socially Responsible Investment Index (SRI) by achieving inclusion in the upper ranks of the Dow Jones Sustainability Index within the next three years.

Risk management and scenario planning

We are increasingly incorporating the concept of sustainability into all aspects of our business. This proactive approach requires strong focus on risk management and scenario planning, so we can pre-empt challenges to – and opportunities around – the sustainability of our business. The comprehensive, applied nature of our Enterprise-Wide Risk Management System (p40) means that once these challenges and opportunities have been identified, concrete measures are integrated into the day-to-day management of our business.

Given the long-term nature of major mining investments, it is imperative that sustainability is built-in from the earliest stages of exploration through to mine closure. Similarly, business sustainability needs to be driven at a regional level in order to ensure our approach is tailored to local regulations, circumstances and requirements.

An integrated business sustainability model

The mining sector has traditionally given sustainability a relatively narrow definition based on environmental, community and health & safety performance. There is growing recognition, however, of a broader definition that looks at the long-term performance of a business in its entirety. This means looking at risks and opportunities across the spectrum – whether commercial, environmental, operational, social or ethical. As a result we factor these risks and opportunities into our overall business model and so ensure that we can develop and operate economically sustainable mines. This 'integrated' approach is already being applied by a number of leading global businesses - and now by Gold Fields. Our integrated approach to sustainability is reflected in our application of integrated reporting.

We have used Gold Fields three 'strategic pillars' as a framework around which to structure this information. The first, 'Optimising our operations', deals with our immediate operational performance, safety and environmental stewardship. The second, 'Growing Gold Fields', focuses on our exploration-driven growth strategy, the expanding growth pipeline and our Mineral Resources and Mineral Reserves. The third, 'Securing our future responsibly', addresses issues likely to affect our business performance in the long-term. This includes talent management, employee health and wellbeing, the maintenance of strong and constructive relationships with key investor, government and community stakeholders, as well as business ethics.

This integrated approach, which incorporates the broad range of sustainability issues into all areas of our business management, is likewise reflected in our performance management systems. Strong performance management is vital for a complex and rapidly growing global company such as Gold Fields. It ensures employees share appropriately in the success of the company.

Gold Fields uses a fully integrated or 'balanced scorecard' approach. This includes traditional measures of performance such as employee productivity, as well as environmental and safety metrics. Using this approach, we are ensuring that business sustainability is integral to our day-to-day way of doing things – and that there is accountability for the long-term performance of the company. All middle- to senior-level employees participate in this performance management process, which forms an integral part of our talent management.

1.2.3 Key areas of focus for Gold Fields

In order to embed the integrated business sustainability model into the Group we are focusing on three key themes, namely business flexibility, optimisation of operations and future growth, and the promotion of 'sustainable gold'. The diligent and forward looking application of these themes, as we progress towards our 5 million ounce target, will ensure that this growth is sustainable. It will also enhance investor confidence in Gold Fields as a company that is innovative, capable, global and responsible.

1.2.4 Business flexibility

Business flexibility is critical for international companies seeking to prosper in an increasingly competitive global economy that demands agility, adaptability and foresight. At an operational level this requires our mines to continuously improve their planning, mining and processing. At a strategic level it requires Gold Fields to evolve as an organisation as we successfully explore and operate in unfamiliar and potentially challenging new environments. Our efforts to further integrate operational and strategic flexibility into our business will ultimately translate into enhanced returns for investors.

At an operational level, progress over C2010 has included:

- The generation of tradable Certified Emission Reductions from our Beatrix Methane project to take advantage of the opportunities offered by the sale of carbon credits (p87)
- Significant successes in addressing seismic-related accidents in our underground mines (p76)
- Commissioning the Gold Recovery Opportunities from Waste Treatment Holistically (GROWTH) initiative at the Kloof-Driefontein Complex (KDC), to treat large quantities of low grade surface rock dumps (p58)
- Development of integrated strategies around water security in the West Wits area and the generation of alternative revenue streams from our tailings (p88-89, 91)

At a strategic level, we completed the implementation of a new corporate structure. This includes the devolution of operational support and control from our corporate office in Johannesburg to each of our four operating regions (Australasia, South Africa, South America and West Africa). As a result, our corporate office has been rationalised to focus mainly on high-level Group issues such as corporate strategy, policies and standards, the allocation of capital and sustainability, the overall co-ordination of exploration and corporate development, as well as high-level project control and quality assurance. We have considerably strengthened the capabilities of our regional management teams over the past two years to ensure they are fully equipped to operate in this new, devolved management environment and can adapt quickly, flexibly and appropriately to local circumstances.

In South Africa, this new corporate structure has been supported by our Project Blueprint business re-engineering programme. The key initiative under Project Blueprint is the merger of our Kloof and Driefontein mines into the Kloof-Driefontein Complex (KDC). The South African regional management structure has also been integrated with the KDC team, providing for a more focused, lean and fit for purpose management structure – as well as reduced operational overheads to ensure its long-term sustainability (p61).

Business flexibility also requires that the company attracts, retains and develops talented employees, who can innovate and exercise their initiative at an appropriately devolved level. It is in this context that we are placing particular emphasis on education, training, talent development and academic partnerships – to the mutual benefit of our employees and Gold Fields (p144-146).

"In C2011, we aim to:

1. Achieve stability of safe production at the Kloof-Driefontein Complex (KDC) and Beatrix mine in South Africa

2. Continue the development and production ramp-up at the South Deep mine towards the target of 750,000 ounces by the end of C2014. Our plans are for output of about 300,000 to 325,000 ounces during C2011, compared to 274,000 ounces in C2010

3. Continue business re-engineering in our Australasia, South Africa and West Africa Regions to improve free cash flow and get each operation to a sustainable NCE margin of 20% in the short-term and 25% in the medium- to long-term at sustainable gold prices

4. Continue the momentum and development of our four resource development and feasibility projects in Peru, Mali, the Philippines and Finland, as well as near-mine growth at Damang"

Nick Holland, Chief Executive Officer, Gold Fields

1.2.5 Optimisation of operations and future growth

Our overarching Goal is to increase production from the annual run rate of about 3.6 million ounces achieved by the end of C2010, to 5 million quality, attributable, gold-equivalent ounces, in development or in production, by the end of 2015.

Our growth strategy is based on the development of high quality growth opportunities. We pursue these opportunities through aggressive near-mine exploration, as well as greenfields exploration within our existing regions and beyond.

Together, these two strategies are designed to get us from our current production level to our 5 million ounce target by 2015. It is important to note that growth is not just about size or the number of ounces produced. It is also about improving the quality of our portfolio and generating value for shareholders on a per ounce and per share basis. This principle applies to both our existing operations and to the new ounces that we bring into the portfolio.

Ensuring our existing assets deliver their full potential

With Group attributable Mineral Reserves of 77 million gold equivalent ounces, it is essential to bring these ounces to account in the most cost effective way and, in doing so, ensure the longevity of each of our existing mines. Underpinning this objective is the need to achieve the required levels of ore reserve development to create mining flexibility.

We are also working to improve the quality of our existing production by reducing our cost base to more sustainable levels. In particular, this means improving our NCE margin to at least 20% at each operation, which we achieved in the December quarter 2010 for the Group as a whole. We are doing so through extensive business re-engineering programmes, which are identifying and realising major cost savings on an ongoing basis. The most significant of these programmes is Project Blueprint, which is helping ensure the long-term business sustainability of our South Africa Region. Similar programmes are underway in the Australasia and West Africa regions.

By 2015, the South Africa Region alone is expected to contribute between 2 and 2.3 million ounces a year towards our target of 5 million ounces – ensuring the region's rightful place at the centre of our internationally diversified portfolio of assets. This will be achieved by stabilising the production run rate at our mature Beatrix and KDC operations and building up the South Deep project to a production capacity of 750,000 ounces per year by the end of C2014 (p56). In South Africa, it will also be crucial to reduce energy costs and ensure security of supply.

By 2015, each of our three international regions is expected to contribute at least 1 million ounces towards our 5 million ounce target. In addition to the development of new greenfields growth opportunities in these regions discussed below, our approach is based on five key objectives at our existing mines:

- Realisation of their full potential through enhanced mine development and cost reductions, including business re-engineering at Tarkwa, St Ives and Agnew (p64)
- Organic or near-mine growth, with particular opportunities around Agnew and Damang (p118)
- Maintenance of current production levels at Tarkwa (p60)

- Life extension at St Ives, Agnew and Cerro Corona, and the maintenance of current levels of production
- Reducing energy costs and ensuring security of energy supply in all our regions (p67)

Creating high quality growth opportunities

The Australasia, West Africa and South America regions have all been identified as containing prospective emerging gold and mineral belts with medium- to long-term potential. Gold Fields is building the ongoing diversification of its production portfolio through aggressive exploration-led growth in these regions. In C2011, Gold Fields plans to spend about US$50 million on near-mine exploration, and about US$100 million on greenfields exploration.

Of particular importance is our rich pipeline of greenfields projects, which we have developed over the past few years. We now have four advanced projects, which are moving towards construction decisions over the next 18 – 24 months and will underpin our target of 5 million ounces by 2015. These include:

- The Chucapaca project in Peru (p122)
- The Yanfolila project in Mali (p123)
- The Far South East project in the Philippines (p120)
- The Arctic Platinum project in Finland (p121)

As these projects come online, they will further consolidate our status as a truly global gold mining company – with all of the growth opportunities that this entails. Ounce-for-ounce exploration-led growth is considerably cheaper than buying in additional gold ounces through potentially expensive merger and acquisition activities. In C2010, we added almost 12 million ounces of resources at a cost of approximately US$10/ounce, which, we understand, is the most competitive performance when measured against our large gold mining peers.

Pouring gold at KDC, South Africa

Our research suggests that gold discoveries are increasingly taking place in 'high-risk' regions, as 'traditional' gold producing areas are becoming progressively depleted.[1] This, in combination with higher gold prices, means mining companies are pushing the boundaries of their exploration and production – physically, geologically and technologically. As a result, they are mining in ever more remote areas, where they are increasingly expected to fill the development vacuum left by inadequate or non-existent state infrastructure.

Companies are also pursuing activities in a range of non-traditional, and in many cases high-risk, producer countries, resulting in exposure to a range of issues around transparency, human rights and geopolitical risk. The ongoing 'internationalisation' of our production and exploration is reflective of this long-term trend. Our comprehensive Enterprise Wide Risk Management (EWRM) system and stakeholder engagement programme makes Gold Fields well-placed to successfully navigate this new environment.

1 Tommy McKeith, Gold Fields, Diggers and Dealers, August 2010

In addition, we have significant experience in working in frontier areas and have a proven track record of establishing exploration activity safely and with the support of host communities and regulators. Our socio-economic development programmes (p158) are closely informed by our extensive community engagement processes (p156), helping ensure strong support for our activities.

Gold Fields has also developed a strong and entrepreneurial exploration competency that has helped us grow both the quality and breadth of our exploration portfolio. We have achieved this against the backdrop of a general decline in gold discoveries within the industry as a whole over the last 20 years.

1.2.6 Promoting 'sustainable gold'

Our Visions and Values require that we demonstrate the utmost responsibility in everything we do. This is not only the right approach, it is also the prudent one. Our long-term operational and strategic performance is highly dependent upon the effective management of our social, economic, environmental and safety impacts. It is also important for us – as well as our peers – to protect the moral and ethical value of gold itself.

Driving development through profitable and responsible business

We are proud of the contribution we make to the development of our host countries – and to our local communities. Above all, this contribution highlights the integrated nature of business sustainability.

Gold Fields must remain profitable if we are to continue to generate revenues, employ local people, build local capacity and contribute to national economies. This has been – and will remain – the most important contribution a company can make to local and national development.

This is most marked in Ghana, where our operations are estimated to contribute up to 3% of national GDP.

At the same time, it is important that our pursuit of profit is underpinned by the full application of our Values. This is not only a moral imperative, but it is integral to ensuring that we manage our risks, protect our reputation, maintain our social licence to operate and secure long-term shareholder value.

Converting mineral wealth into national wealth

The possession of mineral wealth will only translate into national prosperity when the right regulatory and political conditions are in place. In too many cases, these conditions have been lacking. This dynamic – often known as the 'resource curse' – has often resulted in the undermining of other economic sectors, economic instability due to fluctuations in commodity prices, corruption and – in the worst cases – political instability.

There is nothing inevitable about such outcomes. With the right public policies and transparent governance in place, mining can be a huge force for good.

Given the current – and potentially longer-term – boom in gold prices, producer countries face a real opportunity to harness enhanced public revenues and further drive national development.

In essence, this means turning the traditional 'resource-curse' into a 'resource opportunity'. This is particularly evident in Ghana, Mali and Peru. These are countries in which Gold Fields is mining or exploring, and which are broadly utilising their mineral wealth to make significant investments in their own socio-economic development.

Sustainable Development

Beyond our direct economic impact, we also make an important contribution to key stakeholders, including our employees and local communities, through our Sustainable Development Framework.

Within the Sustainable Development Framework, safety remains our over-arching priority in all that we do. As we have said before – and will continue saying into the future: If we cannot mine safely, we will not mine.

Figure 1.1: Economic contributions by Gold Fields

Category US$ million	C2010	C2009	C2008
Operating costs (incl. procurement and contractors)	1,924	1,479	1,395
Salaries	1,027	784	708
Payment to capital providers	243	181	230
Payments to government	312	249	159
Socio-economic development (SED) spend	67[1]	11	14
Total economic contribution	3,573	2,704	2,506

Category R million	C2010	C2009	C2008
Operating costs (incl. procurement and contractors)	14,087	12,466	11,442
Salaries	7,514	6,612	5,804
Payment to capital providers	1,776	1,525	1,889
Payments to government	2,281	2,098	1,307
Socio-economic development (SED) spend	490[1]	93	115
Total economic contribution	26,148	22,794	20,557

1 C2010: Includes SED projects as per definition on p156

We are setting ever more aggressive safety targets in order to move closer to our ultimate goal of 'Zero Harm'. Over the past four years we have made significant progress in this respect, particularly in terms of fatal injuries. These have fallen from 36 in C2007 to 31 in C2008, 26 in C2009 and 18 in C2010. We are determined to continue the improvement in this trend along the path to our ultimate goal of 'Zero Harm'.

In our international regions, we are aiming to improve our key safety indicators by 20% during C2011. In South Africa, where the safety base is lower, we are aiming for a more aggressive target of 25%. Our efforts are closely aligned with our holistic employee wellness programme ('24 Hours in the Life of a Gold Fields Employee'), which addresses pressing challenges such as HIV/AIDS, housing, recreation and sport, stress and nutrition (p154).

We also consider it to be a core priority to limit the environmental footprint of our operations. This requires a proactive stance that goes beyond strict adherence to environmental legislation and places emphasis on the implementation of best practice in areas such as water treatment and mine closure planning. In addition, rising energy costs and growing concerns about the effect of climate change have elevated the importance of energy efficiency and carbon management at Gold Fields. Our efforts to improve our energy efficiency have already led to a 14% reduction in our electricity consumption at our South African mines since C2008, improvements that will continue. In addition, global social and political pressure is being maintained on companies to address climate change – including through the application of carbon regulation.

Both the disclosure of our carbon footprint and our actions to mitigate our emissions have been recognised as industry-leading by the global Carbon Disclosure Project (p85).

The promotion of local socio-economic development has a direct operational and strategic impact in terms of our 'social licence to operate'. This is one of the reasons we spend up to 10% of our exploration budget on socio-economic development (SED) initiatives. This reflects our philosophy that sustainability starts at the front end of our business. All our operations are contributing to the development of local businesses and promoting alternative livelihoods through direct interventions and training. In all cases, the emphasis is on making these projects self-sustaining, without ongoing donor funding.

Education is the cornerstone of development in any economy – and especially in ones where business can flourish. As a result, our focus is on the ongoing promotion of a local community 'skills pipeline' – including support for schools, the provision of professional training and the targeted recruitment of local people. Our extensive bursary schemes, external training programmes and direct sponsorship of mining schools in South Africa, Peru and Ghana support this objective (p166).

Finally, we aim to promote responsible behaviour across the broader gold value chain through our active support of the World Gold Council's Responsible Gold programme (p176). By doing so, we aim to promote the spirit of our Values more broadly within the gold sector – and ensure that gold is identified with the highest standards of responsibility, sustainability and ethical conduct.

1.2.7 The external environment

The global mining industry is facing a number of common challenges that cut across commodity-type and every area of mining companies' performances – in terms of their strategy, operations, sustainability or financial health.

Political and regulatory challenges

Ensuring that mining can continue to play a positive development role relies not only on responsible and transparent use of mining revenues by governments – but also on their provision of a sound and commercially viable business and regulatory environment. This is particularly important in a sector where large investments are often made over decades rather than years.

However, we are increasingly witnessing a high, and rising, level of activity that impacts on our operations in all the countries in which we operate. There is a widespread perception within the mining sector that 'external' risks – from governments, communities, trade unions and NGOs – are on the rise. This includes, for example:

- Pressure for the implementation of heavier mining taxes in a range of countries
- Politically and socially-driven restrictions on company ownership
- Calls amongst certain political quarters for the nationalisation of mining companies
- Pressure on mining companies to 'fill the gap' left by inadequate public services

Whilst Gold Fields is committed to the implementation of its Values, we also have a responsibility to maintain our ongoing commercial viability. Although this responsibility is primarily owed to our shareholders, it is also owed to a range of other stakeholders whose fortunes are inextricably linked to our own.

This ultimately includes the governments for whom we generate revenues, the communities we support through our socio-economic development programmes and the people we employ.

It is within this context that many of these external pressures need to be viewed. It is thus incumbent on Gold Fields to engage constructively with our host governments and other relevant stakeholders to ensure the most positive and sustainable outcomes for all involved. Key to any discussion, however, is the need to ensure the long-term sustainability of the industry.

Fiscal environment

One of the most prominent challenges has been a hardening fiscal environment in many producer countries. This has been a particular issue where governments seek to shore up their balance sheets in the context of the global economic crisis and high commodity prices. In its 2010 survey of 3,000 mining-related companies, for example, Canada's Fraser Institute found that government attitudes towards mining had become more hostile in 41 of the 51 countries covered.[1]

This has manifested itself in increases, or proposed increases, in new taxes and increased royalties.

This includes all of our host countries, as demonstrated by:

- Attempts in Australia to impose the Resource Super-Profit Tax in May 2010
- The imposition of higher royalty rates in March 2011 in Ghana
- The forthcoming Carbon Pollution Reduction Scheme in Australia
- An anticipated carbon tax in South Africa
- New royalty payments in South Africa

As a result, we are in close and constructive engagement with our host governments on the costs posed by heavier fiscal regimes (p174). This includes clear communication around the broad social and economic benefits that responsible and sustainable gold mining can bring to these countries and their communities (p16).

Currency fluctuations

Mining companies carry out major transactions – including the sale of their products – in foreign currencies. As a result, they are sensitive to currency fluctuations. The US dollar, which is used for the majority of international transactions, has weakened over C2010 against a range of currencies amid concerns around US$600 billion of quantitative easing, low interest rates and potential inflation in the United States. This has reduced the operating margins of many mining companies with operations outside the United States, as their costs (generally generated in local currencies) increase in relation to the value of their sales (generally carried out in US dollars). It has also reduced the value of both US investments and debts.

For Gold Fields, the impact of the weaker US dollar has been significant given that 54% of our revenue is converted into Rands and 16% into Australian dollars. During C2010, the Rand strengthened by 13% against the US dollar bringing its appreciation for the two years since January 2009 to 30%.

Similarly the Australian dollar rose by 17% against the US dollar during C2010. The appreciation of these currencies against the US dollar has negated much of the rise in the US dollar gold price over the same period. This dynamic has reinforced our commitment to tight cost controls. On occasion, we have taken out currency hedge positions, but these have been for a short, fixed period. No material currency hedges were undertaken in C2010. The company has, however, completed a US$1 billion 10-year fixed interest rate bond issue, which will significantly reduce our exposure to higher interest rates.

Transparency in the value-chain

Globally, there has been increasing pressure for transparency around mineral value-chains. This includes, for example, the Dodd-Frank Wall Street Reform and Consumer Protection Act in the United States. The Act requires all United States and foreign companies registered with the US Securities and Exchange Commission to report on how much they pay governments to access minerals, and to disclose whether their products include 'conflict minerals' from the Great Lakes region of Africa. Although details around implementation are still in development, the Act is likely to have a significant impact in terms of reporting and value-chain management. We place particularly strong focus on anti-corruption, transparency and ethical value-chain management (p172-175). This approach is not only needed to ensure compliance with relevant laws in the United States, United Kingdom and elsewhere, but also to protect the reputation and ethical integrity of gold itself. Already, progress is being made in this area through the World Gold Council's ground-breaking Responsible Gold programme, of which we are a strong participant and supporter (p176).

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Nick Holland

Chief Executive Oficer

1 Fraser Institute, Survey of Mining Companies 2009/10 - 2010 Mid-Year Update

1.3 Operational Review (six months ended 31 December 2010)

Group attributable gold production for the six months ended 31 December 2010 was similar to the six months ended December 2009, at 1.8 million ounces. This is in line with the operational guidance provided in August 2010.

At the Australasian operations, gold production increased by 12% from 289,000 ounces in the six months ended December 2009 to 323,000 ounces in the six months ended December 2010. St Ives increased production by 24% from 196,000 ounces to 243,000 ounces – mainly due to increased tonnes processed at a higher head grade. Production at Agnew decreased by 14% from 93,000 ounces to 80,000 ounces, mostly due to restricted underground stope access at Kim South.

At the South African operations, gold production decreased from 1,050,000 ounces to 982,000 ounces. At KDC, gold production declined from 695,000 ounces to 634,000 ounces due to a decrease in volumes mined as a result of safety stoppages and the replacement of a water pump column. At Beatrix, gold production dropped by 7% from 217,000 ounces to 202,000 ounces, while at South Deep gold output rose by 7% from 137,000 ounces to 146,000 ounces in line with the build-up plan.

In South America, managed gold equivalent production at Cerro Corona increased from 187,000 ounces in the six months ended 31 December 2009 to 200,000 ounces in the six months ended 31 December 2010, due to higher mined and processed volumes.

At the West African operations, total managed gold production increased from 445,000 ounces for the six months ended December 2009 to 479,000 ounces for the six months ended December 2010. At Damang, gold production increased by 21% from 97,000 ounces to 117,000 ounces, despite a 13 day plant shutdown in December 2009. The increase in production was mainly due to the commissioning of the secondary crusher during the prior period.

Tarkwa's production increased from 348,000 ounces to 362,000 ounces largely due to an increase in Carbon-In-Leach (CIL) throughput.

Group revenue increased by 18% from R15.48 billion (US$2.0 billion) for the six months ended December 2009 to R18.3 billion (US$2.6 billion) for the six months ended December 2010. The 15% higher average gold price at R296,545 per kilogram (US$1,292 per ounce) compares with R252,464 per kilogram (US$1,026 per ounce) achieved for the six months ended 31 December 2009. Operating costs, including gold-in-process movements, increased by 10% from R9.2 billion (US$1.2 billion) to R10.2 billion (US$1.4 billion). This was mainly due to:

- Annual wage increases at all of our operations
- Higher electricity costs at our South African and Ghanaian operations due to tariff hikes
- Normal inflationary increases

Total cash costs for the Group rose by 11% from R147,495 per kilogram (US$600 per ounce) to R163,416 per kilogram (US$712 per ounce). This was a result of the increase in operating costs mentioned above, as well as new royalty payments in South Africa.

At our Australian mines, operating costs, including gold-in-process movements, rose by 9% from A$212 million (US$184 million) to A$232 million (US$218 million) due to increased production, escalating deferred waste charges and increased grade control drilling at St Ives. At Agnew, the increase in costs was mainly due to costs incurred on the rehabilitation of poor ground conditions at Kim South.

At our South African operations, operating costs increased by 8% from R5.6 billion (US$728 million) for the six months ended 31 December 2009 to R6.0 billion (US$846 million) for the six months ended 31 December 2010. This was due to annual wage hikes, a 27.5% surge in electricity costs and normal inflationary increases in stores and contractor payments, partially offset by cost saving initiatives implemented during the year.

In South America, operating costs at Cerro Corona increased from US$67 million to US$76 million, mainly due to higher production and increased statutory workers participation in profits because of improved earnings.

At our West African operations, operating costs, including gold-in-process movements, increased from US$226 million to US$282 million, as a result of higher mining volumes and power costs.

Total Group operating profit increased from R6.3 billion (US$819 million) to R8.2 billion (US$1.1 billion).

In line with our policy to pay out 50% of earnings before taking account of investment opportunities and after excluding impairments, a final dividend of R0.70 per share has been paid for the six months ended 31 December 2010.

Dump truck at Cerro Corona, Peru

1.4 Delivering on our objectives for C2010 and C2011

Figure 1.2: Progress on objectives set for C2010

C2010 Objectives	Progress
1. Improve safety indicators by 25% in the South Africa Region and 20% in the international regions	In C2010, we made significant improvement in many of our key safety indicators. Group fatalities came down from 26 in C2009 to 18, whilst the Fatality Injury Frequency Rate for the Group dropped from 0.14 to 0.11 per million hours worked. We have implemented a range of safety initiatives to address non-compliance to standards in the South Africa Region – non-compliance being the main reason behind fatalities within Gold Fields. These initiatives include competency building for supervisors, extensive employee engagement programmes, visible felt leadership by managers within the workplace, hazard identification and the prioritisation of disciplinary cases (p72-74). In addition, we are stepping up the implementation of our holistic '24 Hours in the Life of a Gold Fields Employee' wellness programme (p154).
2. Improve mining mix, quality and volume to produce 3.5 and 3.8 million attributable ounces of gold during 12 months to end-December 2010	Good progress has been made in all regions, although further momentum is required in our South Africa Region. During C2010, our total production remained relatively stable at 3.5 million ounces (C2009: 3.6 million ounces), putting us in a strong position to maintain production of between 3.5 and 3.8 million attributable ounces for C2011 (p54).
3. Achieve an NCE margin of 20% in the 12 months to end-December 2010	During C2010, our NCE margin improved from 9% in the March quarter to 20% in the December quarter.
4. Strengthen the regional organisational structure, including appropriate operational, financial and human resourcing	All regional organisational and management structures are in place with the majority of positions filled.
5. Improved flexibility at our long-life shafts at KDC and Beatrix, through increased Mineral Reserve development	We have focused on the mechanised flat-end development at our long-life shafts at KDC and Beatrix. This has marginally increased our ore development efficiency, in line with the goals set out in our revised Ore Reserve Reporting Protocol, and has significantly improved safety in these development areas.
6. Development of energy management strategies and energy savings of 5% of electricity consumption in the South Africa Region by the end of C2010	By the end of C2010, we had achieved a saving of 14% against the baseline established after the electricity outages in C2008. This includes new equipment that has been used at our mines since then.
7. Implementation of competitive recruitment and retention strategies/practices to ensure the Group has an adequate supply of critical skills	Talent management, mentorship and leadership development initiatives were rolled out across the Group. Specific actions implemented in C2010 include: □ Introduction of a new and enhanced talent management strategy in the Australasia region (p145) □ Establishment of a new career path framework for employees in the West Africa Region (p145) □ Ongoing provision of extensive leadership and skills training (p144-146) □ The promotion of cross-border mobility amongst employees
8. Significant advancement of the transformation objectives of the Group in line with the requirements of the South African Mineral Resources and Petroleum Development Act of 2002 and the new Mining Charter	In C2010, we: □ Satisfied the 2014 equity ownership requirements under the revised Mining Charter. This was spearheaded by the Employee Share Option Plan for our South African workers □ Achieved the successful conversion of our old mining right into a new order mining right at South Deep (p173) □ Continued the transformation of the Executive Committee with the appointment of two new HDSA executives. At Board level, the appointment of Dr Mamphela Ramphele as Chair and Sello Moloko as a non-executive director lifts the HDSA representation on the Board to 36% (p32) □ Achieved representation of 41% at middle and senior management levels

Figure 1.2: Progress on objectives set for C2010

C2010 Objectives	Progress
9. Further advancement of positive and mutually beneficial relationships between Gold Fields and its stakeholders	See our stakeholder engagement section (p46), as well as relevant case studies on: □ The promotion of grass-roots engagement in the West Wits area (p47) □ Integrated sustainable development at Cerro Corona (p162) □ Community engagement at Tarkwa (p157) □ Heritage Surveys at Agnew (p170)
10. Achievement of our diversification and growth objectives by:	
□ Continuing production build-up at the South Deep project towards the target of 750,000 ounces of gold by the end of C2014	Capital infrastructure projects and budgets at South Deep are on-track after the first year of the five-year build-up programme to full production (p57-58).
□ Completing the construction of the Athena underground operation at our St Ives mine and start production in early C2011	Initial production at the Athena deposit started during C2010, and we are aiming to achieve full production in C2011 (p118).
□ Completing the feasibility study of the Hamlet project at St Ives and aiming to start construction in early 2011	The feasibility study for the Hamlet deposit has been completed, and we have started construction (p118).
□ Completing the feasibility study and aiming to start construction of the oxide plant at the Cerro Corona mine	The feasibility study for the Cerro Corona oxide plant is underway. If approved, we aim to start construction in the latter half of C2011 (p65, 119).

Figure 1.3: Objectives for C2011

C2011 Objectives	Notes
1. Achieve safe and stable production at the KDC and Beatrix mines	We plan to achieve this by: □ Achieving a 25% improvement in our key safety statistics and a reduction in our unplanned safety-related mine stoppages and closures □ Increasing ore development rates to improve mining flexibility □ Implementing a mining quality framework to improve the mine call factor and reduce dilution □ Improving engineering and infrastructure efficiency, equipment utilisation and planned maintenance □ Establishing a defined plan to stockpile underground reef tonnes on surface to offset business interruptions and holiday breaks □ Placing strong focus on performance management, skills development and competency training □ Placing continued focus on productivity improvements, technology and mechanisation □ Reducing energy and utilities consumption
2. Continue the build-up at South Deep in order to achieve a production run rate of 750,000 ounces of gold by the end of C2014	The build-up is based on an increase in long-hole stoping. Capital expenditure in C2011 is planned to amount to just over R2 billion (US$273.2 million) – in line with the operation's five-year plan. The focus over the next four years will be on completing shaft infrastructure, plant expansion, capital development, upgrading of the South Shaft, re-supporting of all life of mine excavations and advancement of the horizontal de-stress cut (p57-58, 100).
3. Continue businesses re-engineering across the Group to achieve a sustainable free cash flow and an NCE margin of 20% at each mine in the short-term and 25% in the medium-term, at long-term sustainable gold prices	Business re-engineering is continuing at KDC, St Ives and Tarkwa. We are also entrenching owner mining at Damang and Agnew. Continued implementation of Project Blueprint in the South Africa Region is expected to deliver savings of between R500 million (US$68 million) and R1 billion (US$137 million) (details of the other business re-engineering initiatives can be found on pages 61-64 of this report.).
4. Maintain and increase our production profile through major near-mine projects	Specific areas of focus include: □ The build-up of the Athena - Hamlet complex at St Ives (p118) □ Development and commissioning of the oxide plant at Cerro Corona (p65, 119) □ Life extension and possible expansion of our Damang mine (p119)
5.Increase our production profile through major resource development and feasibility projects	Further advancement of our four major greenfields projects, (p116-117, 120-123) so that construction decisions can be made over the next 18 to 24 months. Specific areas of focus during C2011 include: □ An intensive drilling programme at the Far South East gold-copper porphyry and commencement of the feasibility study □ Completion of drilling at Chucapaca and continuation of the project feasibility study □ Completion of the drilling programme at the Komana camp at Yanfolila, exploration of nearby areas and completion of a scoping study □ Completion of the trial of a new proposed metallurgical process at the Arctic Platinum project to improve metal recoveries
6. Increase our production profile through greenfields exploration	□ Continued development of our exploration pipeline through the application of our US$100 million exploration budget for C2011
7. Implement a 'sustainable gold' programme that addresses both the concerns of stakeholders as well as emerging business and sustainable development risks in our future growth environment	Specific actions envisaged as part of this effort include: □ Piloting of the World Gold Council Responsible Gold standards relating to chain of custody and conflict free gold, including at the Rand Refinery in South Africa (p176) □ Identification of relevant criteria for inclusion in employee 'balanced scorecards' and other business processes, to deliver assurance on integration into functional areas

Tarkwa, Ghana

2. Transparency and accountability

2. Transparency and accountability	
2.1 Corporate governance	Page 26
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2.3 Investors and stakeholder engagement	Page 46

King III
Implementation of King Code of Governance Principles for South Africa[1]

1st
Fully Integrated Annual Report

UNGC
Participant in the UN Global Compact (UNGC) since 2006

"Strategy, risk, performance and sustainability have become inseparable..."

King Code of Governance Principles for South Africa

Our Vision of becoming the global leader in sustainable gold mining is reflected by our integrated management approach. This explicitly recognises the close linkage between our ability to generate strong and long-term profits and the effective management of the often interrelated operational, sustainability and financial dynamics of our business.

This approach is particularly important for Gold Fields – and many of our peers – due to the long-term nature of our mining projects. It is in this context that it is incumbent on us to ensure that our business is not only profitable, but delivers economic, social and environmental benefits to the communities and countries in which we operate. As a result, these factors are built-in to how we do business and our decision making processes.

1 With certain identified exceptions (p28)

Bullion from KDC, South Africa

2.1 Corporate governance

Our commitment to sound and robust corporate governance standards underpins our operational and strategic success. The quality of our corporate governance ultimately impacts on all areas of our Group and operations.

2.1.1 Key internal standards and principles

Everything that we do to achieve our Vision of becoming the global leader in sustainable gold mining is informed by our Values. These are applied by our directors, as well as employees at every level within the company.

The Board of Directors takes ultimate responsibility for the company's adherence to sound corporate governance standards and see to it that all business judgements are made with reasonable care, skill and diligence. The Board of Directors' Charter articulates the objectives and responsibilities of the Board (p31). Likewise, each of the Board committees operates in accordance with written terms of reference, which are regularly reviewed by the Board. These are available on our website or, on request, from our secretarial office.

Gold Fields is placing particular emphasis on the ongoing development of its sustainable development systems and structures. This includes the establishment of a unified Sustainable Development Framework based on best practice, as well as our operational requirements. This framework will assist us in our ongoing efforts to secure a long-term competitive advantage by minimising our risks before they materialise, and by capitalising on our opportunities before they pass.

The framework, which is governed by an overall Sustainable Development Policy, is made up of the following pillars – each of which is underpinned by a formal corporate policy:

- Carbon and climate change management[1]
- Communities and indigenous people
- Environment
- Ethics and corporate governance
- Human rights
- Material stewardship and supply chain management
- Occupational health and safety
- Risk management
- Stakeholder engagement

Effective management in each of these areas is integral to the achievement of our strategic objectives, by helping us Optimise our operations, Grow Gold Fields, and Secure our future responsibly.

The Gold Fields Code of Ethics is informed by our Values and commits the company, its directors and employees to conducting business in an ethical and fair manner, and promoting a socially and environmentally responsible culture (p172). The Board's Audit Committee is tasked with ensuring the consistent application of, and adherence to, the Code of Ethics.

http://www.goldfields.co.za/

1 Our Carbon Management Policy was approved by the Board in November 2010, in recognition of the greater prominence Gold Fields is placing on its climate change impacts. Climate change was previously addressed through the Environment Framework

2.1.2 Key external standards and principles

Our Sustainable Development Framework is guided by the International Council on Mining and Metals (ICMM). This includes adherence to its 10 Principles on sustainable development, as well as the commitment of member companies to transparent public reporting, comprehensive risk management, sound corporate governance and independent, external assurance. Gold Fields also supports the principles and processes of the Extractive Industry Transparency Initiative (EITI) through its membership of the ICMM. We are committed to engaging constructively in countries that are committed to implementing the EITI.

We support the principles advocated by the World Gold Council, of which we are a member, and are also guided by the United Nations Global Compact, in which we are a participant. This includes implementation of the Ten Principles in our business activities, as well as our annual submission of a Communication on Progress (in the form of this Integrated Annual Report). Our reporting is guided by the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines as well as its associated Mining and Metals Sector Supplement and Reporting Guidance on HIV/AIDS. The GRI is an independent, internationally recognised sustainability reporting body.

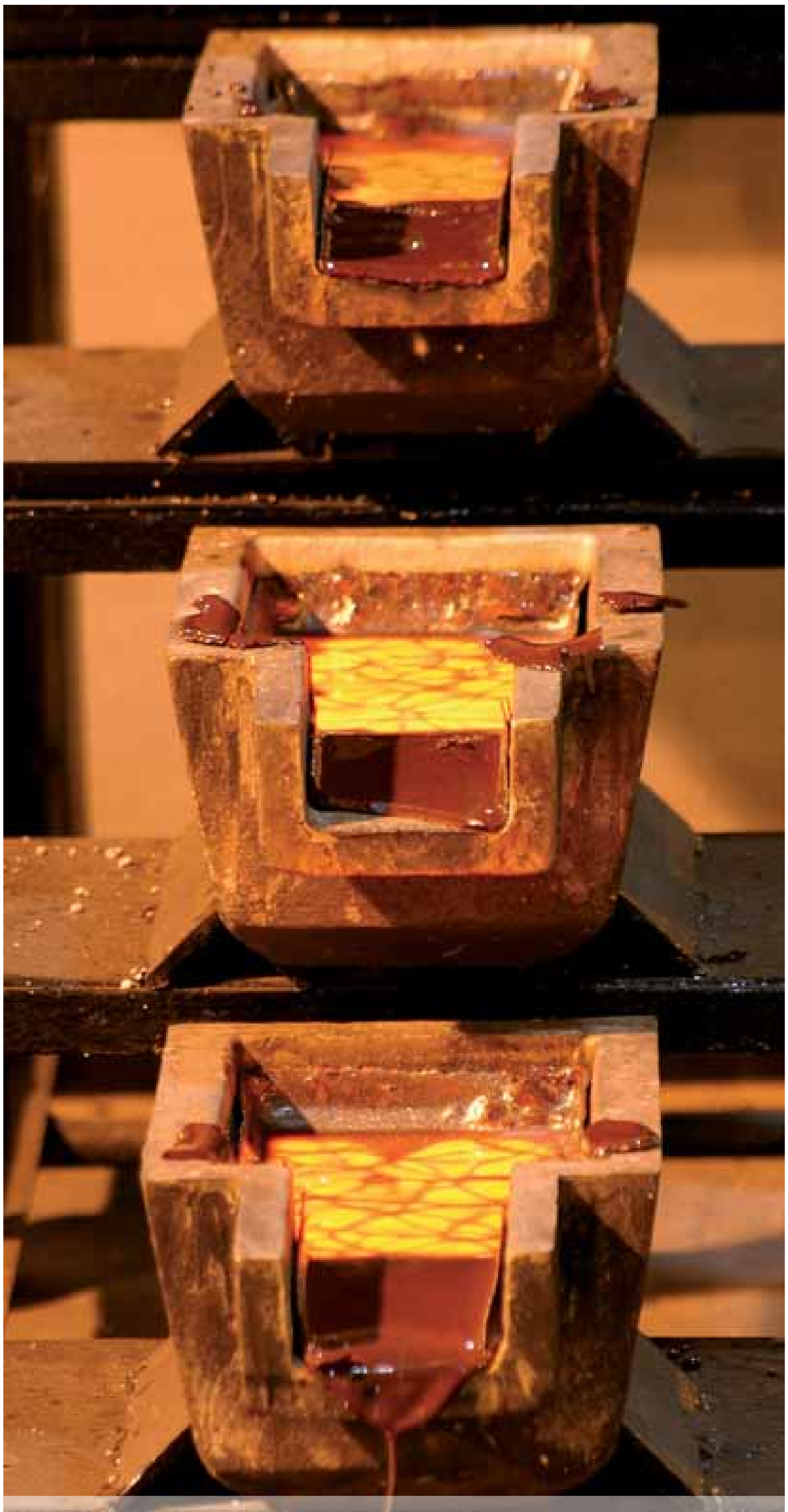
All of our operations – as well as our exploration division – are certified to the ISO 14001 environmental management system standard. All of our mines are certified to the OHSAS 18001 safety management system standard. In addition, all of our eligible operations are fully compliant with the requirements of the International Cyanide Management Code. We were the first mining group registered as a signatory to the Code to obtain accreditation for all eligible operations.

Our primary listing on the Johannesburg Stock Exchange (JSE) means we are subject to the JSE Listings Requirements. The JSE has included certain aspects of South Africa's King III Report on Corporate Governance (King III) in its Listing Requirements. The Board is of the opinion that for the period under review, the company has complied with the provisions of the South African Code of Corporate Practices and Conduct as recommended in the King II Report. The Board has adopted the recommendations on good corporate governance contained in the King III Report, as well as the King Code of Governance Principles for South Africa. This includes Principle 9.2, which states that "Sustainability reporting and disclosure should be integrated with the company's financial reporting".

We have implemented the King III principles and recommendations across Gold Fields, with the exceptions noted in Figure 2.1.

The trading of our shares on the New York Stock Exchange (NYSE) and registration with the United States Securities and Exchange Commission (SEC) means we are subject to relevant NYSE disclosure and corporate governance requirements, as well as the terms of the Sarbanes-Oxley Act 2002. Our secondary listing on NASDAQ Dubai, Euronext in Brussels and the SWX Swiss Exchange means we are subject to each exchange's disclosure requirements.

- http://www.icmm.com/
- http://www.gold.org
- http://www.unglobalcompact.org/
- http://www.cyanidecode.org/
- http://www.iodsa.co.za/
- http://www.sec.gov/
- http://www.samcode.co.za/
- http://www.jse.co.za



Gold pour at Tarkwa, Ghana

Figure 2.1: Application of King III within Gold Fields				
Item No.	King III Principle	King III reference	Gold Fields approach	Reason(s) for applying a different approach
1.	Employment contracts should not compensate executives for severance because of change of control; however this does not preclude payments for retaining key executives during a period of uncertainty.	2.25.165	The employment contracts of some senior executives, including the CEO and the CFO, have a provision for payments as a result of change of control.	The contracts between Gold Fields and these senior executive employees were entered into before the guiding principle became effective. The Board, guided by the Remuneration and the Nominating and Governance Committees, agreed to maintain the provision in the contracts with the conviction that the rules cannot be applied retrospectively.
2.	…the Chairman and other non-executive directors should not receive share options or other incentive awards...	2.25.154	The non-executive directors were awarded restricted shares with a three year vesting period. The last allocation was approved by shareholders at the AGM held on 4 November 2009 and will vest on 4 November 2012.	Following an appeal by the Company to the JSE that the company had already awarded restricted shares to non-executive directors, the JSE ruled that the requirement will only be effective from 1 April 2011 and shall not be applied retrospectively.
3.	The Audit Committee should assist the board in approving the disclosure of sustainability issues in the integrated report by ensuring information is reliable and that no conflicts or differences arise when compared with the financial results.	3.4.35	The Safety, Health and Sustainable Development Committee is the board sub-committee tasked with sustainability issues and the disclosure thereof in the integrated report.	The Committee was established with the Board's delegated mandate to assist with oversight of sustainability issues before the implementation of King III.
4.	The Audit Committee should recommend to the board to engage an external assurance provider to provide assurance over material elements... of the sustainability part of the integrated report. The Audit Committee should evaluate the independence and credentials of the external assurance provider.	3.4.36	The Safety, Health and Sustainable Development Committee is tasked with engaging an external assurance provider to provide assurance over selected sustainability information in the integrated report.	The Audit Committee is of the view that the members of the Safety, Health and Sustainable Development Committee possess the necessary expertise on matters relating to sustainability issues and are therefore better positioned to engage an external service provider who can provide assurance over selected sustainability information in the integrated report.
5.	Non-executive directors' fees, including committee fees, should recognise the responsibilities borne by the directors throughout the year and not only during meetings. Fees should comprise a base fee ... as well as an attendance fee per meeting.	2.25.154	Gold Fields non-executive directors' fees comprise a base payment, combining a retainer and a meeting attendance fee, payable on a monthly basis.	The non-executive directors' fees take into account the responsibilities borne by the directors, the increasing demands on the role of the directors and the potential risks attached to the position which may result in directors being held personally liable. Gold Fields also recognises that the directors are not only involved during the quarterly meetings but engage senior executives on an ongoing basis.

2.1.3 Awards and external recognition

During C2010, Gold Fields won the following awards and recognition:

- A first time 'Baaa3' senior unsecured issuer rating from Moody's, as well as a stable outlook
- The Investment Analysts Society of Southern Africa and SAMREC (IAS/SAMREC) award for the mining company that most closely followed the SAMREC Code and demonstrated industry leading compliance in its public reporting of Mineral Resources and Mineral Reserves
- Recognition for the fourth year running as a 'best performer' for sustainable development on the JSE Socially Responsible Investment Index
- Gold Fields La Cima has re-qualified for the Good Governance Index of the Lima Stock Market
- Joint first ranking in the Carbon Disclosure Project's JSE Top 100 Carbon Disclosure Leadership Index, with a disclosure rating of 93% (p85)
- Receipt of Energy Risk magazine's 2010 Deal of the Year award for becoming the world's first gold mining company to contract to sell Certified Emissions Reductions to fund the Beatrix Methane project
- First place in the open pit mining category of the 13th National Mining Safety Contest of Peru, a competition organised by the Mining Safety Institute of Peru
- Global Reporting Initiative A+ compliance for our Integrated Annual Report for the six months ended 31 December 2010

2.1.4 Board of Directors

The Board is the highest governing authority of the company. In terms of the Articles of Association, the number of directors shall not be less than four and not more than 15. The Board comprises 14 directors, of whom only two are executive directors and 12 independent non-executive directors. Advised by the Nominating and Governance Committee, the Board ensures that the election of independent directors falls on reputable persons of well-known competence and experience, who are willing to devote a sufficient part of their time to the company. The role of non-executive directors, who are independent of management, is to protect shareholders' interests, including those of minority shareholders. They are also intended to ensure that individual directors or groups of directors are subject to appropriate scrutiny in their decision-making.

The Board of Directors' Charter articulates the objectives and responsibilities of the Board (see p31). Likewise, each of the Board committees operates in accordance with written terms of reference, which are regularly reviewed by the Board. These are available on our website or, on request, from our secretarial office. The Board takes ultimate responsibility for the company's adherence to sound corporate governance standards and sees to it that all business judgements are made with reasonable care, skill and diligence.

The Board is kept informed of all developments at the company, primarily through the executive directors and the company secretary. The Board is also kept informed through a number of other mechanisms, including employee climate surveys, newsletters and internal staff communication, amongst others.

The roles of the Chair of the Board and the Chief Executive Officer (CEO) are kept separate. The former post was held by non-executive director Alan Wright until his retirement, and now by non-executive director Dr Mamphela Ramphele. Dr Ramphele assumed the position on 2 November 2010. This followed her appointment as Deputy Chair of the Board as of 1 July 2010. Executive director Nick Holland was the CEO of Gold Fields for all of C2010.

In addition to the appointment of Dr Ramphele in C2010, there were two further changes to the composition of the Board. John Hopwood – then Chair of the Audit Committee – sadly passed away on 19 March 2010. His position as Chair of the Audit Committee was assumed by Gayle Wilson. On 24 February 2011, Sello Moloko was appointed as an independent non-executive director.

The Board is required to meet at least four times a year. During C2010, it convened nine times.

Cerro Corona, Peru

Figure 2.2: Board meetings and attendance

Director	Date: 3/2	25/3	19/4	6/5	25/6	4/8	16/9[1]	3/11	3/12[1]
Wright, AJ[2]	✔	✔	✔	✔	✔	✔	✔	n/a[5]	n/a
Holland, NJ	✔	✔	✔	✔	✔	✔	✔	✔	✔
Schmidt, PA	✔	✔	✔	✔	✔	✔	✔	✔	✔
Ansah, K	✔	✔	✔	✔	✔	✔	✔	✔	✔
Carolus, CA	#[3]	✔	✔	✔	✔	✔	#	✔	✔
Dañino, R	✔	✔	✔	✔	✔	#	✔	✔	✔
Hill, AR	✔	✔	✔	✔	✔	✔	✔	#	✔
Hopwood, JG[4]	✔	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Menell, RP	✔	✔	✔	✔	✔	✔	✔	✔	✔
Murray, DN	✔	#	✔	✔	✔	✔	✔	✔	✔
Ncube, DMJ	✔	✔	✔	✔	✔	✔	#	✔	#
Pennant-Rea, RL	✔	✔	✔	✔	✔	✔	✔	✔	✔
Ramphele, MA[6]	n/a	n/a	n/a	n/a	n/a	✔	✔	✔	✔
von Christierson, CI	✔	✔	#	✔	✔	✔	✔	✔	✔
Wilson, GM	✔	✔	✔	✔	✔	✔	✔	✔	✔
% Attendance	93	92	92	100	100	93	86	92	92

Remuneration

The remuneration of non-executive directors is recommended to the shareholders by the Board after receiving external advice. The directors' fees must be approved by shareholders at the annual general meeting of the company for the ensuing year.

Non-executive directors only receive remuneration that is due to them as members of the Board. Directors serving as members on Board sub-committees receive additional remuneration (p34-39). In addition to the remuneration paid to the members of the Board, the Directors were awarded restricted shares with a three-year vesting period in terms of the Gold Fields Limited 2005 Non-executive Share Plan Scheme.
On 2 November 2010, the Board recommended to the shareholders that the awarding of the restricted shares under the Gold Fields Limited 2005 Non-executive Share Plan Scheme be discontinued immediately. This was in order to comply with the JSE Listings Requirements, which became effective from 1 April 2010. Approval was subsequently received from the shareholders.

The JSE has ruled that the new requirement stating that "any director who participates in a share incentive/ option scheme will not be regarded as independent" will only become effective from 1 April 2011 and that this requirement will not be applied retrospectively. As a result, restricted shares awarded to non-executive directors before 1 April 2011 will remain valid and these directors will continue to be considered independent.

Monitoring of performance

During C2010, the Board engaged the Institute of Directors in Southern Africa to conduct an evaluation of the Board and the independence of its non-executive directors. The findings of the evaluation were noted by the Board at a meeting held on 3 November 2010 and further recommendations were made on how to improve the process. The Board has resolved, in line with recommendations by King III, to carry out a rigorous evaluation of the independence of directors who have served on the Board for nine years or more. The Board decided that from this year onwards the Chair will be appointed on an annual basis by the Board, with the assistance of the Nominating and Governance Committee after a rigorous review of the Chair's performance and independence.

1 Meeting held via teleconference
2 AJ Wright retired from the board on 2 November 2010
3 # indicates absence with apology
4 Deceased 19 March 2010
5 n/a indicates the person was not a director at the time or was not required to attend
6 Appointed 1 July 2010

Rotation and retirement from the Board

In accordance with the Articles of Association, one third of the directors shall retire from office at each annual general meeting. The first to retire are those directors appointed as additional members of the Board during the year, followed by the longest serving members. Retiring directors can be immediately re-elected by the shareholders at the annual general meeting. The Board, assisted by the Nominating and Governance Committee, can recommend the eligibility of retiring directors (subject to availability and their contribution to the business) for re-appointment. A director who has served on the Board for more than three years since their last election or appointment is required under the Articles of Association to retire at the next annual general meeting.

Board of Directors' Charter

The Board reviewed and approved the Board of Directors' Charter to align it to the recommendations of King III. The Charter compels directors to promote the Vision of the company, while upholding sound principles of corporate governance. Directors' responsibilities under the Charter include:

- Determining the company's Code of Ethics and conducting its affairs in a professional manner, upholding the core values of integrity, transparency and enterprise
- Evaluating, determining and ensuring the implementation of corporate strategy and policy
- Determining compensation, development, education and other relevant policies for employees
- Developing and setting best-practice disclosure and reporting practices that meet the needs of all stakeholders
- Authorising and controlling capital expenditure and reviewing investment capital and funding proposals
- Constantly updating the risk management systems; including setting management expenditure authorisation levels and exposure limit guidelines
- Reviewing executive succession planning and endorsing senior executive appointments, organisational changes and general remuneration policies. In this the Board will be guided by the Remuneration Committee as well as the Nomination and Governance Committee

http://www.goldfields.co.za

Gold pouring at Tarkwa, Ghana

Independent non-executive directors

1.Dr Mamphela Ramphele (63)

Chair[1]

MBCHB, University of Natal; PhD in Social Anthropology, University of South Africa; Diploma in Tropical Health and Hygiene and a Diploma Public Health, University of the Witwatersrand

Dr Ramphele was appointed non-executive director and Deputy Chair of the Board of Gold Fields on 1 July 2010 and Chair of the Board with effect from 2 November 2010. She is the Executive Chair of Letsema Circle, a Cape Town-based specialist transformation advisory company and a director of Remgro, Anglo American Plc and Medi-Clinic. Dr Ramphele was Vice-Chancellor of the University of Cape Town, a post she took up in 1996, having joined the university as a research fellow in 1986. She served as Managing Director of the World Bank from May 2000 to July 2004 with responsibility for human development activities and the World Bank Institute. She was Co-Chair on the Global Commission for International Migration (GCIM) between 2004 and 2005.

2.Kofi Ansah (66)

BSc (Mechanical Engineering) UST Ghana; MSc (Metallurgy) Georgia Institute of Technology

Mr Ansah was appointed a director of Gold Fields in April 2004. He is also a director of Ecobank Limited (Ghana).

3.Cheryl A Carolus (52)

BA Law; Bachelor of Education, University of the Western Cape

Ms Carolus was appointed a director of Gold Fields on 10 March 2009. She is Executive Chair of Peotona Group Holdings, an empowerment consortium, and also chairs the Board of South African Airways. She is a director of a number of other public and private companies, including the World Wildlife Fund. She served as South Africa's High Commissioner to the United Kingdom from 1998 to 2001.

1 Alan J Wright retired as a director and Chair of the Board of Gold Fields on 2 November 2010

Ms Carolus was the CEO of South African Tourism from 2001 to 2004 and Chair of the South African National Parks board for six years.

4.Chris I von Christierson (63)

BCom, Rhodes; MA, Cambridge; OPM, Harvard

Mr von Christierson has been a director of Gold Fields since 10 May 1999. He is currently a director of Southern Prospecting (UK) and a non-executive director of Platmin. Formerly, he was Chair of Rio Narcea Gold Mines and Golden Shamrock Mines as well as Managing Director of East Daggafontein Mines and the Southern Prospecting group of companies.

5.Roberto Dañino (60)

Master of Law, Harvard Law School; Pontificia Universidad Catolica del Peru

Mr Dañino has been a director of Gold Fields since 10 March 2009. A former Prime Minister of Peru and his country's ambassador to the United States, he serves on various corporate and non-profit boards in Peru, Canada, the United Kingdom and the United States, including Gold Fields La Cima in Peru. On 1 January 2011, he was appointed executive director of Fosfatos del Pacifico S.A. Mr Dañino has practised for over 30 years as a partner of leading law firms in Lima and Washington DC, was Senior Vice-President and General Counsel of the World Bank, as well as Secretary General of the International Centre for Settlement of Investment Disputes (ICSID).

6.Alan R Hill (67)

BSc (Hons), MPhil (Rock Mechanics), Leeds University

Mr Hill joined the Board on 21 August 2009. On 2 October 2010, he was appointed the CEO and Chair of Teranga Gold Corporation. After graduating, Mr Hill worked for a number of mining firms before joining Barrick Gold in 1984.

He spent 19 years with Barrick and played a pivotal role in its various merger and acquisition initiatives. He retired from Barrick in 2003 as its Executive Vice-President: Development.

7.Richard P Menell (55)

MA (Natural Sciences, Geology), Trinity College, Cambridge, UK; MSc (Mineral Exploration and Management), Stanford University, California

Mr Menell was appointed a director of Gold Fields on 8 October 2008. He has over 33 years' experience in the mining industry, including service as President of the Chamber of Mines of South Africa, President and Chief Executive Officer of Teal Exploration & Mining as well as Executive Chair of Anglovaal Mining and Avgold. He is a director of Weir Group Plc and Senior Advisor to Credit Suisse. He also serves as a director of a number of unlisted companies and non-profit organisations.

8.Matthews Sello Moloko (46)

BSc (Hons) and Certificate in Education, University of Leicester, Advanced Management Programme, Wharton

Mr Moloko was appointed a director of Gold Fields on 25 February 2011. He is the executive Chair, founder and shareholder of Thesele Group and non-executive Chair of Alexander Forbes Group. He has worked at a number of financial services companies, including Brait and Old Mutual, where he was CEO of Old Mutual Asset Management until 2004. Other directorships include Sycom Property Fund and the Nelson Mandela Foundation.

9.David N Murray (66)

BA Hons Econ, MBA, University of Cape Town

Mr Murray was appointed a director of Gold Fields on 1 January 2008. He has more than 36 years' experience in the mining industry and has been Chief Executive Officer of Rio Tinto Portugal, Rio Tinto Brazil, TVX Gold Inc, Avgold and Avmin. He is also a non-executive director of Ivernia Inc.

10.Donald MJ Ncube (63)

BA Economics and Political Science, Fort Hare University; Postgraduate Diploma in Labour Relations, Strathclyde University, Scotland; Graduate MSc Manpower Studies, University of Manchester, UK; Diploma in Financial Management

Mr Ncube was appointed a director of Gold Fields on 15 February 2006. Previously, he was an alternate director of Anglo American Industrial Corporation and Anglo American Corporation, a director of AngloGold Ashanti as well as Non-Executive Chair of South African Airways. He is currently Managing Director of Vula Mining Supplies and Chair of Badimo Gas.

11.Rupert L Pennant-Rea (63)

BA, Trinity College, Dublin; MA, University of Manchester

Mr Pennant-Rea has been a director of Gold Fields since 1 July 2002. He is Chair of Henderson Group Plc, The Economist Newspaper Ltd. and a director of First Quantum Minerals, Go-Ahead Group, Times Newspaper and various other companies. Previously Mr Pennant-Rea was Deputy Governor of the Bank of England.

12.Gayle M Wilson (66)

BCom, BCompt (Hons); CA (SA)

Mrs Wilson was appointed a director on 1 August 2008. She was previously an audit partner at Ernst & Young for 16 years where her main focus was on mining clients. She is a non-executive director of Witwatersrand Consolidated Gold Resources.

Executive directors

13.Nicholas J Holland (52)

Chief Executive Officer (CEO)

BCom, BAcc, University of the Witwatersrand; CA (SA)

Mr Holland was appointed an executive director of Gold Fields in 1997 and became CEO on 1 May 2008. Prior to that he was the company's Chief Financial Officer. Mr Holland has more than 30 years' experience in financial management, of which 21 years were in the mining industry. Prior to joining Gold Fields he was Financial Director and Senior Manager of Corporate Finance at Gencor. He is also an alternate director of the Rand Refinery.

14.Paul A Schmidt (43)

Chief Financial Officer (CFO)

BCom, University of the Witwatersrand; BCompt (Hons), Unisa; CA (SA)

Mr Schmidt was appointed CFO on 1 January 2009 and joined the Board on 6 November 2009. Prior to this he was acting CFO from 1 May 2008 and Financial Controller from 1 April 2003. He has more than 15 years' experience in the mining industry.

2.1.5 Board committees

The Board has established a number of standing committees with delegated authority from the Board. The committee members are all non-executive directors and the CEO is a permanent invitee to each committee meeting. Each Board committee is chaired by an independent non-executive director.

Committees operate in accordance with written terms of reference. In addition, the committees are required to evaluate their effectiveness and performance on an annual basis and to report the respective findings to the Board for consideration.

Nominating and Governance Committee

It is the responsibility of this committee, amongst other things, to:

- Develop the company's approach towards corporate governance, including recommendations to the Board
- Identify successors to the posts of Chair and CEO, and make appropriate recommendations to the Board
- Consider the mandates of the Board committees, the selection and rotation of committee members and Chairs, and the performance of each committee on an ongoing basis
- Evaluate the effectiveness of the Board, its committees and management, and report the findings of this evaluation to the Board itself

Figure 2.3: Membership and attendance of the Nominating and Governance Committee

Director	Date:	2/2	5/5	3/8	2/11
Wright, AJ		✔	✔	✔	n/a[1]
Ansah, K		✔	✔	✔	✔
Daňino, R		✔	✔	#[2]	✔
Pennant-Rea, RL		✔	✔	✔	✔
Ramphele, MA[3]		n/a	n/a	✔	✔
von Christierson, CI		✔	✔	✔	✔
% Attendance		100	100	83	100

1 n/a indicates not a member at the time

2 # indicates absence with apology

3 Appointed 1 July 2010

Audit Committee

It is the responsibility of this Committee, amongst other things, to monitor and review:

- The effectiveness of the internal audit function
- The appointment of external auditors
- Reports of both the external and internal auditors
- The effectiveness of the company's information systems and other internal controls
- Quarterly and annual financial and operational reports, the annual financial statements and all widely distributed documents
- The Form 20-F filing with the US Securities Exchange Commission (SEC)
- Accounting policies of the Group and proposed revisions
- External audit findings, reports and fees and their approval
- Compliance with applicable legislation, requirements of appropriate regulatory authorities and the company's code of ethics
- The integrity of the integrated annual report (by ensuring that its content is reliable and recommending it to the Board for approval)
- The governance of information technology (IT)
- The company's enterprise-wide risk management policies, processes and strategies
- Policies and procedures for preventing and detecting fraud

The Board has established and maintains internal controls and procedures, which are reviewed on a regular basis. These are designed to manage, rather than eliminate, the risk of business failures – and to provide reasonable assurance against such failures.

Our internal control systems are monitored by internal auditors, who report their findings and recommendations to the Audit Committee and to senior management. The internal audit function is headed by the senior manager, internal audit – who can be appointed or dismissed by the Audit Committee. The Audit Committee determines the purpose, authority and responsibility of the internal audit function in an Internal Audit Charter.

Gold Fields Internal Audit (GFIA) is an independent assurance and consulting division designed to add value and improve the operations of the Gold Fields Group. GFIA operates in accordance with the International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors (IIA). GFIA's Quality Assurance programme has been assessed as "generally compliant" with the IIA standards, the highest rating of the degree of conformity.

Figure 2.4: Membership and attendance of the Audit Committee

Director	Date:	1/2	5/5	24/5	2/8	25/8	16/9[4]	1/11	26/11
Hopwood, JG[5]		✔	n/a[6]	n/a	n/a	n/a	n/a	n/a	n/a
Menell, RP		✔	✔	✔	✔	✔	#[7]	✔	✔
Ncube, DMJ		✔	✔	✔	✔	✔	#	✔	✔
Pennant-Rea, RL		✔	✔	✔	✔	✔	✔	✔	✔
Wilson, GM[8]		✔	✔	✔	✔	✔	✔	✔	✔
% Attendance		100	100	100	100	100	50	100	100

GFIA takes a risks-based approach and bases its audit programme on the Gold Fields risk register, which is updated quarterly. This reflects the full integration of our embedded risk management process (p40) into all areas of the business. The audit plan is approved by the Audit Committee and forms the basis of providing the Committee with the necessary assurances on risk management, the internal control environments and IT governance. The Committee also monitors progress against this plan.

GFIA reports deficiencies to the Committee every quarter together with recommended remedial actions, which are then followed up. Internal audit provided the Committee with a written report, which assessed the internal financial controls, IT governance and the risk management process as adequate.

Internal and external auditors have unrestricted access to the Audit Committee, the Audit Committee Chair and the Chair of the Board, ensuring auditors are able to maintain their independence. Both the internal and external auditors report at the Audit Committee meetings. The Committee also meets with both internal and external auditors separately without other invitees being present.

The Audit Committee pre-approves all significant, permitted non-audit functions by the company's independent auditor.

For the period under review – the six-month period ended 31 December 2010 – the Audit Committee approved the non-audit services for tax, Black Economic Empowerment transactions, external assurance of sustainability reporting, review of borrowings and other non-audit services. In consideration for rendering these services, the company's independent auditor was paid an amount of R1.9 million (US$0.3 million).

The Audit Committee evaluates the independence and expertise of the external auditors. The Committee was satisfied with the independence of our external auditors during the six-month period ended 31 December 2010 and found that it had the required expertise. An audit fee for the period of R20.7 million (US$2.9 million) was approved and the Committee recommended the re-appointment of KPMG.

During C2010, the Audit Committee found that:

- The Enterprise-Wide Risk Management (see p40) was thorough, all significant risks had been identified and measures have been put in place to mitigate these risks
- It was not aware of any actions against the company or its subsidiaries other than those disclosed in this report
- Gold Fields system of internal controls is sufficient to reduce significant risks of financial misstatement to an acceptable level. The system is designed to manage the risks faced by Gold Fields and is not a guarantee that the risks are eliminated

The Audit Committee considered and discussed this Annual Report with both management and the external auditors. During this process, the Committee:

- Evaluated significant judgements and reporting decisions
- Evaluated the completeness of the financial and sustainability discussion and disclosures
- Discussed the treatment of significant and unusual transactions with management and the external auditors
- Recommended to the Board that the annual financial statements be approved

The Audit Committee has updated formal, written terms of reference, which are set out in the Committee's Charter and approved by the Board, and is satisfied that it has complied with these terms as well as its legal, regulatory and other responsibilities. The exception is a requirement to have at least one member who is an "Audit Committee financial expert", as defined by the SEC.

4 Meeting held via teleconference
5 Deceased 19 March 2010
6 Indicates not a member at the time
7 # Indicates absence with apology
8 Appointed Chair of the Audit Committee on 25 March 2010

The Financial Director's expertise was evaluated by the Audit Committee. The Committee is satisfied that the Chief Financial Officer has the appropriate expertise and experience to carry out his duties as the financial director of the company and is supported by qualified and competent senior staff.

The Board believes that the members of the Audit Committee collectively possess the knowledge and experience to oversee and assess the performance of Gold Fields management and auditors, the quality of Gold Fields disclosure controls, the preparation and evaluation of Gold Fields financial statements and Gold Fields financial reporting. The Board also believes that the members of the Audit Committee collectively possess the understanding of Audit Committee functions necessary to execute their responsibilities expertly and diligently.

Remuneration Committee

It is the responsibility of this committee, amongst other things, to:

- Establish the company's remuneration philosophy
- Establish the terms and conditions of employment for executive directors and other senior executives (which currently includes a short-term performance-linked bonus scheme and a long-term share incentive scheme)
- Review remuneration policies on a regular basis

Figure 2.5: Membership and attendance of the Remuneration Committee

Director	Date:	2/2	25/3	5/5	24/6	3/8	2/11
von Christierson, CI		✓	✓	✓	✓	✓	✓
Hopwood, JG[1]		✓	n/a[2]	n/a	n/a	n/a	n/a
Ncube, DMJ		✓	✓	✓	✓	✓	#[3]
Ramphele, MA[4]		n/a	n/a	n/a	n/a	n/a	✓
Wright, AJ		✓	✓	✓	✓	✓	n/a
Wilson, GM		✓	✓	✓	✓	✓	✓
% Attendance		100	100	100	100	100	75

1 Deceased 19 March 2010
2 n/a indicates not a member at the time
3 # indicates absence with apology
4 Appointed on 1 July 2010

Gold bullion from the Rand Refinery, South Africa

The notice periods of the CEO and the CFO are six months to two years, and six months to one year respectively. The company has a maximum exposure of two-and-a-half years' remuneration in respect of the CEO and two years' remuneration for other members of the Executive Committee, including the CFO. These limits apply when their services are terminated as a result of a takeover or a merger.

Details of Directors' fees and equity-settled instruments are contained in the Directors' report on p224.

Safety, Health and Sustainable Development Committee

It is the responsibility of this committee, amongst other things, to assist the Board in its oversight of the company's environmental, health and safety programmes – as well as its socio-economic performance. In particular, this includes the monitoring of the company's efforts to minimise health, safety and mining related incidents and accidents, and to ensure its compliance with relevant environmental regulations. All members of the committee have been selected on the basis of their considerable experience in the field of sustainable development. At the committee meeting on 3 August 2010, Dr Ramphele and Ms Carolus were tasked with convening a safety workshop for the South Africa Region. This workshop took place on 21 October 2010.

Capital Projects Control and Review Committee

It is the responsibility of this committee, amongst other things, to:

- Satisfy the Board that the company has used correct, efficient methodologies in implementing capital projects in excess of R1.5 billion or US$200 million
- Ensure that adequate controls are in place to review such projects from inception to completion, and make appropriate recommendations to management and the Board

Figure 2.6: Membership and attendance of the Safety, Health and Sustainable Development Committee

Director	Date:	2/2	5/5	3/8	2/11
Murray, DN		✔	✔	✔	✔
Ansah, K		✔	✔	✔	✔
Carolus, CA		✔	✔	✔	✔
Menell, RP		✔	✔	✔	✔
Ramphele, MA		n/a[2]	n/a	✔	✔
Wright, AJ		✔	✔	n/a	n/a
% Attendance		100	100	100	100

Figure 2.7: Membership and attendance of the Capital Projects Control and Review Committee

Director	Date:	1/2	5/5	2/8	1/11
Menell, RP		✔	✔	#[5]	✔
Hill, AR		✔	✔	✔	#
Murray, DN		✔	✔	✔	✔
von Christierson, CI		✔	✔	✔	✔
Wilson, GM		✔	✔	✔	✔
% Attendance		100	100	80	80

5 # indicates absence with apology

Mill at Cerro Corona, Peru

Executive Committee

The Executive Committee (ExCo) is not a committee of the Board. It is primarily responsible for the implementation of company strategy, as well as carrying out the Board's mandates and directives. ExCo meets on a regular basis to review company performance against set objectives and develops company strategy and policy proposals for consideration by the Board.

ExCo also assists the Board in the execution of the company's disclosure obligations. A series of guidelines on disclosure have been disseminated throughout the company, while disclosure is on the agenda of every ExCo meeting. Furthermore, a disclosure co-ordinator has been appointed at each operation to ensure appropriate implementation throughout the company.

Each of Gold Fields operating subsidiaries has established Board and executive committee structures to ensure sound corporate governance practices and standards. At least one of the company's executive directors serves on the Boards of the operating subsidiaries.

Nicholas J Holland (52)

(See p33)

Paul A Schmidt (43)

(See p33)

James WD Dowsley (52)

Senior Vice-President: Corporate Development

BSc (Mining Engineering), University of the Witwatersrand

Mr Dowsley has been General Manager of Corporate Development since March 1998, a title that changed to Senior Vice-President, Corporate Development, in 2002. Previously he served as General Manager, New Business, and Manager of the Mineral Economics Division of Gold Fields of South Africa.

Michael D Fleischer (50)

Executive Vice-President: General Counsel

BProc, University of the Witwatersrand. Admitted as attorney of the High Court of South Africa in 1991, Advanced Taxation Certificate, UNISA

Mr Fleischer was appointed as Executive Vice-President, General Counsel, on 1 November 2006. Prior to his appointment Mr Fleischer was a partner in the corporate services department at Webber Wentzel.

Jan W Jacobsz (49)

Senior Vice-President: Investor Relations and Corporate Affairs

BA, University of Johannesburg

Mr Jacobsz was appointed Senior Vice-President, Investor Relations and Corporate Affairs, in 2002. Prior to this, he held a number of portfolios at the company: Sustainable Development, Senior Manager of Investor Relations and Corporate Affairs; Manager of the Group Transformation Programme at Gold Fields of South Africa and Administrator of the Gold Fields Foundation.

Juan L Kruger (40)

Executive Vice-President: South America Region

Bachelor degree in Business and Finance, Universidad del Pacifico; MBA, Harvard Business School

Mr Kruger was appointed as Executive Vice-President, South America, on 1 August 2009. He has over 15 years of broad experience in corporate finance, strategic planning and general management in various industries in South America, the last being at LAN Airlines, South America's leading carrier. Mr Kruger joined Gold Fields in October 2007 as Senior Vice-President for the Peruvian operations to start the Cerro Corona mine.

Tommy D McKeith (47)

Executive Vice-President: Exploration and Business Development

BSc Hons (Geology) GDE (Mining), and MBA, all from the University of the Witwatersrand

Mr McKeith was appointed Executive Vice-President, Exploration and Business Development, from 1 October 2007. Prior to rejoining Gold Fields, he served as Chief Executive Officer for Troy Resources NL. He had been with Gold Fields for 18 years before then, the last two – from August 2004 until January 2006 – as Vice-President of Business Development.

Kgabo Moabelo (40)

Senior Vice President: Human Resources

B.Admin (Honours) in Industrial Psychology, UNISA; MSc in Engineering Business Management, University of Warwick

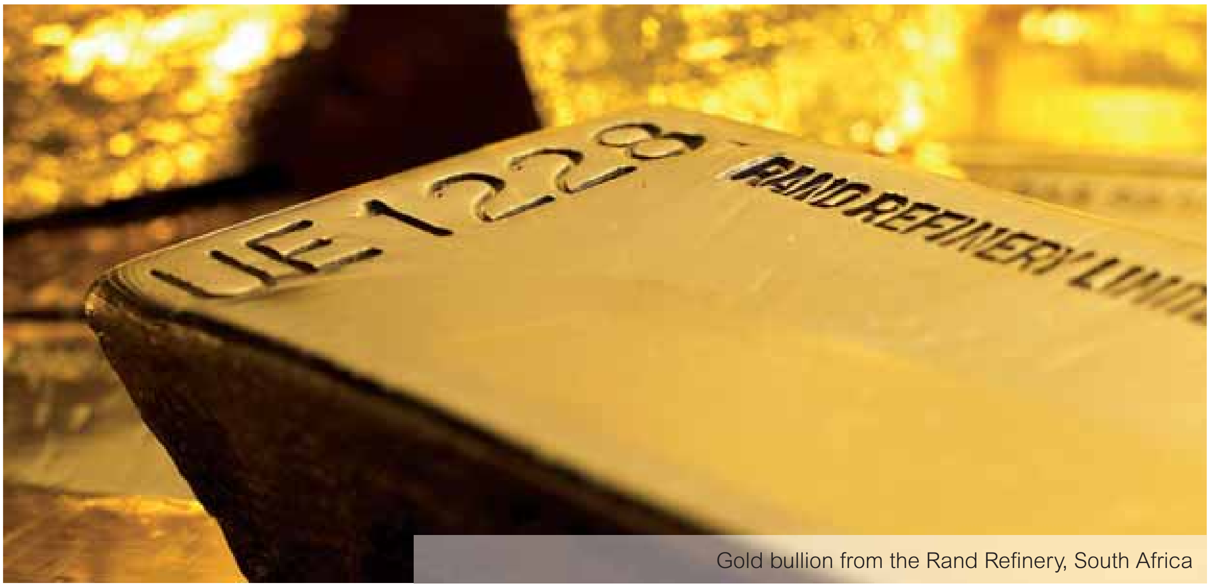
Mr Moabelo was appointed Senior Vice President: Human Resources from 1 October 2010. Prior to his appointment he was the Human Resources director for Africa and the Levant, at Cisco Systems from May 2008. Prior to Cisco Systems, he was the Human Resources Director for Standard Bank overseeing Global Personal and Business Banking, Credit and Support Services from July 2005. Mr Moabelo also worked for Anglo Platinum between 1999 and 2005.

Tim Rowland (50)

Acting Executive Vice-President: South Africa Region

BSc Hons Geology; MSc Mineral Exploration; GDE Mining Engineering; Pr.Sci.Nat.; FSAIMM; FGSSA; GASA

Mr Rowland was appointed Acting Executive Vice-President, South Africa Region, from 1 December 2010 after the departure of Vishnu Pillay. At the time, he was Vice-President Technical, South Africa Region. He joined Gold Fields in 2003 from Anglo American, where he had held a number of senior technical positions.



Gold bullion from the Rand Refinery, South Africa

Peter L Turner (53)

Executive Vice-President: Head of West Africa Region

NHD Vaal Triangle Technikon SA, Mechanical Engineering; South African Mine Manager's Certificate in Competency Metalliferous

Mr Turner was appointed as Executive Vice-President, West Africa, on 1 August 2009. He has more than 34 years of experience in the mining industry. He joined Gold Fields in 2005 as Vice-President of Operations at Kloof and later Driefontein. Prior to joining Gold Fields in 2005, he was the General Manager of the Africa Region for AngloGold Ashanti.

Cain Farrel (61)

Corporate Secretary

FCIS, MBA: Southern Cross University, Australia

Mr Farrel was appointed Corporate Secretary on 1 May 2003 after serving as Senior Divisional Secretary of Anglo American Corporation of South Africa. Mr Farrel is Past President and a director of the Southern African Institute of Chartered Secretaries and Administrators.

Richard M Weston (58)

Executive Vice-President: Australasia Region

FAIMM; CPEng IEA; MSc (Mining Geomechanics), UNSW; GDM, UCQ; BE (Civil), Sydney University

Mr Weston was appointed to the position of Executive Vice-President, Australasia, on 1 May 2010. He was formerly Senior Vice-President, Operations, for Coeur d'Alene Mines Corporation, a gold and silver mining company based in Idaho in the United States. Before joining Coeur, he oversaw the development of Barrick Australia's Cowal gold project and, prior to that, Rio Tinto Australia's ERA Ranger and Jabiluka uranium mines.

Ben Zikmundovsky (61)

Executive Vice-President: Head of International Capital Projects and International Technical Services

Bachelor of Science, Mechanical Engineering, University of Technology, Prague; Diploma in Business Management

Mr Zikmundovsky was appointed as Executive Vice-President, International Capital Projects and Technical Services, on 1 August 2009. Mr Zikmundovsky has over 30 years of experience in the mining, mineral processing, construction and equipment industries worldwide.

Naseem A Chohan (50)

Senior Vice-President: Sustainable Development

BEng (Elec), University of Limerick (Ireland)

Mr Chohan was appointed Senior Vice-President: Sustainable Development from 1 September 2010. Mr Chohan ran his own mining consultancy prior to joining Gold Fields and spent 25 years with De Beers. His role during his last few years at De Beers was as Group Consultant, Sustainability and ECOHS.

2.2 Risk management

Business sustainability – in its true sense – is essentially about the effective and integrated management of our operational, sustainability and financial risks. Gold Fields has a well-developed and embedded Enterprise-Wide Risk Management (EWRM) process. As part of our integrated approach to business sustainability, our environmental,[1] social, health and safety risks are fully integrated into the EWRM process.

The overriding purpose of EWRM is to help Gold Fields achieve its strategic objectives – to grow Gold Fields, to optimise its operations and to secure its future. It also supports our efforts to achieve the highest levels of corporate governance, as well as full compliance with the risk management requirements of South Africa's King III Code.

The EWRM process is comprised of two integrated and well-aligned components: operational risk management and strategic risk management (see Figure 2.8). It is aligned with the ISO 31000 international standard on risk management, as well as the Committee of Sponsoring Organizations to the Treadway Commission, an independent organisation based in the United States dedicated to innovation in corporate governance. At an operational level, the EWRM process is aligned with South Africa's Safety in Mines Research Advisory Committee (SIMRAC) and Australia's AUS/NZS 4360 standard on risk management.

1 Including water-related risks and climate change risks

Figure 2.8: Enterprise-Wide Risk Management Process

Enterprise-Wide Risk Management

Strategic risk management

Identifying, analysing and treating the top risks at corporate, regional and operational level in order to assist in achieving the company's strategic and business objectives

Operational risk management

Identifying, evaluating and treating operational hazards and risk in order to create a sustainable working environment (safer, healthier, more efficient and environmentally friendly)

Continuous improvement of the EWRM

During C2010, we adopted a number of instruments aimed at further formalising our already well-embedded EWRM process. They are also aimed at ensuring full compliance with the risk management requirements of South Africa's King III Code – and to support the full integration of 'holistic' risk management into our day-to-day business.

These instruments included:

- A Risk Management Policy that has been in place since C2008 and which requires Gold Fields, amongst other things, to identify, assess and manage risks in an effective and efficient manner
- A Risk Management Charter that defines, amongst other things, risk management governance, frameworks and assurance, as well as risk tolerance levels, risk appetite and key risk indicators
- A 12-month Risk Management Plan that sets out the strategy to bring Gold Fields risk management processes to full maturity
- An Enterprise Risk Management Guideline that describes, amongst other things, the risk management process, framework and methodology, as well as procedures for strategic risk registers

In future, we hope to examine the potential for the application of a similar system for the formal and objective identification and management of operational, sustainability and financial opportunities. If practicable, this will further enhance our ability to achieve true business sustainability and achieve our Vision.

> "The informed investor assesses the quality of the company's risk management and whether it considered the sustainability issues pertinent to its business"
>
> King Code of Governance Principles for South Africa

US$1bn bond addresses forex risk

Gold Fields addressed one of its key risks when it announced a 10-year, US$1 billion bond offer to US investors in October 2010. The final order book for the bond was over-subscribed by more than 200% as a result of demand from high quality accounts. The final coupon of 4.875% a year was the lowest US dollar rate achieved by a South African company in the international bond market in C2010. This demonstrated the value that Gold Fields offers as a long-term and sustainable investment, as well as its position of strength in the US market.

The successful completion of the bond issue has enabled Gold Fields to address risks around the availability of foreign exchange, given the many regulatory restrictions that exist on exchange rate trading in the company's areas of operation. Until recently this issue ranked as one of Gold Fields top 10 risks, but has since been downgraded as a result of the bond's completion.

Paul Schmidt, Chief Financial Officer, said: "The 10 year tenure of this bond will fit in nicely with our long-term quality assets without increasing the Group's debt position. Gold Fields will have more than US$1.3 billion of committed bank facilities available after the net proceeds of the bond have been used to refinance some bank facilities and commercial paper notes in issue. The bond significantly strengthens our liquidity and debt maturity profile."

2.2.1 Risk review process

The multi-stage EWRM process starts with quarterly strategic risk management assessments at each of our mines and service divisions. Key risks are identified and analysed, and mitigating actions are put in place (or reviewed if already in place). The regions' top risks are forwarded to the regional executive committees, which review the risk register and decide on appropriate mitigating actions. The Group's top strategic risks are then reviewed by the Gold Fields Executive Committee on a biannual basis. Mitigation strategies are developed on the basis of this review, which are presented at the Audit Committee's dedicated risk meeting.

The Board and company management are responsible for risk governance and management. Nonetheless, the integral involvement of all line managers in the process is essential to ensure the effectiveness of the system.

Figure 2.9: Integration of operational and strategic risk management

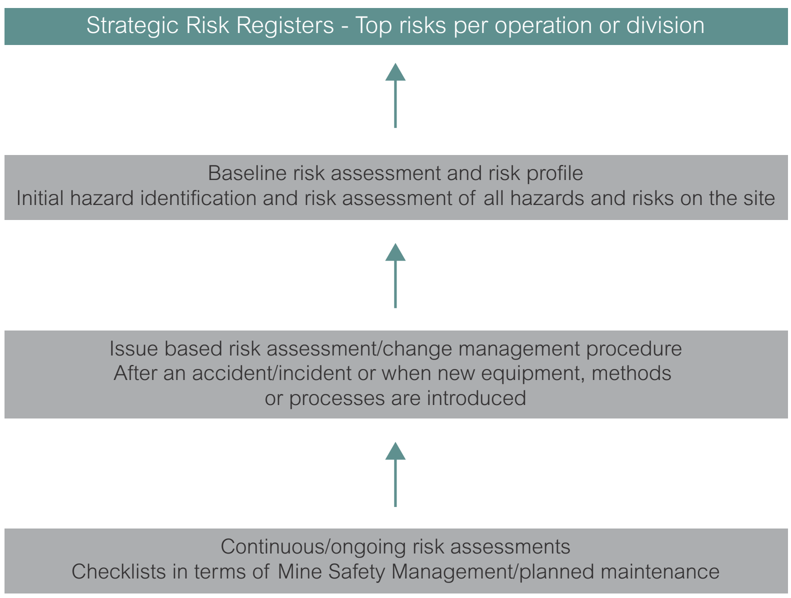


Figure 2.9 shows the relationship between operational and strategic risk. The baseline risk assessment conducted at each mine produces a risk profile indicating the top hazards at the mine. These top hazards are reflected in the strategic risk register as risks. Mitigating strategies are put in place to deal with these and other risks.

2.2.2 Ensuring full integration of the EWRM into everyday business

South Africa's King III Code promotes the integration of strategy, risk and performance. In order to reflect this, the 'top-10' corporate, regional and operational mitigation actions and strategies identified during the EWRM process are aligned with operational business plans and integrated into the Individual Balanced Scorecards (BSC) of all employees from C-Band through to ExCo. This is in recognition of the fact that accountability – in the form of real impacts on salaries and bonuses – is essential for effective risk mitigation.

2.2.3 Risk management assurance programme

Our new Risk Management Charter provides for four levels of assurance:

- Financial Internal Controllers review mitigating strategies on a regular basis to ensure they are being implemented. These reviews must be captured in the Cura risk management software system
- Internal Audit conducts an annual review on the effectiveness of the risk management process
- Internal Audit provides assurance to the Board that the risk management plan is integrated into the daily business activities of Gold Fields
- Internal Audit conducts an annual review of the mitigating strategies of the top risks in risk registers to ensure they are being implemented

Impact of the EWRM process

The EWRM process and the implementation of appropriate mitigation strategies assisted in improving the overall risk profile during C2010 (see Figure 2.12). It has also furthered our ability to achieve our strategic objectives.

Monitoring global risks using advanced mapping and quantitative analysis

Gold Fields utilises a number of external advisers and resources to enhance its monitoring and assessment of non-financial risks. Through these relationships, Gold Fields has access to an extensive portfolio of products and services that help it identify, assess and manage a range of risks and opportunities.

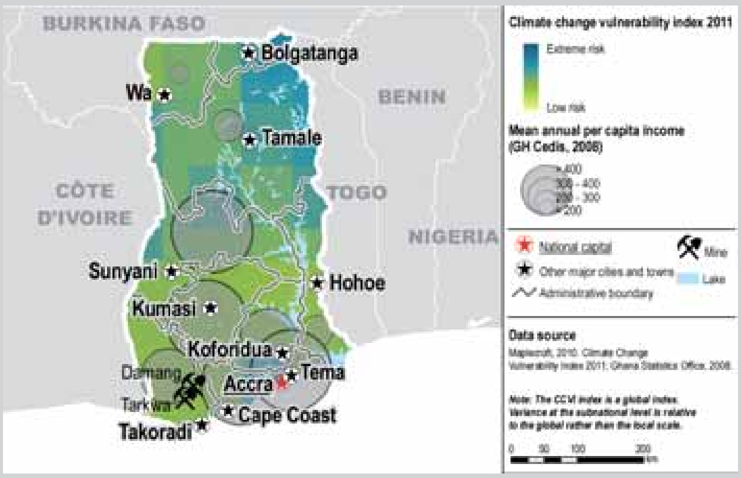
During C2010, these service providers and resources included Control Risks, Deloitte, International Mining Industry Underwriters (IMIU), the World Economic Forum Global Risks Network, Zurich and, most recently, non-financial risk analysis specialist Maplecroft. Gold Fields now has access to Maplecroft's Global Risks Portfolio. This portfolio includes:

- More than 500 risk indices and indicators
- More than 100 interactive maps
- An extensive range of country scorecards, briefings and in-depth reports

The Global Risks Portfolio covers a wide range of issues affecting extractive companies operating in often challenging business environments, including: political risk; human rights; labour standards; legal and regulatory risk; climate change; and water.

By incorporating the Global Risks Portfolio into its general risk management approach (i.e. in addition to the formal Enterprise-Wide Risk Management framework), Gold Fields ensures that it has a high-level and rigorous overview of the latent risks posed by each of its operating environments. As a result, it ensures that longer-term risks are identified and proactively managed.

Figure 2.10: Climate change vulnerability map, Maplecroft



http://www.maplecroft.com

Figure 2.11: Risk integration process

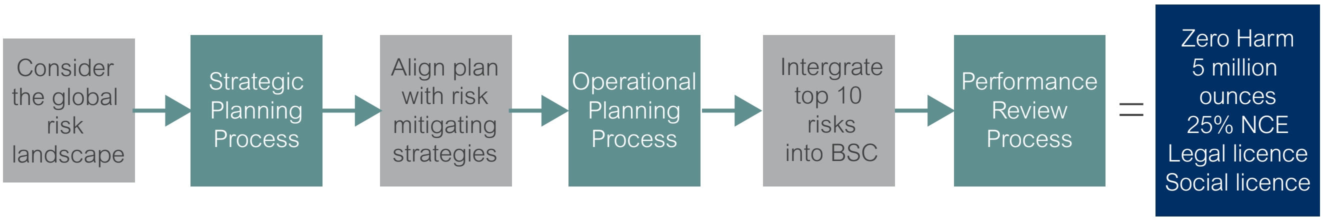


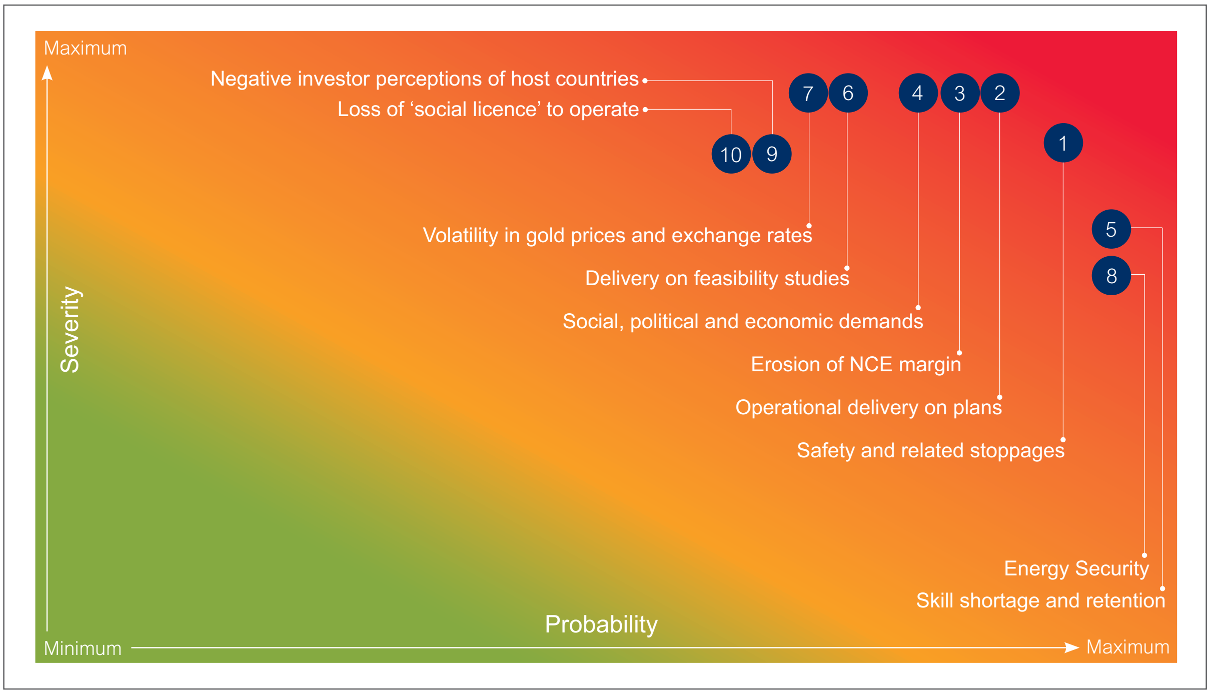
Figure 2.12: Risk profile

	Risk areas and tolerance levels			Key risk indicators		
	Risk area	Aspirations	Tolerance level	Actual C2009	Targets	Actual C2010
Optimise our assets	Safety	Zero Harm	Zero Harm	0.14	FIFR - Zero	0.11
				3.81	LTIFR – 25% less	4.38
				9.32	MTIFR – 25% less	7.09
	Health	Zero Harm	Zero Harm	On track	2013 milestones	On track
	Environment	Zero Harm	Zero - Level 4 and 5 incidents	Zero	Zero	Zero
	Business plan delivery	5m oz by 2015 NCE 25%	95% compliance to business plan	3.6m oz NCE 15%	3.6m oz NCE 15-20%	3.6m oz 19%
Securing our future responsibly	Human Resources	Pipeline of scarce and critical skills	60% - successor cover ratio	54%	60%	50%
	Licence to operate	Global leader in sustainable gold mining	Material compliance to all legal and social requirements	100%	Retention of licence to operate	100%
	Ethics and Corporate Governance	Full compliance – SOx and substantial compliance to King III	No material / significant failures	Nil	Nil	Nil
Growing Gold Fields	Capital Projects	Project delivered on time / budget	10 - 15% overrun	n/a	South Deep Athena Cerro Corona Oxide Project	On track
	Mergers & Acquisitions	Proper assessment of risk and returns commensurate with the risk	IRR 5% - Near-mine IRR 10% Greenfield	On track	As per tolerance level	On track
	Exploration	Appropriate balance between geological potential and political risk	Leaning towards greater geological potential in high risk areas	On track	As per tolerance level	On track

Targets achieved — Improved on previous year — Targets not achieved

Top 10 Gold Fields heat map

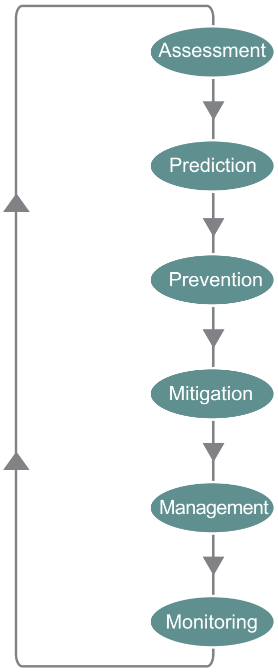
The heat map below sets out the Top 10 Group risks as identified through our Enterprise-Wide Risk Management (EWRM) process (p40). This represents the Group's 'top' operational, sustainability and financial risks, as extracted from regional and operational risk registers. 'Severity' is based on a pre-determined scale that uses defined measures depending upon the risk area being assessed. These include health and safety, business interruption, corporate image, environment and earnings/capital at risk. 'Probability' is based on both percentage probability (10% to 100%) and frequency (once every 50 years to once a week).



Gold Fields risk review process

- The Executive Committee of each operation and region conducts a risk review of the top risks and mitigating strategies on a quarterly basis
- The Mine Manager presents the top 10 risks and mitigation action performance to members of the ExCo during quarterly business reviews. The impacts of relevant mitigating actions are noted
- Next, the Group Risk Manager extracts all of the top risks from the regional and operational risk registers, and compiles the Group risk register
- The risks are then assessed and moderated in a Group context by the relevant risk owners and ExCo members
- A top risk register review is conducted and Group-wide mitigating strategies are set and monitored during the ExCo Risk Meeting
- A review of the top risks is conducted by the Audit Committee twice a year

Note: All mitigation actions are evaluated in order to assess their effectiveness



Risk mitigating strategies[1]	
Risk: Safety related stoppages	
1	◻ Renewed Safe Production Management approach, with a focus on engineering out risk and compliance ◻ Close engagement on safety with regulatory authorities and unions ◻ Enhanced accident investigation and safety discipline processes ◻ Implementation of comprehensive strategy aimed at achieving South Africa's 2013 mining industry milestones
Risk: Operational delivery on plans	
2	◻ Increased reserve flexibility through focused and accelerated underground mine development ◻ Enhanced blasting practices, dilution control and forecasting systems ◻ Enhanced planning processes and resources ◻ Enhanced management of mining mixes
Risk: Erosion of NCE margin	
3	◻ Ongoing business re-engineering in all regions, including ongoing identification of efficiencies by dedicated teams ◻ Monthly business reviews of every operation by senior Group executives ◻ Implementation of stricter cost controls and improved forecasting tools ◻ Shift to owner-operation at selected mines
Risk: Social, political and economic demands	
4	◻ Implementation of empowerment transactions to meet official transformation requirements in South Africa ◻ Implementation of Employee Share Ownership Plan for selected employees in South Africa ◻ Implementation of the AA 1000 stakeholder engagement standard and enhanced relationship-building ◻ Ongoing review of socio-economic development programmes
Risk: Skill shortage and retention	
5	◻ Provision of competitive compensation, benefits and incentive packages ◻ Strengthening of internal and external skills pipelines ◻ Repositioning of Gold Fields as an 'employer of choice', including career development and flexibility ◻ Implementation of recognition and reward schemes ◻ Proactive leadership development and talent management
Risk: Delivery on project feasibility studies	
6	◻ Roll-out and implementation of the new Capital Investment Framework in all regions ◻ Accelerated recruitment for gaps in project management staff ◻ Implementation of project risk management guidelines and establishment of project risk registers ◻ Establishment of a revised contracting strategy to mitigate delivery risks for individual projects
Risk: Volatility in gold prices and exchange rates	
7	◻ Ongoing business re-engineering in all regions ◻ Increased geographical and currency diversification ◻ Control of costs and output to maintain NCE margin of 20% in the short-term
Risk: Energy Security	
8	◻ Implementation of Group-wide power conservation/energy reduction strategy ◻ Investigation of alternative power supply and generation projects
Risk: Negative investor perceptions of host countries	
9	◻ Proactive engagement and communication with investors on issues of concern ◻ Increased geographical diversification
Risk: Loss of 'social licence' to operate	
10	◻ Development and implementation of a community communication strategy ◻ Proactive short-, medium- and long-term management of water quality and availability ◻ Roll-out of the Human Rights Toolkit across the Group

[1]See p20-23 and p43 respectively for associated business objectives for C2010 and C2011

2.3 Investor and stakeholder engagement

The sustainability of our business is highly reliant on proactive and frank stakeholder engagement. Our stakeholders include:

- Investors
- Unions and employees
- Governments and regulators
- Local communities
- NGOs and associations

Our engagement with stakeholders falls into two types. The first is direct engagement, including organised dialogues, roundtable discussions, one-to-one meetings, internal surveys and regular engagement with local communities at each operation. The second is indirect engagement, including the use of external benchmarks and standards that are designed to reflect and address societal expectations (see p40).

At an operational level, all of our mines identify, prioritise and engage stakeholder groups that have the potential to affect their operational, sustainability or financial performance. They do so in accordance with the AA 1000 Stakeholder Engagement Standard. At a strategic level, our corporate and regional management teams likewise implement an ongoing programme of direct and indirect engagement.

Relevant outcomes from our direct stakeholder engagements are logged and communicated through our Enterprise-Wide Risk Management process – and so form a vital part of our risk management (p40).

Despite significant recent progress, our drive for continuous improvement means we plan to continue strengthening our stakeholder engagement processes.

Local community members near Cerro Corona, Peru

Promoting grass-roots community engagement in the West Wits area

During C2010, Gold Fields helped finance community engagement workshops facilitated by independent environmental and social activist Mariette Liefferink. These workshops, which are initiated at the request of local communities in the Witwatersrand region, seek to raise awareness around some of the risks of living near traditional gold mining areas. These include, for example, risks around Acid Mine Drainage (AMD), dust pollution, as well as unfenced dam areas. In addition, workshop participants are asked to identify what they feel gold mining companies could be doing to better address these issues, as well as post-closure provision.

Ms Liefferink enjoys particularly high levels of trust within community and activist circles, due to her history of effective environmental and social whistleblowing. This has seen her identify a range of issues requiring action on the part of mining companies working in the Witwatersrand area, including Gold Fields. It is as a result of this history of full and frank communication – and in some cases criticism – that Gold Fields supports Ms Liefferink's grass roots engagement efforts. The anonymous information generated through her workshops, is invaluable in terms of our efforts to tailor our environmental and social activities around stakeholder concerns and expectations.

In addition to this workshop programme, Ms Liefferink provides us with feedback on key environtmental issues that we and other gold mining companies face in the Witwatersrand area and also assists us in our communications with farmers neighbouring our operations.

> "Although I will continue to highlight issues where circumstances require it, I can say that Gold Fields has more than demonstrated its desire to ensure grass root community concerns are fully incorporated into its environmental and social programmes"

Ms Mariette Liefferink, CEO, Federation for a Sustainable Environment

Mariette Liefferink in discussion with Gold Fields CEO Nick Holland

Figure 2.13: Table of relevant and material issues raised by stakeholders and location in the Annual Report

Stakeholder(s)	Issue(s)	Stakeholder details	Region(s)	Frequency of engagement	Page
Investors	Health, safety and impact on production	General	South Africa	Quarterly, as well as regular presentations, notices and meetings throughout the year	71-77
	Achievement of 2014 equity ownership targets	General	South Africa	Annual results presentation, circular and meetings around the event	173-174
	Uncertainty around mining rights and security of tenure	General	South Africa	As requested	173
	Labour intensity and productivity levels at our underground operations	General	South Africa	Quarterly, as well as regular presentations, notices and meetings throughout the year	61-63
	Union activity, including strike at South Deep in October 2010	General	Ghana and South Africa	As requested and notices where relevant	146
	High energy prices and threats to electricity supply	General	Ghana and South Africa	Quarterly, as well as regular presentations, notices and meetings throughout the year	67-69
	Exposure to future increases in mineral royalties and taxes	General	All Regions	As requested and notices where relevant	174-175
	Exposure to international currency fluctuations	General	Australia and South Africa	Quarterly, as well as regular presentations, notices and meetings throughout the year	41
	Regulatory and reporting compliance (including King III, SEC, NYSE, etc.)	General	All Regions	As requested and notices where relevant	26-27
	Effective risk management (short-, medium- and long-term) and business sustainability	General	All Regions	Quarterly, as well as regular presentations, notices and meetings throughout the year	40-45
Unions and employees	Improved safety performance and two-way engagement between managers and mining teams	National Union of Mineworkers, Solidarity and the United Association of South Africa	South Africa	At mine level – daily, weekly and monthly. At senior level at least twice a year	71-77, 172
	Increased remuneration across the workforce	Ghana Mineworkers' Union and National Union of Mineworkers	Ghana and South Africa	Wage increases discussed every two years in South Africa, and annually in Ghana	142-146, 148
	Avoidance of compulsory redundancies during business re-engineering	National Union of Mineworkers, Solidarity, and the United Association of South Africa	South Africa	Meetings around the event	61-63
	Improvements to high-density accomodation and management of challenges around the payment of Living Out Allowances	National Union of Mineworkers	South Africa	Regular interaction at mine level and during remuneration negotiations (see above)	152-155
	Provision of internationally competitive remuneration and benefits packages	Managers and engineers	Australia, Ghana, South Africa	Regular engagement as part of routine human resources procedures	142-146, 148
	Workforce transformation, including Ghanaian nationals, Historically Disadvantaged South Africans and women	General	Ghana and South Africa	Regular engagement during routine union engagements	147-148
	Employee access to Voluntary Counselling and Testing (VCT) and Highly Active Anti-Retroviral Treatment (HAART)	General	South Africa	Regular engagement during routine union engagements	150-151

Figure 2.13: Table of relevant and material issues raised by stakeholders and location in the Annual Report					
Stakeholder(s)	Issue(s)	Stakeholder details	Region(s)	Frequency of engagement	Page
Governments	Empowerment, transformation and adherence to the revised Mining Charter	Department of Mineral Resources (DMR)	South Africa	Frequent, close cooperation throughout the year, including participation in the Mining Industry Growth, Development and Employment Task Team (MIGDETT)	173-174
	More effective safety management to eliminate fatalities and serious injuries	Mine Inspectorate of the DMR	South Africa	Frequent, close cooperation throughout the year, including guidence on meeting 2013 Health and Safety Milestones	71-77
	Reduction of energy consumption	Relevant energy departments, the Electric Company of Ghana, the Volta River Authority and Eskom	Ghana and South Africa	Regular engagement throughout the year, including through the Energy Intensive Users Group at the South African Chamber of Mines and directly	67-69
	Enhanced taxation and royalty payments amid high commodity prices and weak public finances	Relevant finance departments	All Regions	At least once/twice a year through local Chambers of Mines, and directly where required	174-175
	Effective water management and regulation, including water quality, availability and compliance	Relevant environmental departments and water utilities	All Regions	Regular engagement through routine water quality monitoring and high level engagement through local Chambers of Mines	88-91
	Approval of mining and other permits	Relevant government departments	All Regions	Engagement as required	173
	Disclosure and management of carbon emissions, including development of cap and trade schemes, and carbon taxation	Australian Department of Climate Change and the South African Department of Environmental Affairs	Australia and South Africa	At least once a year	84-87
	Enhanced transparency around payments in mineral value chains, as well as the sourcing of minerals from conflict areas	Government of the United States	All Regions	At least once/twice a year via the World Gold Council	171, 176
	Reducing the risk of future Acid Mine Drainage from closed mines in the West Wits Rand area	Department of Water Affairs	South Africa	Frequent engagement throughout the year, in some cases monthly - both directly and via the South African Chamber of Mines	80, 88-89
	Native title and traditional heritage issues	Department of Indigenous Affairs, Government of Western Australia	Australia	As required, including registration of identifed heritage sites	169-170
	Environmental impact of mining activities	Environmental Protection Agency	Ghana	At least once a year	78-91

Figure 2.13: Table of relevant and material issues raised by stakeholders and location in the Annual Report

Stakeholder(s)	Issue(s)	Stakeholder details	Region(s)	Frequency of engagement	Page
Local communities	Generation of direct employment opportunities for local people	Local communities at Damang and Tarkwa in Ghana The El Tingo and Hualgayoc communities in Peru The West Rand communities in South Africa Communities around Yanfolila (Mali), Chucapaca (Peru) and the Mankayan municipality (the Philippines)	Ghana, Peru, South Africa and exploration locations	Frequent engagement throughout the year, in some cases weekly	157, 163, 166
	Maintenance of local water quality through pollution control, infrastructure development and community monitoring	Tarkwa communities in Ghana, the El Tingo and Hualgayoc communities in Peru, and communities in the West Wits region of South Africa	Ghana, Peru and South Africa	Regular engagement throughout the year, in some cases monthly	79-81, 87-91
	Broader access to socio-economic development programmes, including education and healthcare services, as well as agricultural support programmes	General	Ghana, Peru and South Africa	Regular engagement throughout the year, in some cases monthly	156-168
	Management of the impact of mining activities on local farming, including compensation and resettlement	Local communities at Damang and Tarkwa in Ghana, and communities around South Deep mine in South Africa	Ghana and South Africa	Frequent engagement throughout the year, in some cases weekly	156-157, 169-171
	Identification and protection of indigenous heritage	Indigenous communities near the Agnew mine	Australia	As required	169-170
NGOs and Associations	Water quality at Gold Fields operations, including specific concerns around Acid Mine Drainage and uranium pollution	Wonderfonteinspruit Action Group	South Africa	At least twice a year	88-91
	Preservation of biodiversity inside and outside our concession areas	Ghana Wildlife Society, Leadership for Conservation Africa	Ghana	Frequent, including regular participation on steering commitee of Ghana Chapter of LCA	82-83
	Carbon disclosure and management	Carbon Disclosure Project	Australia, South Africa	Once a year	84-87
	Environmental impact of mining activity on farmers, including dislocation	DanWatch	Ghana	As required	78-81, 170-171
	Prevention of 'conflict gold' from entering the global gold value chain	International Council on Mining and Metals, World Gold Council, Global Witness	All Regions	As requested	176

Soccer clinic at KDC, South Africa

3. Optimising our operations

3. Optimising our operations	
3.1 Ensuring our mines deliver	Page 54
3.2 Keeping our employees safe and productive	Page 71
3.3 Protecting and respecting our environment	Page 78
3.4 Regional overview: Australasia	Page 92
3.5 Regional overview: South Africa	Page 96
3.6 Regional overview: South America	Page 102
3.7 Regional overview: West Africa	Page 106

22%
Increase in attributable gold production in South America Region (C2009 to C2010)

11.2%
Increase in attributable gold production in West Africa Region (C2009 to C2010)

1st
Gold Fields joint position in the 2010 Carbon Disclosure Leadership Index for the JSE

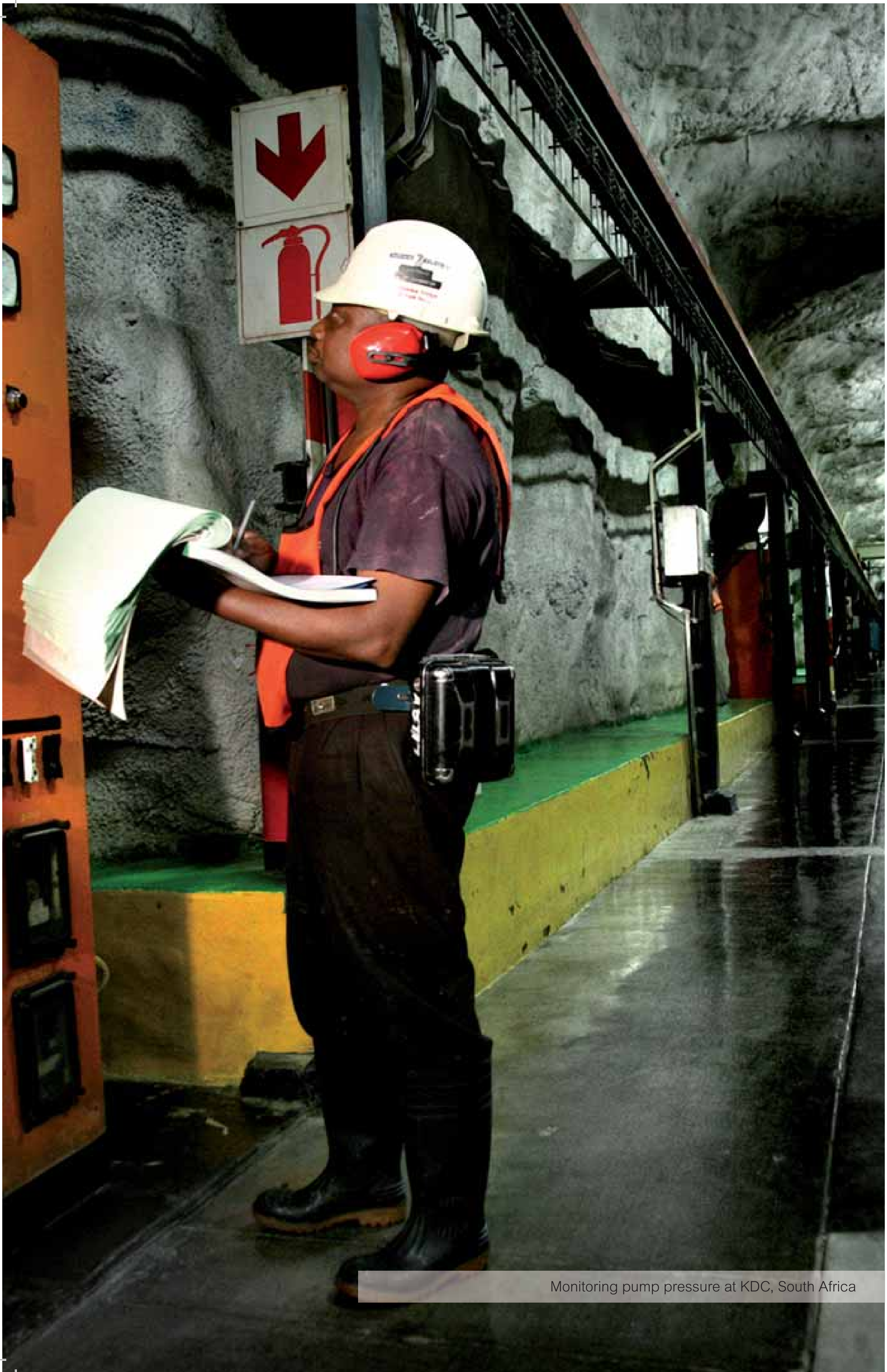
14%
Reduction in energy intensity against 2008 baseline

39.1%
Reduction in Level 2 and Level 3 environmental incidents

R14.5bn
Operating profit in C2010

'Optimising our operations' means bringing our attributable Mineral Resources of more than 225 million gold equivalent ounces and attributable Mineral Reserves of 77 million gold equivalent ounces to account in a way that is cost effective, safe and environmentally responsible. Our mine portfolio is world class – but we are conscious that our operations can do more. As a result, our focus is on:

- Maximising the operational potential of our mines, including investment in mechanisation, infrastructure development, mining flexibility and ore reserve development
- Pursuing 'Zero Harm' through our Safe Production philosophy, including particular focus on the provision of a safe working environment and a transformation in the attitudes, behaviour and accountability of our employees
- Minimising our environmental impact, including projects to minimise pollution risks, maximise energy efficiencies, manage our carbon impacts and plan for the eventual closure of the mine



Monitoring pump pressure at KDC, South Africa

3.1 Ensuring our mines deliver

Achieving our Goal of 5 million quality ounces in development or production by 2015 requires all of our regions to deliver a sustainably rising production trend. The achievement of this Goal continues to be underpinned by:

- Completion of our South Deep underground project, which is due to reach full production of more than 750,000 ounces a year by the end of C2014
- Maintenance of broadly stable production at our mature Kloof-Driefontein Complex (KDC) and at our Beatrix mine. This includes the reduction of unplanned safety closures, an increase in ore reserve development and enhanced mining flexibility
- Exploitation of near-mine organic growth opportunities in our Australasia, South America and West Africa Regions
- Realisation of our resource development and feasibility projects at (Chucapaca, Yanfolila, Far South East and Arctic Platinum projects) (p117,120-123)

During C2010, our approach has helped us maintain our annual attributable production at 3.5 million ounces of gold (C2009: 3.6 million ounces). This – in combination with our major production growth projects – puts us in a strong position to meet our 2015 target.

We have also further diversified our production profile, with our non-South African production increasing by 10.2% to 1.63 million ounces. This means we have now achieved an attributable production ratio of 47:53 with respect to our non-South African and South African operations (C2009: 42:58), putting us closer to our longer term target of a 60:40 production ratio.

The number of ounces we add to our portfolio is not the only reference point of our production strategy. The Gold Fields Vision of being the global leader in sustainable gold mining, as well as our Values, require that our growth should:

- Show ever-decreasing NCE costs
- Increase the ounces produced per share
- Enhance cash returns on a per-share basis

While our NCE margin showed a slight decline in C2010 compared to C2009, during the course of C2010 itself, the margin improved from 9% in the March quarter to 20% in the December quarter. This is a noteworthy achievement considering that this figure includes the costs entailed in the construction and development of our South Deep mine (p57-58,67,100).

Furthermore, our growth must be sustainable. This means not making short-term compromises – operational, environmental, social or otherwise – that will undermine our long-term growth and performance.

Figure 3.1: Group operational performance

Key operating statistics	C2010	C2009	C2008	C2007	C2006
Gold produced – attributable (kg)	108,802	111,421	103,541	122,367	124,419
Gold produced – attributable ('000oz)	3,497	3,582	3,329	3,934	4,000
Total cash cost (R/kg)	165,526	146,456	138,665	95,846	75,377
Total cash cost (US$/oz)	703	540	526	423	347
Notional Cash Expenditure (R/kg)	239,796	210,215	210,827	139,796	103,038
Notional Cash Expenditure (US$/oz)	1,019	776	800	618	474
Gold price (R/kg)	287,150	261,517	228,160	157,275	132,655
Gold price (US$/oz)	1,220	965	865	695	610
Operating profit (Rm)	14,469	13,589	9,427	7,568	7,161
Operating costs (Rm)	20,082	18,368	16,026	12,947	10,611
Operating margin (%)	42	43	37	37	41
NCE margin (%)	17	20	8	11	22

3.1.1 Group operational performance

Figure 3.2: Attributable gold production ('000oz)

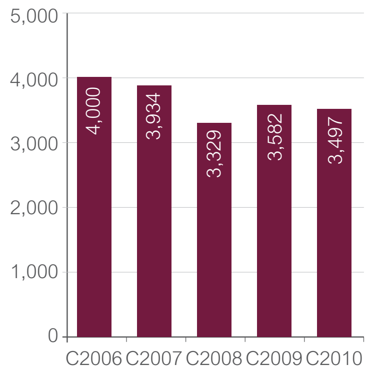


Figure 3.3: NCE margin (%)

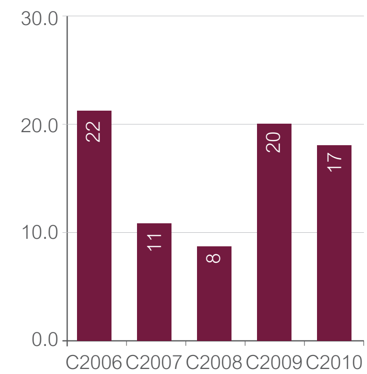
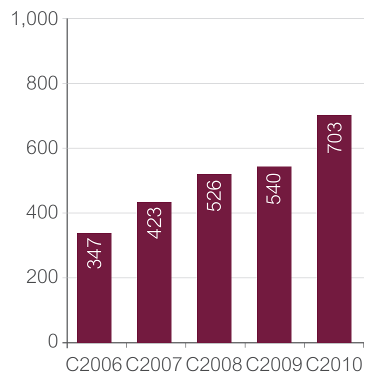


Figure 3.4: Total cash costs (US$/oz)



3.1.2 Maintaining focus on operational excellence

Achievement of our Goal of 5 million ounces, either in production or development, by 2015 requires that our mines deliver at their optimum, whilst not compromising future production potential. Over the course of C2010, we have taken a range of measures to achieve the maximum sustainable output possible, whilst also improving our Notional Cash Expenditure (NCE) margin.

Australasia Region

During C2010, we continued to stabilise our mining operations in Australia to provide a solid platform for future production expansion. This includes a focus on leveraging our existing footprint through the exploitation of near-mine production opportunities.

Both St Ives and Agnew generated excellent growth in their reserve base, with an 8% rise for Agnew to 1.3 million ounces and a 28% increase for St Ives to 2.8 million ounces. These increases to the Mineral Reserves provide significantly improved flexibility for long-term planning and operational improvements. They have also extended the mine life for Agnew to at least seven years and to five years at St Ives. Prospects remain good for locating new ore bodies and therefore extending the life of both mines.

We have seen improved production performance at our St Ives mine throughout C2010, with output reaching more than 125,000 ounces per quarter in the December quarter (compared to 96,000 ounces per quarter a year earlier). In part, this is due to the achievement of a low strip ratio, disciplined scheduling and enhanced mining plans. In addition, the stabilisation of ground conditions has helped us achieve steady production at our Belleisle shaft.

We are planning to consolidate production at St Ives, as new open pits become operational in C2011.

Figure 3.5: Australasia Region operational performance

Australasia Region	C2010	C2009	C2008	C2007	C2006
Gold produced – attributable ('000oz)	620	602	616	652	716
Total cash cost (A$/oz)	753	729	669	548	458
Notional Cash Expenditure (NCE) (A$/oz)	1,072	976	912	757	644
Gold price (A$/oz)	1,334	1,241	1,034	835	860
Operating profit (A$m)	369	313	214	179	255
Operating margin (%)	45	42	34	33	41
NCE margin (%)	20	21	12	9	25

Along with the completion and commissioning of operations at the Athena project and the start of construction at the Hamlet underground project (p118), this will improve mining flexibility and sustainability of production.

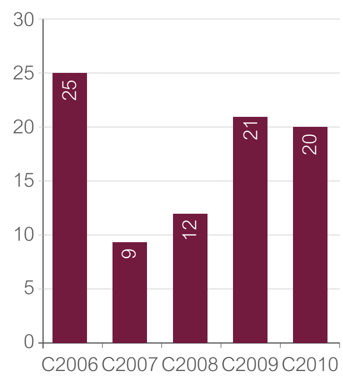
The Business Process Re-engineering (BPR) programmes at St Ives have identified a number of further operational and cost efficiency improvements around the heap leach operation, Lefroy mill and increased owner operations (p64).

As with other mining companies, our operations in Australia are facing considerable challenges in terms of competition for labour. The 'fly in, fly out' nature of the local labour market in Western Australia has contributed to a staff turnover rate of about 30% at both operations. We are enhancing our human resources development programmes (p114-146) as well as our attraction and retention policies. Likewise, improvements to our production efficiency are delivering more bonuses to our personnel. As a result, retention is already showing signs of improvement.

At our Agnew mine, production fell in the first two quarters of C2010. This was due to adverse ground conditions and an associated paste failure in the deeper levels of the Kim ore body.

This restricted our access to higher-grade stopes, instead forcing us to concentrate on the development of lower-grade and out-of-sequence stopes.

Figure 3.6: Australasia Region NCE margin (%)



In addition, our transition to owner mining caused a temporary dip in production in mid-C2010, whilst laying the ground for a sustained reduction in our production costs (p65). Despite these short-term challenges, Agnew increased production to historical levels by the end of the year.

This has largely been due to:

- Stabilisation of ground conditions and a return to 'in-sequence' mining at the Kim ore body
- Improved production from the Rajah and Main ore bodies
- Completion of the owner mining transition process

We are also placing particular focus on extending the life of the Agnew mine, and improving production flexibility through the identification of new ore sources, especially in the Waroonga underground complex, which contains the Main, Rajah and Kim ore bodies. Exploration in this area included an extensive directional drilling programme aimed at the underground extension and reserve delineation of the Kim south deposit. As a result of this process, we have now successfully delineated the Kim ore body at depth – helping the mine achieve its goal of seven years of Mineral Reserves by the end of C2010 (p130). During C2010, we extended this process to the Main ore body. The substantial increase in Agnew's Mineral Reserves was one of the key reasons behind our decision to shift towards owner mining (p65).

In addition, C2010 saw increased levels of development at our Waroonga Complex, as well as the installation of a new reverse airway ventilation shaft to service the lower levels of the Kim ore zone. Together, this has done much to enhance the operational sustainability and flexibility of the mine.

Agnew engaged external consultants to assist with improving the performance of the newly acquired owner mining fleet and surpassing historical productivity levels. Despite a temporary impact on short-term production, this will improve the cost profile of the mine in the long-term.

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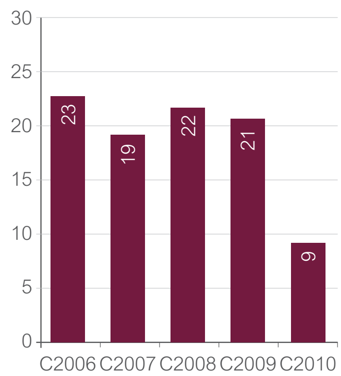
South Africa Region

The operational sustainability of our mines in South Africa continued to be an area of strategic focus in C2010. This includes efforts to improve our operational efficiency and reverse a declining production trend, which is essential to ensure that the South Africa Region continues to play its central role in Gold Fields production portfolio. This is vital, given that the region continues to host the majority of our Mineral Reserves (78.6% or 60.2 million ounces).

Our production portfolio in South Africa is based on two pillars: our mature KDC and Beatrix mines on the one hand, and our new South Deep mine on the other. By maintaining production at our mature mines and boosting production at South Deep, the South Africa Region is on track to contributing between 2 and 2.3 million ounces to Group production by 2015. Depending on development progress at South Deep, it may even exceed this. As a result, the South Africa Region remains central to the achievement of our Goal of 5 million ounces in production or development by 2015.

During C2010, we achieved significant progress in terms of optimising production and improving NCE at our mature mines.

Figure 3.8: South Africa Region NCE margin – excluding South Deep (%)



This has been due to:

- Improving safety performance (p71-77), including a reduction in fatalities. Along with constructive engagement with safety regulators, this has helped us avoid unplanned, mine-wide safety closures, which have traditionally been one of the primary challenges to achieving production stability
- Improved ore reserve development, including development at all long-life shafts at KDC and Beatrix, to make available a minimum of up to two years of opened-up Mineral Reserves

Figure 3.7: South Africa Region operational performance

South Africa Region	C2010	C2009	C2008	C2007	C2006
Gold produced – attributable (kg)	58,029	65,178	64,250	83,600	81,388
Gold produced – attributable ('000oz)	1,866	2,095	2,066	2,688	2,617
Total cash cost (R/kg)	197,156	154,205	136,848	95,225	76,516
Total cash cost (US$/oz)	838	569	519	421	352
Notional Cash Expenditure (NCE) (R/kg)	285,566	224,677	196,308	136,023	102,005
Notional Cash Expenditure (NCE) (US$/oz)	1,213	829	745	601	469
Gold price (R/kg)	287,513	260,945	229,614	156,974	131,056
Gold price (US$/oz)	1,222	963	871	694	603
Operating profit (Rm)	5,008	6,499	5,532	4,804	4,159
Operating margin (%)	30	38	37	36	39
NCE margin (%) – including South Deep	1	14	15	13	22
NCE margin (%) – excluding South Deep	9	21	22	19	23

Furthermore, we are now employing mechanised techniques at most flat development ends at our long-life shafts. This is helping boost efficiency whilst also reducing safety risks. Our focus on development has been particularly important due to the earlier diversion of crews to install secondary support in our mines. Whilst essential from a safety perspective, this contributed to a development backlog

- Reduced energy consumption at KDC and Beatrix, which has helped cut down on operational costs. Although this has been partly offset by the ramp-up of production at South Deep. By the end of C2010, the Region had achieved a 14% saving against its baseline target
- Overall reductions in cost, delivered through our Project Blueprint business re-engineering programme, which was launched during C2010 (p62). Project Blueprint is aimed at identifying opportunities to introduce operational and strategic efficiencies across the whole of the region, to support sustainable gold production at an NCE margin of 20% in the short-term and 25% beyond this
- Consolidation of our Kloof and Driefontein operations into KDC to reduce the size of our executive teams, exploit operational synergies and improve organisational design. The merging of our management teams at Kloof and Driefontein with that of the South Africa Region has resulted in a reduction of about 115 senior to mid-level managers.

  The closure of the regional office in Johannesburg also ensured that management accountability moved closer to the operations
- We have developed an integrated mining quality framework to improve the delivery of ore to the processing plants at our more mature KDC and Beatrix mines. This framework is gaining traction in terms of the management of face advance, rock fragmentation, mining widths, underground tonnage accumulations, dilution, sweepings and mining mix

It is in this context that we are pushing ahead with the development of the long-life South Deep mine. Progress has been excellent, with work taking place on time and within budget.

Survey measurement at South Deep, South Africa

The efficient development of the South Deep mine has been assisted by:

- Ongoing re-modelling of the ore body to enhance mine design and scheduling through better definition of ore grade and tonnage
- A new capital development and construction plan backed by a comprehensive Capital Investment Framework (p115)
- Full mechanisation of all mining activities

The ramp-up of production at the mine is also progressing well. Mechanised production, which started in C2007, had already reached 274,000 ounces at the end of C2010. Although NCE at South Deep will remain high during the capital development phase, it is expected to decline from C2013, as production ramps-up and the infrastructure expansion is completed.

During C2010, we have worked hard to increase production at South Deep, using innovative mine development methods. These include our horizontal de-stress cut methodology and the implementation of full mechanisation. Good progress has been made in the construction of the Ventilation Shaft, which remains on track for commissioning as planned by July 2012. This will add the substantial new hoisting capacity required for production ramp-up (p67,100). Other planned work to support the development of South Deep includes:

- Development below 95-level at about 4,500 meters a year
- Expansion of the processing facilities from 220,000 tonnes per month (tpm) to 330,000 tpm, scheduled for December 2012
- Construction of a new tailings storage facility on schedule for commissioning in July 2011 (p80)

http://www.goldfields.co.za/

Efficient waste rock processing at KDC through the GROWTH Project

The Gold Recovery Opportunities from Waste Treatment Holistically Project (GROWTH Project) is an innovative, capital efficient initiative to reprocess low-grade surface rock dumps (SRDs) at KDC. Significant SRDs have accumulated as a by-product of mining and processing operations at KDC's Kloof operation, since it first commenced operations.

GROWTH uses the transportable 'Python' gravity concentration plant, which together with automatic Optical Ore Sorting of the reef fraction, results in significant upgrading of the gold grade, as well as direct disposal of the relatively gold free waste fraction. The Python plant is highly versatile and can be disassembled and reassembled at a different site within weeks, which enhances operational flexibility.

The processing capacity of the Python plant compares well to conventional low-grade milling plants. We will use the plant to process 140,000 tonnes per month (ktpm) of material from the SRDs at the Kloof operation. The +50mm fraction is discarded after screening with 100ktpm of -50mm material being fed directly to the washing section ahead of the Optical Ore Sorters. The sorters treat the +20mm-50mm fraction (75ktpm), with 65ktpm being discarded to waste. Approximately 35ktpm material is then fed to the Python plant. Gold grade is increased by a factor of four and the process is expected to achieve overall recovery of approximately 85%.

The GROWTH Project was approved by the Gold Fields Board in May 2010. Formal civil construction activities began at the Kloof 1 Plant site in October 2010 with 'hot' commissioning commencing three months later in January 2011. The plant is scheduled to reach full production of approximately 64kg of gold per month by end May 2011.

'Python' gravity concentration plant, KDC

South America Region

During C2010, we achieved continued production improvements at our Cerro Corona mine in Peru. In line with our mine development plan, we mined a total of 13.2 million tonnes of ore and waste, and processed a total of 6.1 million tonnes of ore. We managed to exceed our output targets through the optimisation of our recoveries, producing a total of 406,300 gold-equivalent ounces – a 22.2% increase on C2009. We are now focusing on optimisation and growth. During C2010, this included the following projects:

- Construction of the second raise of the tailings dam. This challenging, high altitude project was completed on schedule and within budget
- Improvements to our sulphide processing plant, which increased throughput by 7% to 800 tonnes per hour
- Initiation of a detailed design and feasibility study for the implementation of a processing plant to treat stockpiled oxide (p65)

Figure 3.9: South America Region operational performance

South America Region	C2010	C2009	C2008
Gold produced – attributable gold-equivalent ('000oz)	328	268	60
Gold produced – attributable ('000oz)	152	137	33
Copper produced – attributable ('000 tonnes)	41	37	7
Total cash cost (US$/oz)	363	361	380
Notional Cash Expenditure (NCE) (US$/oz)	532	626	1,560
Gold price (US$/oz)	1,201	970	658
Operating profit (US$m)	341	206	19
Operating margin (%)	71	62	43
NCE margin (%)	56	35	-137

Progress was accompanied by continued improvements of our operational routine. This includes, for example, the consolidation of our comprehensive plant maintenance programme, based on preventative, corrective and predictive maintenance. As a result, we have much reduced the risk of future mill stoppages. As with our other international regions, the South America Region is on track to achieve 1 million ounces a year in production or development by 2015. We aim to achieve this through near-mine exploration in and around Cerro Corona (p119) and through greenfields exploration projects in other locations within the country (p124), led by our Chucapaca project in southern Peru (p122).

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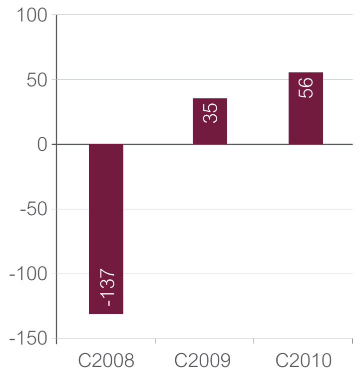
Figure 3.10: South America Region NCE margin (%)



Cerro Corona, Peru

West Africa Region

The West Africa Region is in an excellent position to reach its objective of achieving at least 1 million ounces of attributable gold in production or development by 2015.

Our focus is on maximising our margins to ensure the continued commercial sustainability of our operations. This includes growing our Mineral Resources and Reserves at Damang, as well as optimising production and leveraging our existing assets at Tarkwa. It also requires particular focus on reducing our costs. This is particularly important given a number of external risks to our profitability in Ghana, such as increased labour costs, rising staff turnover, increases in fuel, power and commodity prices together with a 5% increase in royalties from April 2011. Although none of these in any sense represent a serious threat, it does mean our operations cannot operate on a 'business as usual' basis.

At Tarkwa, we are continuing to maintain our levels of production through the optimisation of mining and processing efficiencies. As a result, this is providing greater operational flexibility. Maintaining production output is vital to improve our NCE margin and production levels. During C2010, mining equipment availability, as well as cost and output performance, has been significantly improved by converting from contract to owner maintenance. We have implemented a number of other initiatives to ensure production continues to remain commercially sustainable. An example of this has been the commissioning of the expanded Carbon-in-Leach (CIL) plant at the mine.

Figure 3.11: West Africa Region operational performance

West Africa Region	C2010	C2009	C2008	C2007	C2006
Gold produced – attributable ('000oz)	685	616	587	595	667
Total cash cost (US$/oz)	594	522	526	404	334
Notional Cash Expenditure (NCE) (US$/oz)	865	714	892	658	445
Gold price (US$/oz)	1,225	965	863	695	603
Operating profit (US$m)	4,495	3,296	2,262	1,708	1,704
Operating margin (%)	52	47	39	42	45
NCE margin (%)	29	26	-3	5	26

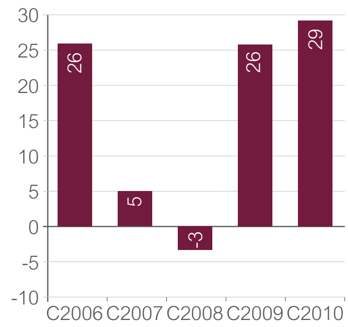
The plant has performed well, achieving world class levels of recovery and efficiency. This has helped the mine reach a new production record of 200,000 ounces in the December quarter of 2010 and puts Tarkwa in line for a sustainable production build-up to between 720,000 and 760,000 ounces a year.

In addition, we are using state of the art modelling techniques to help review our mining process and reduce the cost of our capital strip. This will have a significant impact on our NCE margin.

Other planned initiatives include the review of processing options to fully exploit the extensive Mineral Reserve available. Key projects aimed at enhancing the production performance and cost profile of Tarkwa in C2010 included:

- Implementation of BPR
- An extensive capital waste mining programme, including examination of ways to improve blasting efficiency and so reduce stripping costs
- Expansion of our heavy mechanical equipment facilities and a successful shift to owner maintenance
- Investigation of environmentally sustainable co-disposal methods that allow for the pumping of tailings into existing waste rock dumps

Figure 3.12: West Africa Region NCE margin (%)



- Retreatment of existing heap leaches and supplemental production at the South Heap Leach High-Pressure Grinding Rolls (HPGR) project
- Implementation of a feasibility study on optimal ore processing options to improve ore recoveries
- Alternative energy option studies

Collectively, these major initiatives will help ensure Tarkwa continues to maintain its position as a world-class gold mine.

Similarly, our Damang mine has had a strong year, both in terms of the upgrading of its production capacity and the extension of its life of mine.

Traditionally, Damang has processed a lower-grade, softer oxide-ore blend. However, our exploration and development activities at Damang are now focusing on the generation of higher-grade and harder 'fresh' ore (p65,109).The investment in the new secondary crusher last year was partially to deal with a harder ore-mix. The crusher was successfully commissioned, resulting in an increase in production to 60,000 ounces in the December quarter as it reached full capacity (p65, 109). As a result, production at the mine is expected to reach between 220,000 and 250,000 ounces a year in C2011. The new crusher – in combination with the ongoing delineation of new ore sources at the mine (p119) – means there is strong potential to take production beyond these levels.

Our considerable investment in near-mine exploration and the growth of new Mineral Resources has increased the life of the mine from 2014 to 2020.

Key projects undertaken in C2010 to prepare for the development of what looks like an increasingly large ore body at Damang, include:

- A successful shift to owner maintenance and mining to reduce costs (p64, 109)
- An extensive capital waste mining programme
- Ongoing resource and reserve drilling

As part of our longer-term vision, and depending on the size of the ore bodies, we will study potential processing synergies with Tarkwa or the establishment of new infrastructure at Damang.

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3.1.3 Achieving efficiencies through business re-engineering

Gold Fields has implemented comprehensive BPR programmes in our South Africa Region, as well as at our Tarkwa mine in Ghana and St Ives mine in Australia. These are aimed at ensuring that each of these operations achieves a minimum 20% NCE margin in the short-term. NCE is our most important measure of financial performance, as it drives free cash flow generation.

Project Blueprint in South Africa

BPR is playing a particularly important role in South Africa – without compromising our Social and Labour Plan commitments. This is due to the strategic need to address some of the long-term cost dynamics affecting our operations. During C2010, Project Blueprint has enabled us to identify a range of efficiency measures across the region (p62-63). This is with the aim of achieving sustainable gold output at an initial NCE margin of 20% in the short-term, and 25% beyond this. In particular, we plan to reduce our costs in the region by between R500 million and R1 billion (US$68.3 million and US$136.6 million) over the next two years. This will help us absorb some of the inflationary pressures we are facing in terms of input costs.

Specific objectives under Project Blueprint include:

- A flattening of our organisational structure
- Improved flow of workers and materials to and from the stope
- Reductions in the cost-intensive footprints of our operations

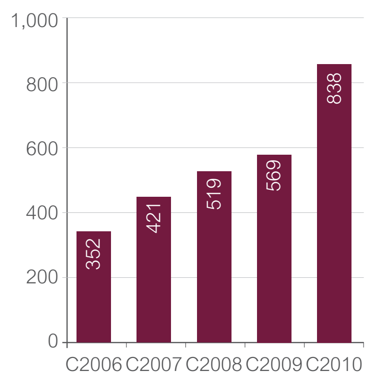
Through this approach, we plan to achieve commensurate improvements in operating costs at our KDC and Beatrix mines and so improve their sustainability.

Many of these savings are being achieved through the careful management of our labour costs, which amount to more than half of our operational costs in the South Africa Region.

Our initial implementation of this model resulted in cost savings of around R200 million (US$27 million) in C2010. We have achieved this without any compulsory redundancies. Instead, our labour processes have relied on voluntary exits and natural turnover, as well as improvements in employee productivity. Project Blueprint also saw the merger of our Kloof and Driefontein mines into the KDC. This has helped us to considerably reduce our executive structures in the region and harness a range of operational efficiencies.

As we push towards achieving an NCE margin of 20% over the next year, we will continue to focus on our operational sustainability. This means maintaining the infrastructure development projects that will underpin our performance in the longer-term. These will also help us improve the capacity of our shafts, and so reduce our unit costs.

Figure 3.13: Total cash cost (US$/oz) – South Africa Region



PROJECT BLUEPRINT - BUSINESS RE-ENGINEERING IN SOUTH AFRICA

During C2010, we embarked on a Business Process Re-engineering (BPR) programme referred to as Project Blueprint. Project Blueprint aims to establish a new and sustainable operating model for the South Africa Region, together with an appropriate organisational structure. This is expected to support sustainable gold output at a Notional Cash Expenditure (NCE) margin of 20% in the short-term and more than 25% in the longer-term.

Project Blueprint involves a review of the underlying organisational structures of our South Africa mines, as well as our operational production processes from the stope to the mill. It aims to address declining NCE margins, which have fallen towards a level of around 15%. This has largely been caused by:

- Declining production volumes and lower ore grades, which has resulted in lower gold production
- Above inflation increases in operating costs, led by increasing electricity tariffs and rising global commodity prices
- Sub-optimal labour productivity

Project Blueprint comprises two main work streams, focusing on NCE management and safe production volume uplift. Key initiatives being implemented under these two work streams are outlined below.

NCE management

Volume uplift

1. Re-organisation of our South Africa operations. The Driefontein and Kloof operations have been combined into the Kloof Driefontein Complex (KDC), whilst senior management structures have been merged to form a new management team. We are also revising the organisational design of Beatrix and South Deep to ensure they are fit for purpose in our new organisational structure

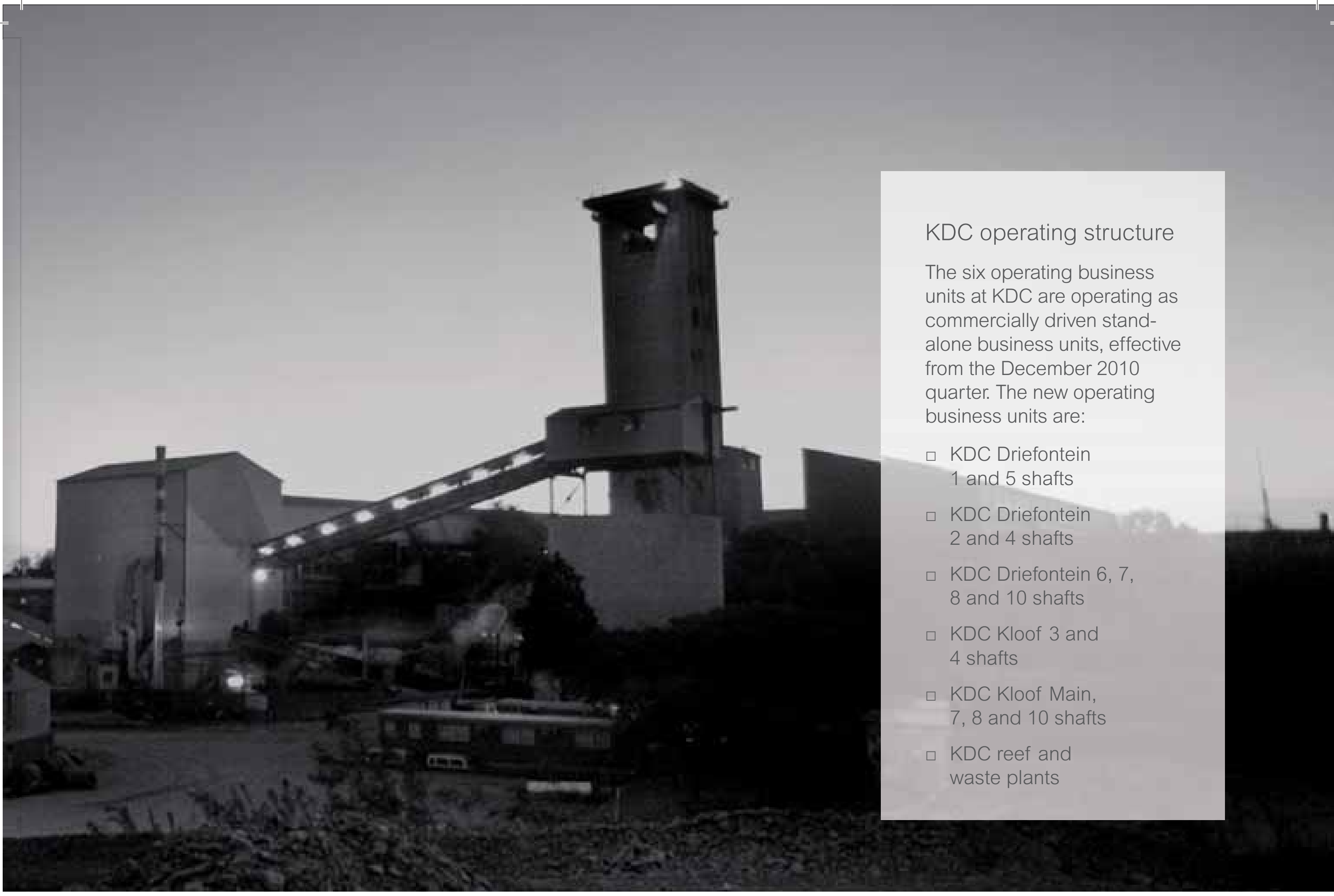
2. Reversal of the decline in quality mining volumes through an increase in face advance by 5% to 10% a year. We aim to achieve this by promoting enhanced delivery at every workface through the introduction of standardised reporting and practices, as well as the elimination of operational constraints and bottle-necks

3. Alignment of employee and contractor numbers with reduced production. This is being achieved through a flatter management structure, application of standards and norms and insourcing of non-specialised contractor services

4. Process for production management focusing on rapid identification and resolution of problems down to workplace level

5. Power management initiatives. These include the implementation of energy efficiency systems and the enhanced management of utilities, including compressed air and pumped water

6. The recording and analysis of causes of lost production to identify and address key productivity constraints



KDC operating structure

The six operating business units at KDC are operating as commercially driven stand-alone business units, effective from the December 2010 quarter. The new operating business units are:

- KDC Driefontein 1 and 5 shafts
- KDC Driefontein 2 and 4 shafts
- KDC Driefontein 6, 7, 8 and 10 shafts
- KDC Kloof 3 and 4 shafts
- KDC Kloof Main, 7, 8 and 10 shafts
- KDC reef and waste plants

7. Re-prioritisation of capital expenditure and improved efficiency

8. Increased off and on reef development rates to establish additional mineable face length and flexibility

9. Containment of stores price increases to below inflation and management of stores consumption in line with relevant standards and norms

10. Acceleration of our efforts to equip panels to improve flexibility

11. Implementation of a critical review of general mine overheads and the cost of ancillary services

12. Development and application of an improved system to enable more proactive management of the mineable face length

Business re-engineering in Australia and Ghana

During C2010, we implemented comprehensive BPR at St Ives with the objective of achieving an NCE margin of 20% in F2011 and a sustainable long-term NCE margin of at least 25%.

Improvement opportunities have been identified in a number of areas. This includes the enhanced management of the St Ives heap leach plant, where low availability components were identified and replaced, improving throughput capability. The same technique is being used in the Lefroy processing area to improve efficiency and reduce costs. St Ives has also commenced a programme to investigate and implement further ownership in a number of key operational activities. We expect cost improvements from the programme to become evident in late C2011.

Other initiatives to improve costs and increase productivity include enhanced pit design, logistics, energy management and processes. This includes, for example, the application of pre-blending and chemical catalysts, which has improved recoveries to 93% during C2010 (C2009: 91%). In C2011, we plan to complete an optimisation study for St Ives using planning software that has been piloted at our Ghanaian operations.

In Ghana, BPR has taken on particular importance, given changes to the fiscal regime (p174), higher commodity and energy costs (p68), rising stripping costs and increased processing of hard ore (p65). The programme seeks to significantly reduce the cost base at both Tarkwa and Damang.

A substantial increase in our Mineral Reserves at Damang prompted a successful transition towards owner mining, which is expected to deliver savings of at least US$2 per tonne.

Tarkwa has similarly made a successful transition to owner maintenance, which should achieve cost savings of about US$8 million a year. Other initiatives should realise additional savings of between US$70 and US$100 million at Tarkwa over the next two years. These include:

- Organisational re-design
- CIL mill recovery and improved availability
- Improved heap leach crusher throughput
- Lower commodity and energy input costs
- Optimisation of capital waste mining and capital expenditure

During C2010, we continued to exploit potential operational synergies between Tarkwa and Damang in the areas of maintenance, procurement and energy. We are also looking to expand our shared services between the mines. Such efficiency measures, on top of the savings already achieved, will ensure the long-term commercial sustainability of the Tarkwa mine – and the commercial optimisation of this world class deposit.

Figure 3.14: Total cash cost (US$/oz) – Australasia Region

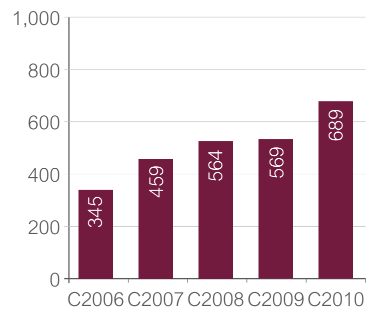
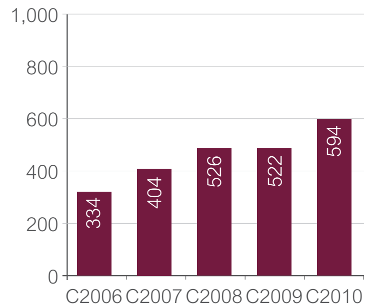


Figure 3.15: Total cash cost (US$/oz) – West Africa Region



Tarkwa, Ghana

3.1.4 Investing in efficient processing

The optimisation of our operations is also focused on the processing plants at our mines.

Cerro Corona

Our Cerro Corona mine has been subject to a number of enhancements during C2010, despite the early stage of its mining lifecycle. These include:

- The establishment of formal, multidisciplinary 'quality circles' to identify areas for improved production
- The identification of more than 300 improvement opportunities through employee workshops including, for example, the installation of decanting tanks to avoid losing copper deposits during the production process
- Creation of a new mining and metallurgy department to drive production excellence and process design improvements

We have also initiated a detailed design and feasibility study for the construction of a CIL processing plant to treat the 7.5 million tonnes of life-of-mine oxide ore at the mine – with construction commencing in late C2011. These oxide ores, much of which are already stored in surface stockpiles, are estimated to contain 300,000 ounces of recoverable gold that could potentially be processed within five years.

Production levels at the mine have remained stable, with a throughput of 800 tonnes an hour – 50 tonnes an hour more than originally anticipated. In addition, Cerro Corona is working with other major mining companies in the region on the sharing of parts. This will help avoid costly production shut-downs when replacements are not immediately available.

Damang

At Damang, the commissioning of a secondary crusher has considerably increased production flexibility at the mine. It has achieved this by processing a 95:5 fresh to oxide ore mix, compared to a traditional ratio of 65:35. As the harder, fresh ore is generally of a higher-grade, the secondary crusher has also enhanced our production output.

Installation of the secondary crusher has increased our crushing output beyond what our plant can currently handle. As a result, we are examining enhancements to the plant that will remove this bottleneck and ensure we can achieve sustainable production at 20,000 ounces a month.

Tarkwa

At Tarkwa, we are implementing a programme to improve our ability to economically process the increasingly hard rock we are encountering as the mine matures. Specific short-term measures include the blending of hard and soft ore to achieve consistency in processing, finer blasting and more proactive plant maintenance. We are also in the process of upgrading our tertiary crushers in our heap leaching circuit to produce a finer paste. These are planned to come online in mid-C2011.

During C2010, the HPGR project was commissioned as a stand alone unit to add 30,000 to 40,000 ounces of gold a year. It is envisaged that this technology will be used to reprocess the decommissioned South Heap Leach pads. These pads comprise of 51.2 million tonnes of depleted tailings, which are believed to contain between 400,000 and 500,000 ounces of residual gold.

A safe-start process has been fitted at the mill to reduce the risk of damage due to a potential 'lock charge' start-up accident, which could take the mill out of production for up to two weeks. The safe-start process will be rolled out at Damang in C2011.

In the medium-term, we are planning to upgrade our 1 million tonne per month CIL plant – including the installation of a secondary crusher. This is expected to add milling capacity of about 300,000 tonnes a year, as well as the ability to crush harder ore. In the longer-term we are planning to address the expansion of our tailings capacity to accommodate our CIL throughput. Options include potential co-disposal of process waste and waste rock from mining in a common facility.

Proprietary processing technology

In addition to these measures, we are examining the potential application of our proprietary ASTER™[1] technology at our operations in Ghana and Peru. This biologically-based process, which removes cyanide and thiocyanate during the leaching process, offers important benefits in terms of environmental stewardship, efficiency and safety (p66).

Similarly, we are continuing to successfully market our innovative BIOX® process (p66). This is used to pre-treat refractory sulphide gold ores and increase gold recovery rates during processing. Although not currently in use at our own operations due to the nature of our ore bodies, there are eight gold processing plants running the technology in South Africa, Ghana, Brazil and Australia.

1 Activated Sludge Tailings Effluent Remediation

Generating value and mitigating risk through BIOX® and ASTER™ process technologies

Gold Fields is generating new revenue streams, while at the same time mitigating the environmental impacts of certain mining processes, through the development and commercial application of its BIOX® and ASTER™ treatment technologies.

BIOX®

BIOX® is a Gold Fields-owned technology, which it licenses to third-parties for the pre-treatment of refractory sulphide gold ores. Pre-treatment with BIOX® greatly increases cyanide recovery rates during the extraction process, thus improving process efficiencies and metal recovery. The environmental impact is also limited by ensuring that the effluent streams are safe for land disposal, especially with regard to the long-term stability of arsenic. After application of BIOX®, cyanide recovery varies between 90% and 97%, depending on ore characteristics. Refractory gold ores are naturally resistant to standard recovery processes, as the gold is encapsulated in sulphide minerals that prevent it from being leached by cyanide. BIOX® uses naturally occurring bacteria to destroy the sulphide minerals and expose the gold for subsequent cyanidation.

To date, BIOX® has been applied at 11 gold processing plants worldwide, with eight currently in operation. As market prices for gold continue to reach new highs and refractory ore bodies become increasingly economically viable to develop, global interest in BIOX® is accelerating. In addition, BIOX®'s strong environmental performance makes it fully compliant with ever stricter environmental standards around the world, including those of the US Environmental Protection Agency. Gold Fields is continually developing BIOX® to improve process efficiency, reduce capital and operating cost, and increase overall gold recovery through a structured research and development programme.

ASTER™

ASTER™ is another Gold Fields licensed technology that provides a safe, efficient and environmentally responsible alternative to conventional cyanide management and process water disposal. By using a blend of naturally occurring microbial species, ASTER™ negates the need for costly chemicals that are commonly used to break down cyanide and thiocyanate after the leaching process.

In C2010, Gold Fields developed ASTER™ to the point of full commercialisation and in September ASTER™ was subject to its first commercial application at Barberton Mines' Consort ASTER™ plant in South Africa. Early results show all residual free cyanide was removed to trace values and a thiocyanate concentration of <1ppm was found in water processed at the plant. This water is safe to be re-used as process water in the main plant.

A number of Gold Fields peers have already expressed interest in using ASTER™. The potential for implementation of the technology within Gold Fields is also being explored, which could offer significant financial benefits in terms of reduced costs. Similarly, the environmental performance of the technology is proving attractive. According to Jan van Niekerk, who heads both BIOX® and ASTER™, "The future tightening of cyanide legislation will further increase the need for this technology."

Gold Fields is currently developing the next phase of ASTER™, which is scheduled to be rolled out in 2012. The company is also seeking to increase the range of feed-stocks ASTER™ can be used with, thus extending the application of this technology to a wider range of operating conditions and reducing its operating costs.

Ashanti Goldfields BIOX Plant, Ghana

Consort ASTER Plant, South Africa

3.1.5 Pursuing innovative and high quality mining

Innovative mine development at South Deep

The scale of the South Deep ore body cannot be underestimated. Its depth likewise makes it a unique operational proposition. The addition of this mine to our production portfolio will help secure South Africa's long-term role in our overall production portfolio – with commercial production expected to last well beyond 2050.

The production ramp-up at South Deep is underpinned by the employment of fully mechanised mining methods. Future production volumes are highly reliant upon de-stress mining rates. We have employed an innovative horizontal de-stress cut to allow for faster access to the available long hole stopes. It is estimated that this methodology will significantly speed up the rate at which we open up the ore body and we are planning to apply it to more than 60% of our production area at South Deep. In addition to enhancing production efficiency, the use of mechanised mining methods at this deep-level mine significantly reduces the exposure of our employees to fall of ground and heat.

Mechanisation at South Deep has required significant adaptation in terms of the up-skilling of our workforce. We are in the process of establishing a specialist training facility at the mine, which will use mechanised mining simulators as part of an advanced training package. Although this constitutes a significant investment, it will considerably raise our capabilities through the creation of a substantial cadre of skilled mechanised miners.

In addition, we have used an innovative approach to maximise hoisting capacity and so maximise eventual ore output. Current production forecasts at the mine are based on the use of the Twin-Shaft complex (due to become available once the ventilation shaft is in place by mid-2012). This has a hoisting capacity of 330,000 tonnes of ore per month. By refurbishing the South Shaft complex, which is linked underground to the Twin-Shaft complex, we are planning to increase hoisting capacity by a further 120,000 tonnes per month. Once refurbishment is complete by mid-2013, South Deep will enjoy a total hoisting capacity of 450,000 tonnes per month. As a result, the full production target for South Deep could potentially be significantly higher than the base target of 750,000 ounces a year.

Mechanisation in Australia

At Agnew, we have been using remote mechanised mining methods for the last two decades. We are now exploring options to apply this method at St Ives as well, and have already made substantial investment in this respect. We are planning to put in place comprehensive training to ensure our workforce has all of the capabilities needed to maximise the operational impact of this method.

3.1.6 Improving the energy security and costs of our operations

Each of our regions has been tasked with reducing their electricity intensity by 5% by end-C2011. South Africa is looking for further reductions in energy intensity in the medium-term (p69). This is part of our general effort to improve the energy security of our operations and to reduce our overall energy costs – without compromising our production performance. Achievement of this goal is particularly important in the context of rising global energy costs, as well as increasing international emphasis on carbon management.

1 Direct energy is self-generated power, whilst indirect energy is purchased from third parties

Figure 3.16: Group direct and indirect energy consumption (terajoules)[1]

Energy consumption	C2010	C2009	C2008
Direct	5,529	5,239	5,224
Indirect	20,089	19,676	18,669
Total	25,618	24,915	23,893

Ore trucking at St Ives, Australia

Australia

At St Ives, we are taking a number of steps to reduce our fuel costs. These include the use of additives to improve burn efficiency, examination of the potential benefits offered by Liquefied Petroleum Gas engines and close scrutiny of our truck loading factors. Other energy efficiency initiatives undertaken at St Ives include:

- Replacing lights run from diesel generation with solar-powered lighting
- A two year assessment programme looking at wind generation on Lake Lefroy
- Introduction of a new style of drilling rig that uses sonic vibration to extract core samples in soft sediments

At Agnew, we have completed a successful feasibility study into the application of our advanced Flow Technology. This technology has been developed in cooperation with the Commonwealth Scientific and Industrial Research Organisation. Instead of using conventional bladed agitators, this new system utilises an impellor to create a vortex to suspend minerals in solution. This is expected to deliver significant energy savings when installed.

At Agnew, we are in the process of upgrading our entire ventilation system, thus reducing its energy use. This includes the installation of variable speed drives to tailor ventilation and temperatures, which are run through an automated system. The project is due for completion in Q2 2011. In addition, during C2010 we managed to postpone the installation of energy intensive refrigeration units at the mine for two years through the creation of a Reverse Ventilation System. This has effectively doubled our ventilation capacity through the drilling of two new ventilation holes, the use of the old ventilation system as an air intake, and the installation of more energy efficient fans.

Additional energy saving initiatives we are pursuing include:

- Application of solar technology to tailings dam pumps
- Introduction of variable speed drives at our mills

Both our mines face a particularly pressing challenge with respect to the price of energy. Our current electricity supply contract with BHP Billiton is due to expire in 2014. Any replacement of supply is likely to entail a significant increase in costs due to the volatile Western Australia gas market. In response, we have initiated a feasibility study examining the options available and expect resolution during C2011.

Under Australia's National Greenhouse and Energy Reporting Act 2007, our Australian operations report to the National Pollutant Inventory. Our submissions show that our energy use at Agnew has noticeably increased due to our shift towards more energy intensive underground mining. Our report for C2010 identifies a number of opportunities for reductions in our energy use and carbon emissions.

The following opportunities are currently being examined:

- Installation of fuel management systems
- Optimisation of ore haulage systems
- Rationalisation of secondary fan equipment

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Ghana

Significant increases in the price of electricity of up to 50% during C2010 impacted both our Tarkwa and Damang mines. This was partly due to limits placed on the supply of hydro-generated electricity by our power suppliers and growing reliance on more expensive thermal-generation. Gold Fields Ghana is a registered bulk customer with the ability to negotiate a non-regulated tariff. As a result, we are negotiating with the Electricity Company of Ghana (ECG) and the Volta River Authority (VRA) over future supply options and tariff structures. Our longer-term planning takes into account the possibility of procuring energy from waste gas, supplied by independent power producers and/or natural gas from the West African Gas Pipeline.

In this context we are looking at potential alternatives to ECG power supplies at Damang. This could include a switch to direct, high voltage supply from the VRA at lower cost and with improved reliability. We are making preliminary examinations for potential self-generation in the longer-term.

Our energy strategy is informed by the ongoing identification of large ore bodies at Damang, which are significantly expanding its life of mine (p119).

At Tarkwa, we have installed capacitor banks at the North Heap Leach plant, as well as an automated valve system for the pumping operations. These initiatives are expected to improve energy consumption and efficiency. We are also in the process of developing future renewable energy sources, with a focus on biogas and solar energy.

The Ghana operations consume about 100 million liters of fuel a year. Amid rising oil prices, we are looking at a number of initiatives to improve the efficiency of our fleet, including:

- Enhanced vehicle servicing to optimise fuel efficiency
- Utilisation of the highest quality diesel
- The purchase of more fuel efficient engines on a replacement basis

During C2010, we addressed ongoing fuel shortages in Ghana by entering into a diversified fuel supply model, splitting our procurement between an international and a national supplier, therefore reducing costs by US$6 million a year. We have also expanded our fuel storage capacities to ensure continuity of supply of low sulphur clean diesel.

In C2010, we joined with our peer companies in the Ghanaian Chamber of Mines to form a dedicated Energy Committee. This committee engages with the government on energy policy and negotiates a collective position.

www.ecgonline.info
http://www.vra.com/

South Africa

We are continuing to place particular focus on reducing energy consumption in South Africa, amid ever increasing power tariffs and continuing concerns about electricity supply. The nature of our mines in South Africa means they are particularly reliant on the availability of an adequate, reliable and economically viable supply of electricity. A number of initiatives are currently being explored to reduce our energy intensity this year, including finding alternatives for the usage of compressed air underground.

We are also continuing with our established 3M energy reduction programme, which has been extended beyond its anticipated end date of June 2010 and incorporated into our Project Blueprint BPR programme.

The 3M programme targeted a 5% cut in energy intensity during the duration of the programme. Against the 2008 baseline, we have achieved a 14% reduction. We have an ambitious target to reduce our base load energy intensity in South Africa by a further 5% each year in C2011 and C2012. This new, more aggressive target is aimed at partially offsetting plans by public power utility Eskom to raise electricity prices by 25% a year over the next three years.

Actions taken during C2010 to reduce our electricity consumption and costs include:

- A pilot programme using three chamber pipe feed systems for energy-efficient pumping at KDC business units 1 and 4
- The targeted sealing of isolated and mined out areas to reduce ventilation requirements
- Optimisation of surface fans
- A pilot programme examining the efficiencies achieved by only using air compressors during the hours in which drilling is taking place
- Investigation of the use of ice instead of water for underground cooling at KDC to reduce pumping demands
- Development of a closed loop water circuit at South Deep to reduce pumping demands, as well as the extensive recycling of water
- Optimisation of our surface fans
- Replacement of compressed air agitation at underground backfill and mud dams with turbulators

Gold Fields engages regularly with national power utility Eskom to negotiate further electricity savings. This includes accessing R300 million (US$41 million) in capital under Eskom's Demand Side Management programme to help finance our energy efficiency measures and move power use outside of peak times.

Gold Fields has been given a privileged position in Eskom's power shedding list due to the safety implications of a potential cut in power. As a result, the worst anticipated energy security risk we face is temporary curtailment of energy use rather than a shutdown, similar to the one experienced in C2008.

Our engagement with Eskom on wider issues, such as the overall load factor for the mining industry, is conducted through the Energy Intensive Users Group at the South African Chamber of Mines.

Although the majority of the energy we use in South Africa is electricity, the ramping up of mechanised production at South Deep is also increasing our consumption of diesel (p67, 100).

http://www.eskom.co.za
http://www.bullion.org.za

KDC, South Africa

3.2 Keeping our employees safe and productive

Safety remains Gold Fields single most important sustainability issue. This is embodied through our promise that "if we cannot mine safely, we will not mine". However, we deeply regret that during C2010 there were a total of 18 workplace fatalities at Gold Fields, of which 17 occurred at our South African operations. Although this marks a reduction on C2009 (26 fatalities), every fatality is one too many. We remain fully committed to the ultimate elimination of all incidents and the achievement of 'Zero Harm' at our operations.

This prioritisation of safety over production means that in the short-term, we will choose to leave gold in the ground rather than put our employees at risk. In C2010, for example, it is estimated that we did not mine a total of 2,321 kg of gold in support of this commitment. Whatever the short-term costs of this approach are, we are confident that the long-term moral, reputational and operational benefits are far higher.

This commitment has acted as the bedrock for a comprehensive evolution of our company culture. Instead of accepting the risks involved in gold mining as 'inherent', our employees and managers are becoming increasingly conscious that with the right approach and mentality, it can be rendered safe. This realisation is further supported by our constant communication of our 'Stop, Think, Fix, Verify and Continue' message, which can be applied by any employee in any situation. It is in this context that our goal of Zero Harm becomes more than an empty aspiration and instead becomes an achievable goal.

What progress we have made during C2010, appears to be partly due to our increased focus on the management of seismicity – including centralised blasting and preconditioning (p75-76). In addition, we have placed further emphasis on the proactive maintenance of infrastructure, as well as the 'engineering out' of risk and increased underground mechanisation (p67).

3.2.1 Safety performance in 2010[1]

Figure 3.17: Group safety performance

Group	C2010	C2009	C2008
Fatalities	18	26	31
Lost Time Injury Frequency Rate[1]	4.38	3.81	5.34
Fatal Injury Frequency Rate	0.11	0.14	0.16
Medically-Treated Injury Frequency Rate	7.09	9.32	13.50

1 Due to prevailing legislative requirements in Australia and West Africa, restricted work cases are excluded from the Lost Time Injury statistics but are included within the Medically Treated Injury Statistics. Restricted work cases are cases where an employee cannot resume his or her normal duties but may resume work on light duty

> "If we cannot mine safely, we will not mine"
>
> Gold Fields Safety Value

3.2.2 Managing safety

In C2010, we continued to build on significant improvements in safety performance in the South Africa Region. This includes, for example, a focus on three broad areas of safety management:

- Compliance with standards and procedures
- Engineering out safety risks
- Addressing 'societal risks' that lead to unsafe behaviour

As a result, and thanks to closer cooperation with the Mining Inspectorate of the South African Department of Mineral Resources (DMR), in C2010 we did not experience any unplanned, mine-wide safety closures in South Africa. The positive impact of this on production has further highlighted the fact that a safe environment is a prerequisite for consistent and predictable production.

Our safety in the international regions is at present better than in South Africa, although the single fatality at our Tarkwa mine highlighted that we can never relax our focus on safety at any of our operations. Many of the safety indicators in the international regions are showing improvements, however.

The commitment and cooperation of our employees and contractors has been fundamental to these achievements. It has likewise been greatly assisted by the active involvement of our employee representative organisations and unions, host governments and regulators. In South Africa this includes the DMR, which is helping to guide us on how to achieve the improvements needed to meet their 2013 National Health and Safety Milestones.

We are continuing to pursue our ultimate goal of Zero Harm – and we are making progress towards it. In the short-term, this includes our target of reducing all of our safety indicators in South Africa by a further 25% by the end of C2011. A target of 20% applies in our non-South African Regions.

All of our operations are certified to the OHSAS 18001 international safety management standard.

http://www.dmr.gov.za/
http://www.bsigroup.com

Figure 3.18: LTIFR, FIFR and MTIFR performance

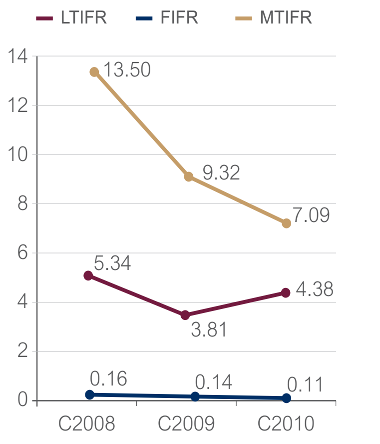
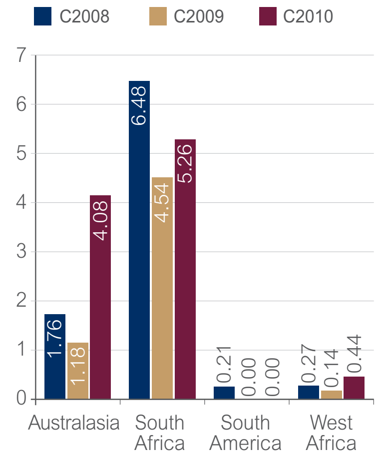


Figure 3.19: LTIFR by Region



Understanding and prioritising our risks

Although safety is a priority across Gold Fields, it is an issue of particular concern at our South African operations. This is because of the latent hazards involved in deep underground mining, as well the relatively labour intensive nature of our operations there. In this context, it is vital for us to understand the risks our employees in South Africa face so that they can be better addressed. The most important of these risks is fall of ground – whether as a result of gravity, seismic movement, or both.

During C2010, gravity fall of ground-related accidents accounted for 53% of our fatalities compared to 50% in C2009.

By comparison, the relative safety risks posed by our operations in Australia, Ghana and Peru are lower. In Australia, our underground mines are shallow and there are higher levels of mechanisation. As a result, employees face lower levels of exposure to fall of ground. Similarly, the safety risks posed by our surface mines in Ghana and Peru are significantly lower, with vehicle accidents and hand-tool injuries being the main safety risks. Last year, Cerro Corona was awarded first place in the open pit mining category of the National Mining Safety contest, which is run by the Mining Safety Institute of Peru.

In view of the production challenges in South Africa, our operations are supported by a high-level Safety and Health Production Management Task Team. This includes two members of our executive committee and is chaired by the executive vice president of the South Africa Region. The Task Team holds meetings on a fortnightly basis, which are often attended by our CEO. Participants examine the ongoing company safety performance, as well as issues such as reasons for fatalities and projects to 'engineer-out' safety risks.

The Task Team forms part of our broader Safe Production Management Programme (SPMP). The SPMP was initiated in 2009 and is aimed at:

- Improving employee adherence to our safety guidelines through changed behaviour
- 'Engineering out' safety risks from our mines

http://www.goldfields.co.za/

3.2.3 Establishing a Safe Production mentality

General engagement framework

All of our employees receive both general and role-specific health and safety training during induction. This is supported through annual refresher training, risk-specific training where required and safety awareness campaigns. Furthermore, safety performance is a key component of our employees' Individual Balanced Scorecards. The achievement of relevant safety targets determine approximately a third of their variable bonuses and incentives. This plays a vital role in ensuring the diligent everyday application of our safety policies and guidelines.

Through union representation, a total of 84% of our employees in South Africa and 92% of our employees in Ghana are represented at various levels on joint health and safety committees - and on a range of statutory and voluntary engagement forums between supervisors, line managers and organised labour. Indeed, during C2009 we initiated a tripartite forum between the company, government and labour in South Africa.

Changing behaviour in South Africa

During C2010, we continued to embed and implement our Safe Production Rules (SPRs), which are provided in employees' preferred languages, and are integrated into our standard induction processes. The SPRs work alongside our 'Stop, Think, Fix, Verify and Continue' safety campaign, which seeks to improve safety awareness and prudent day-to-day practices. Launched and entrenched in South Africa, we rolled out the SPRs to all Gold Fields operations during C2010.

In South Africa, the SPRs are supported by the SPMP. This aims to achieve a safe mining culture that is in total compliance with our safety protocols, standards and operating procedures.

The programme demands a 'quantum shift' in the mentality of our employees and will take time to be fully entrenched. It is particularly important that we achieve this, as too many of our serious accidents and fatalities are the result of human behaviour rather than fall of ground. This appears to be due to risky behaviour, non-compliance with standards by some employees or inadequate supervision/ leadership. For example, of the 17 fatalities recorded in our South African mines in C2010, 47% were non-fall of ground accidents.

It is in this context that we have focused on high quality, two-way discussions with our workforce in South Africa under the SPMP (p72). Relevant initiatives include:

- Enhanced Safety Alarm questionnaires aimed at inducing behavioural change by encouraging mining teams to analyse and internalise the reasons behind, and consequences of, incidents that have taken place
- An eight-step Behavioural Safety Programme using multimedia and coaching to help supervisors establish a 'psychological safety contract' with their team members
- 'Indaba' sessions, whereby mine overseers and shift supervisors engage their crews each month. Discussions, which centre on quality, cost, delivery, safety and morale, are followed by the development of defined crew action plans
- 'Shaft communications', whereby our operations managers and underground managers engage their entire workforce at a high-level each month. These two-way sessions aim to motivate employees and train them in hazard management

These initiatives are aimed at encouraging long-term behavioural change by fully cascading our safe production philosophy throughout the entire workforce.

Although it is too early to measure the impact of these measures, there has already been an increase in 'voluntary stoppages' by workers and supervisors. In order to supplement these efforts, we are implementing a High Priority Discipline Case Procedure to expedite safety discipline cases and raise the deterrent effect of our discipline procedures.

Changing behaviour in Australia and Ghana

In Australia, we are continuing to implement our innovative and successful Zero Incident Process (ZIP), which uses psychologically-based methods to improve employees' safety behaviour. During C2010, the process was extended to all of our major underground contractors at St Ives, where we also re-engineered the programme itself. This includes the development of an expert cadre of safety leaders and the introduction of 40 trained, onsite ZIP coaches. In C2011, the updated programme will be extended to the broader mine workforce.

In Ghana, we are continuing to implement our 'safety referee' system at our Damang mine. This uses an easily communicable discipline and reward system through which our employees can 'police' one another and so improve safety behaviour.

At Tarkwa, we have fully implemented our leading-edge Near Miss Hazard Reporting System, following its launch in July 2009. This preventative safety system has been particularly successful, with employees now reporting up to 4,000, mostly minor, hazards a month. As a result, a significant number of hazards are being identified and addressed before they cause injury.

At Damang, we started an initiative called the Fatal Risks Drive, aimed at identifying potentially fatal risks before they manifest themselves. This works on a cross-departmental basis and also involves our mineral resources department and environmental department.

DuPont safety review

During C2010, we commissioned external consultants DuPont to carry out an assessment of safety management, safety culture and the application of health and safety practices at our South African operations. This built on previous reports carried out in 2004 and 2008. The latest assessment found that our South African operations had made strong progress in terms of integrating a culture of safe production and Zero Harm into everyday work.

Employees at KDC, South Africa

DuPont also carried out a review of our non-South African operations, which included a Safety Perception Survey. This identified a number of strengths, including:

- An overall evolution in management attitudes from ‘safety compliance’ to ‘safety proaction’
- The quality of our safety toolkits such as ZIP
- Innovative safety initiatives at Cerro Corona, including a family-based engagement campaign, international incident sharing and safety analysis, and close safety cooperation between the mine and its local communities
- A significant shift in mentality in Ghana around safety hazard reporting

Nonetheless, areas in which we need to continue improving include:

- Integration of our safety message within the broader workforce
- Stronger safety enforcement methods
- Management of the safety impact of high levels of staff turnover, particularly amongst senior management in Australia and Ghana
- Safety standards amongst contractors

Plans are in place to extend the Safety Perception Survey to cover our South African operations following the implementation of Project Blueprint (p61-63).

http://www.sentis.net/au/
http://www2.dupont.com/

South Deep, South Africa

3.2.4 Creating a safe mining environment

The 'engineering out' of safety risks is a key element of our SPMP and a matter of priority for our senior management. It also directly addresses the key risks posed by our deep underground mines in South Africa.

As a result, we have a comprehensive reporting system on the issue in South Africa. This is based on weekly reports to the Safe Production Management Task Team, monthly reports to our senior management and quarterly reports to the Safety, Health and Sustainable Development Committee and the Board of Directors.

Our innovative Seismic Task Team is playing a leading role in this process. The team, which is based at our Seismicity Department at Driefontein (now part of KDC) is comprised of experienced mining seismologists operating advanced monitoring technology. Using underground geophones at KDC, the team detects seismic movement and processes associated data. This data is used to alert workers of safety risks in relevant mine shafts.

Furthermore, research from the Task Team prompted our South African mines to conduct centralised blasting during periods when there are no workers below ground. This followed identification of a clear relationship between seismic activity and blasting – including the fact that 70% of seismic events take place within two hours of blasting. In addition, we have introduced pre-conditioning to better manage the seismic impacts of blasting. This involves the pre-fragmentation of rock using drills.

The Seismic Task Team has played an important role in reducing the number of fatal accidents at our mines (p76). As shown in Figure 3.20, in C2010 we managed to avoid any fatal seismic Fall of Ground (FOG) events, compared to 10 in C2009 and 11 in C2008 – although a number of fatal gravity FOG incidents did take place.

This has made an important contribution to our marked reduction in total fatalities at our South African mines from 26 in C2009 to 17 in C2010 – and marks an important milestone in our efforts to achieve Zero Harm. We are continuing to examine two further seismic work streams, including geo-statistical analysis and the monitoring of in-stope ground movement.

In addition, we integrate occupational health risk management into all project feasibility assessments. Once identified, risks are mitigated through targeted design interventions to achieve the minimum level of risk possible once the project is operational.

In addition, we have two ongoing environmental engineering and hygiene programmes in place in South Africa:

- 'Project 31' aims to ensure no workplace temperature is in excess of 31.0°C (or 32.5°C in trackless operations)
- 'Project 10' is focused on reducing the force or exhaust column leakage to below 10% per 100 meters for conventional development ends and below 20% for trackless operations

Specific actions taken in C2010 in South Africa, where the environmental safety exposure is highest, include:

- Installation of secondary support at KDC, marking the clearing of a secondary support backlog in South Africa and a milestone in our efforts to address rock fall risks
- Introduction of dedicated support crews to consistently maintain secondary support within 120 meters of all development faces
- Successful installation of a new water pump column at the Kloof main shaft in order to improve our cooling capabilities

These measures are in addition to other actions initiated earlier and entrenched in C2010, including:

- Increased mechanisation of our development tunnels, as well as mechanisation of production at South Deep. In addition to achieving efficiency gains, this has removed a significant number of employees from areas with higher rock fall and other environmental risks
- Installation of enhanced safety features on our rail infrastructure, including safety detection systems and automatic coupling to reduce tramming safety risks

We also further embedded our new planned maintenance system in the region, including revised protocols to facilitate the proactive and effective management of planned maintenance issues.

Figure 3.20: Fatalities from Fall of Ground (FOG) in the South Africa Region

Calendar Year	C2010	C2009	C2008	C2007	C2006	C2005
FOG (Gravity) fatals	9	3	3	4	17	12
FOG (Seismic) fatals	0	10	11	6	5	12
Non-FOG fatals	8	13	17	26	12	10
Total fatals	17	26	31	36	34	34

Improving underground safety through in-house seismic expertise

Seismicity is one of the most pressing safety risks associated with deep-level underground mining in South Africa. However, Gold Fields proactive and innovation-led approach to addressing seismicity has contributed to significant improvements in safety performance. In C2010, for example, there were no fatalities caused by fall of ground resulting from seismicity. This compares to 10 such fatalities in C2009.

In-house seismic expertise at Gold Fields

Seismic activity at all Gold Fields mines in South Africa is monitored by a team of seismologists from the Gold Fields Seismic Department at Driefontein, now part of KDC. Gold Fields is the only South African gold mining company to have committed to maintaining its own in-house seismology skills to ensure that a dedicated team is continually focused on managing seismic risk. The majority of Gold Fields peers have contracted this function out to the Institute of Mine Seismology.

When a seismic event occurs, the seismic team uses three-dimensional sensors to capture and transmit the seismic waveforms to centrally based servers at KDC for analysis. The results of this analysis – including time, location and source parameters – are then communicated back to the relevant management teams by email, SMS and local screen plotting technologies. Initial location data can be distributed to relevant managers in as little as three to five minutes after an event, helping mining teams respond rapidly to potential seismic risks.

Continuous improvement and innovation in seismic monitoring

Gold Fields Seismic Department has made major strides in improving the speed and accuracy with which seismic data can be processed and communicated. The Asynchronous Data Subscriber Line technology that the team uses can transfer seismic data across the networks up to 100 times faster than 10 years ago. Further improvements in data processing are currently ongoing. By June 2011, the system should be capable of generating data from a seismic event within nine seconds and alerting seismology and management personnel by SMS within 15 seconds.

However, the 'holy grail' of seismology remains the ability to forecast the timing and location of future seismic events. Gold Fields seismologists are currently investigating alternatives to the traditional time-based methods, which have been developed with little success over the last 15 years. This research is based on the principles of geo-statistical interpolation and has integrated a time based approach with geo-kriging theory. In essence, it attempts to forecast the time, position and magnitude of future seismic events based on past events. This innovative work is very much in development and is completely unique to the local mining industry.

3.2.5 Recording and analysing safety performance

During C2010, we have implemented measures focused on the enhanced recording and analysis of our safety performance.

At St Ives, for example, we have augmented the impact of narrow-based 'Lost Time Injury (LTI)-centric' safety management by piloting an innovative approach based on Total Incident Frequency Rate (TIFR). This includes a broader range of measures with a direct or indirect impact on safety performance and attitudes, including environmental incidents, equipment damage and minor injuries. These are weighted accordingly.

This provides a more holistic safety management measure that looks at risks as well as outcomes. It also places greater emphasis on the links between individual safety performance and overall operational behaviour. In addition, use of the TIFR also seeks to address concerns that over-reliance on LTIs places too many injured employees on restricted duties instead of being provided with comprehensive early treatment. Although prompt treatment generally gets injured employees back to full productivity much faster, it also results in higher LTI rates and detrimental performance assessments.

Application of the TIFR measure has resulted in an initial increase in St Ives' LTI rates. At the same time, however, we have seen significant improvements in terms of returning employees and contractors into full productivity earlier. TIFR is now a major variable used to assess employee and contractor performance and we are looking at opportunities for its application beyond the mine.

St Ives is also piloting research into the potential extension of our Cura group risk management system to allow for the vertical integration of worksite-specific operational risks. This includes installation of a new safety database to allow for improved recording and reporting, as well as the modification of risk matrices and the retraining of risk reporters. It is anticipated that compliance with safety procedures will be incorporated into Individual Balanced Scorecards in addition to safety results.

In addition, our Australian mines have implemented the leading-edge Incident Causal Analysis Method. The methodology assists in the identification of the root causes of safety incidents to avoid repetition and promote accident prevention. Importantly, it also de-personalises the analysis of incidents and removes blame from the picture. This allows for a more objective assessment of root causes. Five key issues are examined:

- Non-contributory facts
- Absent or failed defences
- Individual or team actions
- Task or environmental conditions
- Organisational factors

In Peru, our Cerro Corona mine carries out monthly meetings with the National Society of Mining, Petroleum and Energy, where, in collaboration with our peers, we analyse serious safety incidents in the sector. We then use these learnings to review our own systems and processes.

“We don’t treat the statistics, we treat the injuries”

Ben Harrington,
Australasia Region Safety Manager,
Gold Fields

St Ives, Australia

3.3 Protecting and respecting our environment

The environmental impact of our operations is one of Gold Fields most important and highly regulated sustainability issues. Our Vision, Values and risk management strategy means we remain highly committed to continually improving our environmental performance and reducing our environmental impact.

Key environmental issues currently facing the gold mining sector include:

- The dewatering of underground mines
- The prevention of post-closure Acid Mine Drainage (AMD)
- Leaching from tailings dams
- Carbon emissions

It is on these environmental issues that we primarily – although not exclusively – focus.

3.3.1 Managing the environmental impact of our operations

All of our operations are ISO 14001 certified. Together with our sustainable development framework and internal environmental management structures, this international standard defines how we manage our environmental risks. Our management of day-to-day operational impacts also extends to our exploration activities. In C2010, we spent a total of US$11.4 million on environmental management.

Gold Fields has an established environmental incident reporting system ranging from Level 1 (incidents of minor non-conformance that result in no negligible adverse environmental impact) to Level 5 (incidents that result in significant long-term environmental impact). During C2010, we reported 134 Level 2 incidents (C2009: 228), nine Level 3 incidents (C2009: seven) and no Level 4 or 5 incidents.

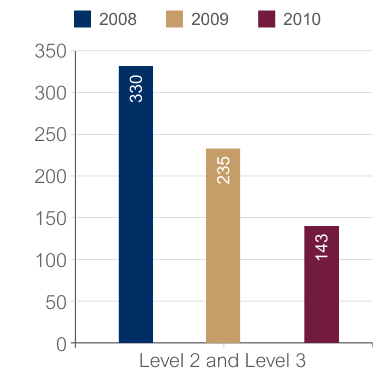
Gold Fields was not subject to any significant environmental fines or non-monetary sanctions during C2010.

Figure 3.21: Group environmental performance in 2010

Group	C2010	C2009	C2008
Environmental incidents (Level 2 and 3)[4]	143	235	330
Water withdrawal (Ml)	76,326	72,403	75,950
Water quality (mS/m)[1]	71.37	n/a	n/a
Water discharge (Ml)[1]	48,080	n/a	n/a
Closure costs (provisions) (US$m)	443	366	304
CO_2 emissions (scope 1, 2 and 3) ('000 tonnes)[2]	5,955	5,906	5,218
Carbon intensity (tonnes CO_2e/oz)	1.34	1.30	1.40
NO, SO and other emissions (tonnes)	5,871	5,379	5,528
Ozone depleting emissions[3]	n/a	n/a	n/a
Cyanide consumption (tonnes)	21,487	22,165	18,922
Mining waste ('000 tonnes)	193,577	167,569	103,856
Materials ('000 tonnes)	325	269	264

Our environmental management is supported by ongoing engagement with key stakeholders, including government, local communities, NGOs and environmental interest groups. In South Africa, for example, we were instrumental in the formation of the Mining Industry Group (MIG), through which mining companies collectively address water management and environmental impacts in the Wonderfonteinspruit River area. Our Environmental Impact Assessment (EIA) processes also incorporate a significant public consultation element (p156).

Figure 3.22: Environmental incidents (Levels 2 and 3)[5]



1 Data not available for C2009 and C2008

2 Excludes fugitive mine methane emissions

This has been particularly important during our development of the Liquid Gold project (p91), as well as the Centralised Tailings Storage Facility (CTSF) in the West Wits (p80) area of South Africa, which will be reviewed for the new tailings treatment process.

In addition, we have dedicated environmental engagement forums run in partnership with many of our local communities. These include:

- Participation in the Far West Rand Dolomitic Water Association, which engages with farmers and other stakeholders in relation to dewatering and water quality
- Regular meetings between our environmental management team at Cerro Corona and community representatives, including visits to our operations
- Engagement and joint water monitoring with community representatives at our Tarkwa and Cerro Corona mines to reassure community members about the safe and legally compliant nature of our discharges

http://www.epa.gov.gh/

http://www.iso.org/

3 Although no data exists for the emission of ozone-depleting emissions by weight, this has not been identified as a relevant or material issue under any of our ISO 14001-compliant Environmental Management Systems

4 There were no Level 4 or Level 5 environmental incidents in C2010

Figure 3.23: Details of Level 3 environmental incidents (including spills)			
Operation	Date	Description	Impact
KDC	19 January 2010	No. 6 return-water pond overflow following high levels of rainfall	5 Ml spill
KDC	8 January 2010	Return water dam overflow following high levels of rainfall	0.07 Ml spill
KDC	12 March 2010	Slimes dam No 6. return pond overflow following high levels of rainfall	4 Ml spill
KDC	17 September 2010	Formation of three small sinkholes of approximately $1m^2$. This was categorised as a Level 3 incident due to proximity to local communities and associated safety issues	n/a
South Deep	4 October 2010	Broken aerator at the South Shaft Waste Water Treatment Plant	12.6 Ml spill
South Deep	11 December 2010	Rupture in pipe transporting tailings from the backfill plant to the slimes dam. This spilled tailings in the Sifikile residential area, sport stadium and nearby roads in the mine area	5000 l spill
Agnew	7 July 2010	Tailings spill outside bunded area	3.3 ha of land affected
Cerro Corona	3 May 2010	Sludge discharge from the sedimentation pit to the Mesa de Plata creek following high levels of rainfall	Total Suspended Solids reached 63 mg/l (in excess of Peruvian maximum discharge limit of 50 mg/l)
Cerro Corona	29 September 2010	Ore concentrate spillage on the Bambamarca - Cajamarca road during transportation by truck	Spill of 30 tonnes


Water testing at Beatrix, South Africa

Reducing potential liabilities through the Centralised Tailings Storage Facility

Gold Fields is currently undertaking one of the most ambitious engineering projects in the South African mining industry: the development of a Centralised Tailings Storage Facility (CTSF) at Doornpoort on the West Rand.

The CTSF, which is currently in feasibility stage, will centralise both current and historical tailings from 13 separate sites at Gold Fields Kloof-Driefontein Complex (KDC) and South Deep operations. The rationale for the CTSF is to allow Gold FIelds to extract uranium from the tailings as part of the Uranium Project (p89). However, the creation of a centralised tailings facility also offers significant environmental benefits by limiting dust pollution and ground water contamination risks in the West Wits region of South Africa. The CTSF, as it is currently envisaged, will cover an area of 328 ha, have a maximum height of 110 meters and a potential storage capacity of 750 million tonnes.

The CTSF offers a range of significant environmental benefits. In large part, this is because many of Gold Fields existing and historic tailings facilities in the area are located on dolomitic ground. This increases the risk of contamination of the ground water contained in the naturally occurring dolomitic aquifers. The CTSF will instead be located on competent geological sub-strata where there is no risk associated with dolomitic formations.

Furthermore, the Environmental Impact Assessment process has been proactively integrated into the design, construction and management of the CTSF. This has contributed to the inclusion of a number of innovative environmental measures. These include, for example:

- On-site water treatment to reduce the risk of acid drainage and spills
- Separation of clean and dirty water to pre-isolate the most acidic water before it enters the dam
- Use of a gradient of 1:4.5 on the slide slopes compared to the standard 1:2.5 gradient. This will reduce soil erosion and allow for sustainable revegetation
- Concurrent cover and rehabilitation to reduce dust emissions, erosion and the project's visual impact
- Full plastic-lining to seal the return water dam, as well as a robust leak detection system to allow for the identification and repair of any tears
- Return water pumps to take water back to operations and reduce water usage
- Extensive earth bund walls and emergency catchment paddocks to contain spillages
- Positioning of the decant tower in the middle of the CTSF to eliminate the need for water storage at its centre, reducing seepage and water consumption

Gold Fields has carried out predictive numerical modelling to establish the potential long-term environmental impacts of the CTSF. This indicates that the groundwater around the CTSF will be within drinking water standards for the next 350 years.

3.3.2 Planning for strong environmental performance over the mine lifecycle

We seek to mitigate our potential environmental impacts through astute planning, design and implementation of our exploration, mining and related activities. This not only reduces the risk of future environmental liabilities, but also helps us maintain our reputation as a 'miner of choice' amongst host governments, communities and business partners.

Environmental management from exploration to closure

Our exploration activities incorporate a risk assessment process with respect to the local environment, as well as closure processes. If exploration develops into project implementation, a more extensive baseline environmental study will be implemented. This includes both the social and environmental status of the area, and identifies potential risks both to Gold Fields and to the environment.

Our projects are also subject to a range of assessments, depending upon how advanced they are. These include, amongst others, environmental and social screening, environmental and social impact assessment, development of an environmental management programme and the establishment of preliminary closure plans.

Each operation is subject to an Environmental Management System (EMS) tailored to the context, risks and opportunities of each mine. All of our EMSs are ISO 14001 certified. They help us identify and manage the impacts of our infrastructure and activities, continually improve our environmental performance and monitor key environmental objectives and goals. They also support our centralised environmental database, which is accessible at corporate-, region- and operation-level.

All of our mines have closure plans in place – and the majority of these are already being implemented where possible, for example through concurrent rehabilitation. These plans are conservatively budgeted on a 'worst case scenario' basis that assumes premature closure and excludes potential scrap values. Our estimated closure liabilities are subject to constant revision – including an annual review at site level by our regional and group management teams. The closure plans are also subject to revision by third party experts, as well as annual internal and external audits. Where there are significant changes to our operations we work with local stakeholders to review and update our closure plans.

http://www.iso.org/

Rehabilitation

Rehabilitation is a major consideration during the course of the mining lifecycle, and is carried out on a concurrent basis at all of our operations. This includes particular focus on revegetation using native species and even the establishment of cash crops where possible. At the end of C2010, our total operational footprint totalled 17,826 ha – a 2.1% increase on C2009. During the course of C2010, we rehabilitated 100 ha of this land. By spreading rehabilitation over a longer period of time, we are able to reduce our closure liabilities at the end of life of our mines.

At Damang and Tarkwa, for example, we have promoted the cultivation of palm, citrus and maize crops on our rehabilitated waste dumps. All of our edible rehabilitation crops have been found to meet international quality and toxicity standards. This includes our innovative cocoa crops, which we plan to roll-out to other rehabilitated sites. The collaborative growth of these crops, as well their quality, is doing much to reassure local community members of the effective nature of our rehabilitation methods.

We have made provision in our financial statements for environmental rehabilitation costs amounting to R2.27 billion (US$337 million). A dedicated trust fund to support these provisions is currently valued at R1.14 billion (US$169 million), with the unfunded portion of these costs to be financed as obligations are incurred.

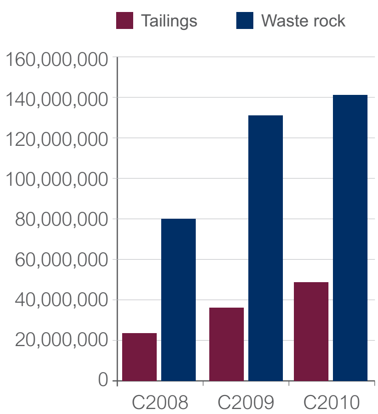
3.3.3 Managing materials responsibly

Gold Fields is committed to sourcing, storing, using and disposing of materials in an environmentally and socially responsible manner, with due attention to health and safety. Our most significant waste outputs include:

- Tailings
- Waste rock
- Chemical waste
- Hydrocarbon waste

Each of our operations has life of mine tailings management plans in place, supported by relevant tailings management procedures and guidance. Our tailings storage facilities are subject to constant monitoring, as well as formal reporting on an annual basis. The facilities themselves are inspected on a daily basis, as are associated pumping and pipeline systems.

Figure 3.24: Group mining waste (tonnes)



Furthermore, they are inspected for technical integrity by independent engineers at least every three years, or more frequently where local circumstances require it, where it is a permit or licence condition, or where the associated risk is deemed to be higher.

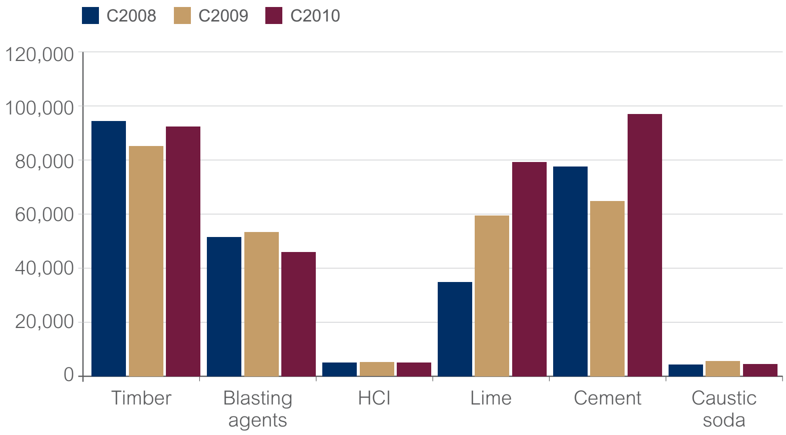
In South Africa, we recycle a significant proportion of the waste rock from our underground operations. This is used to process available gold and in construction projects carried out by our contractors. The remaining waste rock is kept in dumps, which are subject to comprehensive environmental rehabilitation programmes during the active life of each mine.

Most of our tailings are stored in tailings dams, other than a proportion that is used as paste fill (in combination with cement) to improve shaft stability in our underground mines. A range of control measures are used to minimise the risks posed by these tailings dams to the environment. These include:

- Appropriate modelling and engineering
- Integration of robust pollution containment facilities to capture any runoff
- Recycling of tailings water for use in metallurgical processes (including essentially closed circuit systems)
- Planting of vegetation and/or the application of dust palliatives on tailings slopes to reduce erosion and dust emissions
- Regular inspections and evaluations by independent engineers
- The use of ISO 14001 and externally audited tailings management systems

We also have systems and contracts in place for the recycling of steel, grease, oils, organic waste and paper and cardboard products, where possible. This includes the use of on-site salvage yards to separate waste for reuse and recycling.

Figure 3.25: Group input materials (tonnes)



We do not currently record the volume of recycled materials, as these are negligible compared to the high-volume, non-recyclable inputs we use at our operations, including, for example, explosives and cement.

Gold Fields does not import, export or transport any waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII.

All waste disposal, transportation and recycling contractors are required to adhere to our environmental procedures, including the provision of safe disposal certificates. Key contractors are audited for ISO 14001 compliance. Similarly, our procurement contracts require appropriate certification in terms of relevant national waste management legislation.

http://www.basel.int/
http://www.iso.org/

3.3.4 Using cyanide safely

All our eligible operations have full accreditation under the International Cyanide Management Code (ICMC). This accreditation extends to our transport providers.

The ICMC is recognised as the gold mining industry's best practice for cyanide management by the World Gold Council, the Council for Responsible Jewellery Practice, the International Finance Corporation and the G8 group of countries.

http://www.cyanidecode.org
http://www.iso.org
http://www.gold.org
http://www.ifc.org/

3.3.5 Protecting and promoting biodiversity

Gold Fields recognises the complexity involved in effective biodiversity management. This includes recognition of the relationships between biodiversity, climate change and water, as well as the need to manage ecosystems in their entirety. We aim to have a net positive impact on biodiversity where this is feasible.

We evaluate direct and indirect biodiversity risks at all of our locations under our broader EMSs and as part of our mine lifecycle management. Where relevant, the development of biodiversity management plans is informed by our engagement with local communities and environmental NGOs. In addition, we involve local community members and other stakeholders in the joint monitoring of our biodiversity risks and impacts.

None of our lands are on or near biodiversity hotspots. Likewise, we have no rare or protected species on or near our properties. Nonetheless, the western side of our Kloof-Driefontein Complex (KDC) mine in South Africa has been identified by authorities as a potential protected environmental area. As a result, we have commissioned an independent baseline study to determine biodiversity levels in the area. The outcome of this study will be integrated into a biodiversity management strategy for the area. Similar studies will be rolled out to our other South African operations, having been appropriately tailored to local circumstances.

Likewise, the shores of Lake Lefroy near our St Ives operation in Australia represent an area of sensitive biodiversity, which could be disrupted through over-clearing. However, internal and external permitting systems are in place to prevent over-clearing. Clearing activity is also monitored by the environmental authorities on an ongoing basis. We are currently engaging the public and environmental authorities as we seek to expand our operations at St Ives. The Office of Environmental Protection is currently making an assessment of our planning application, and will make a final recommendation to the provincial government.

We have strict controls in place to protect local wildlife on our land holdings in Ghana, including a total ban on hunting by staff or community members, as well as protection of local water bodies. As a result, these areas enjoy high levels of biodiversity, acting as a form of sanctuary for local wildlife. Plans are in place to further formalise our biodiversity management systems at Damang and Tarkwa – and to implement a full biodiversity baseline study. We are also examining opportunities for the creation of 'eco-corridors' between our isolated waste dumps to encourage repopulation by local wildlife. This will support our efforts to use native vegetation in our rehabilitation efforts. Gold Fields is a corporate member of the Ghana Wildlife Society, and their guidelines inform the management of biodiversity on our sites.

Gold Fields is also a founding member of Leadership for Conservation in Africa (LCA), an organisation through which business, governments and environmental organisations work together to promote conservation-led socio-economic development.

Leadership for Conservation in Africa (LCA): Linking business to conservation

Gold Fields is the founding business partner and active sponsor of Leadership for Conservation in Africa (LCA), which has chapters in 26 countries. Endorsed by many African governments and leading businesses, LCA was established in August 2006 to spearhead conservation-led socio-economic development. In C2010, Gold Fields renewed its commitment to the organisation by contributing a further R500,000 (US$68,306), making a total investment of US$2.5 million to date.

Gold Fields has been integral to driving LCA projects in Ghana. The Ghana Chapter of the LCA was first established in June 2008 and is a key project under Gold Fields Ghana's sustainable development programme. The Ghanaian LCA Chapter has a long-term vision to preserve Ghana's largest national park – Mole National Park – in collaboration with the Ghanaian Forestry Commission. To achieve this, the LCA is setting up two pilot projects for business-led conservation, which will then inform the Mole Park project.

The first pilot is the Shai Hills Savannah Reserve Project - a 51km^2 reserve, 50km east of Accra. It is home to 31 species of mammals, 175 species of birds and 13 species of reptiles. It is also the historical home of the Shai people. The project seeks to protect endangered species by providing environmental awareness training to local youths and establishing breeding stock for translocation to other reserves. Shai Hills has the potential to become an international tourist attraction close to Accra, which would also benefit local communities.

The second pilot is the Cape Three Point (CTP) coastal forest reserve project. Located on the south-west coast of Ghana, CTP is an area of unique biodiversity, which encompasses fragile forest and marine ecosystems. Since 1999, it has been designated a Globally Significant Biodiversity Site by the Ghanaian Forestry Department. The CTP project presents opportunities for preserving a unique habitat, as well as providing potential employment to local people. The project could also generate carbon credits under the international Clean Development Mechanism. It is envisaged that both projects will be taken to feasibility stage in the near future, before work on the Mole Park project begins.

Baboon at Shai Hills Savannah Reserve, Ghana

3.3.6 Reducing our carbon and managing the impacts of climate change

As with other large companies, rising energy prices, growing concerns about climate change and potential restrictions on carbon emissions requires us to place strong emphasis on carbon and climate change management.

During C2010, we adopted a new Carbon Management Policy, which commits us to:

- Implementing strategies to reduce our carbon footprint, improve our energy efficiency, pursue opportunities and use carbon friendly technology where possible
- Identify and mitigate the risks posed by climate change
- Provide comprehensive disclosure around carbon related issues
- Comply with relevant legal requirements and other carbon management requirements
- Encourage business partners and suppliers to make similar commitments

In part, this is a response to South Africa's King III Code, which requires increased focus on climate change, as well as recognition and analysis of the business costs and opportunities around environmental risks. The strategy, which incorporates a total of 15 carbon management projects across all our Regions, will help ensure that carbon management and climate change are integrated into business planning and decision-making. Under this strategy, we aim to:

- Reduce our potential liabilities with respect to existing and potential emissions regulation
- Reduce our operational costs by becoming more energy efficient
- Capture the potential revenues that could be generated through carbon trading and other related opportunities
- Manage our risks associated with climate change

> "Beyond measuring and reporting on environmental impacts, mining companies must also address climate change in the context of their overall enterprise risk management programs"

Deloitte, Tracking the Trends 2011: The Top 10 Issues Mining Companies Will Face in the Coming Year

There are already signs of potential climate impacts on our operations in Ghana, where disruptions in weather patterns have been observed. This has resulted in new challenges in terms of the weight of rainfall during selected periods, which has required additional focus on addressing the washout of waste dumps and rehabilitated sites.

Carbon emissions

Most of the energy we use is generated from coal or diesel, both of which are major contributors of CO_2. This includes our heavy reliance on coal-generated electricity at our underground mines in South Africa, as well as our extensive use of truck transport in our Australasia, South America and West Africa Regions.

During C2010, we have reported on our Scope 1, 2 and 3 emissions (see definitions in our Glossary on p330) for our global operations through the Carbon Disclosure Project.1 Our total emissions were 6.0 million tonnes CO_2-e. This compares to 5.9 million tonnes CO_2-e in C2009. Our C2010 emissions can be broken down as follows:

- Scope 1: 0.43 million tonnes CO_2-e (2009: 0.41)
- Scope 2: 5.11 million tonnes CO_2-e (2009: 5.09)
- Scope 3: 0.42 million tonnes CO_2-e (2009: 0.40)

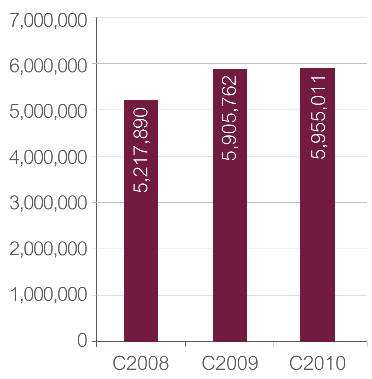
1 Gold Fields does not emit material amounts of any other indirect greenhouse gases

Our carbon emissions (Scope 1 and 2 only) per ounce of gold produced amounted to 1.34 tonnes. This compares to 1.30 tonnes in C2009.

Our operations in South Africa account for the majority of our Scope 1 and 2 emissions (89%). This is due to their extensive and deep-level operations, which utilise significant amounts of electricity.

https://www.cdproject.net

Figure 3.26: Group CO_2-e emissions (tonnes)[2]



2 Excludes fugitive mine methane emissions

Figure 3.27: Group CO_2-e emissions by type (%)

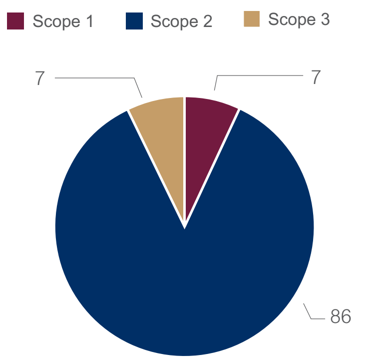


Figure 3.28: Carbon intensity (tonnes CO_2-e/oz)[3]

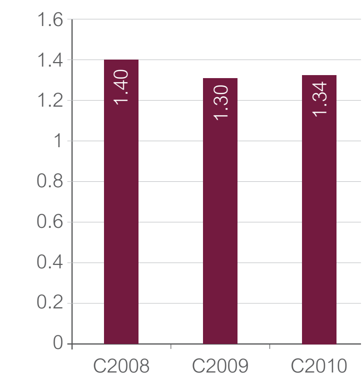
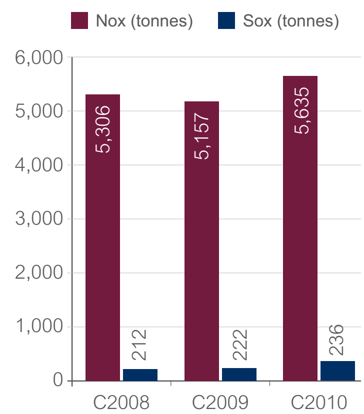


Figure 3.29: NO and SO emissions (tonnes)



3 Excluding Scope 3 emissions

Gold Fields comes top in the JSE Carbon Disclosure Leadership Index

In November 2010, Gold Fields was rated joint first (along with FirstRand) in the Top 100 Carbon Disclosure Leadership Index (CDLI) for the Johannesburg Stock Exchange (JSE) – with a disclosure rating of 93%. This represents the best disclosure rating of any mining company surveyed by the global Carbon Disclosure Project (CDP). The CDLI rates JSE-listed companies on the disclosure of their carbon emissions and is carried out annually by the CDP. Gold Fields ranked joint fourth in the 2009 assessment.

In addition, Gold Fields was one of only four JSE Top 100 companies placed in the top band for their climate mitigation and adaptation actions in the CDP's Carbon Performance Ratings (along with Nedbank, Barloworld and Woolworths). This rating evaluates companies based on their climate change impact mitigation strategies.

The awards reflect the company's ongoing efforts to proactively manage a range of risks linked to carbon emissions and climate change, given that South Africa's Water and Environmental Affairs Minister Edna Molewa has indicated that carbon disclosure was likely to become mandatory in South Africa in the near future. Weak public energy infrastructure and projected increases in energy prices in South Africa further strengthens the business case for the proactive management of carbon and energy issues. "For the business sector, climate change is a risk management issue whether it acknowledges it or not. The sooner positive action is taken, the greater the economic benefits," Ms Molewa noted.

Gold Fields is investigating a range of projects at its South African and West African operations that will utilise carbon credits to fund further carbon reduction initiatives. These include the KDC Hard Ice Project, which reduces the amount of cold water pumped to the shafts, as well as the Lake Lefroy wind energy initiative.

https://www.cdproject.net

Gold Fields Jan du Plessis receives CDLI award from South Africa's Water Affairs Minister Edna Molewa, South Africa

Damang, Ghana

Carbon trading and alternative energy

Our South Africa Region is leading the way in our efforts to develop significant carbon savings.

In C2010, Gold Fields became the world's first gold mining company to enter into a contract to sell Certified Emissions Reductions (CERs), the financial securities used to trade carbon emissions. The CERs were derived from the capture of methane gas at our Beatrix Gold Mine in South Africa's Free State province. The Beatrix Mine Methane Project, where we are currently flaring gas, will generate approximately 5MW of electricity a year once a co-generation plant has been built using the gas as feedstock. This could save approximately 12,000 tonnes of methane, equivalent to 252,000 tonnes of CO_2-e.

The Beatrix Methane Project is one of several alternative energy projects we are implementing in order to reduce our energy costs and improve our operational and environmental sustainability (p87). In addition, we have pre-identified 10 of the most significant alternative energy projects that, if fully developed, could save more than 600,000 tonnes of CO_2-e per year. Further details on our energy security and efficiency measures are provided in section 3.1.6 above.

During C2010, draft Australian legislation for the Carbon Pollution Reduction Scheme (CPRS), which introduces a cap and trade framework, was postponed until 2012. Nonetheless, we have registered with the CPRS in anticipation of the initiative, which will allow us to 'import' carbon credits where necessary. Including self-generated credits, where relevant.

We are working with the Australia Gold Producers Industry to submit proposals to mitigate the economic impacts of the CPRS, through a payment reduction of 65%.

In Ghana, we are investigating a range of projects to generate carbon credits under the international Clean Development Mechanism (CDM).

These include:

- Energy efficiency projects
- Wet waste power plants
- Carbon offsetting through our LCA projects (p83)
- Alternative biomass power generation

Pioneering carbon trading in Africa through the Beatrix Methane Project

Gold Fields is implementing the innovative, two-phase Beatrix Methane Project to unlock value from methane produced at its Beatrix mine in South Africa. The Project will create new revenue streams through the generation of tradable Certified Emissions Reductions (CERs). It will also reduce the mine's operational costs through the production of electricity, thus mitigating the operational risks posed by South Africa's ailing power infrastructure and projected price increases.

Furthermore, with the highest methane emission rates of any gold mine in the country, the project will convert what was once a major safety and environmental risk at Beatrix into a major asset. It will do so by removing up to 49% of the total methane produced at the mine. This will reduce its carbon footprint by approximately 25% and reduce the risk of methane explosions, which has previously caused a number of fatalities.

In the first phase, which started in February 2011, methane will be captured to generate tradable CERs worth a total of R200 million (US$27.3 million) over the first seven years of the project. The methane is captured at source underground and then transferred via a network of pipes to surface flares. Methane is a greenhouse gas that is up to 21 times more potent than carbon dioxide. As a result, this process will save approximately 2,000 tonnes of methane a year, equivalent to 42,000 tonnes of CO_2-e. Gold Fields has contracted to sell 1.7 million CERs to energy trading company Mercuria Energy Trading SA under forward contracts running until 2016.

In the second phase, the harnessed methane will be used to generate 5MW of electricity – or 5% of the Beatrix mine's total requirements. Construction of a power generation plant is scheduled to start in C2011. Between C2011 and C2020, this plant is projected to generate about R304 million (US$41.5 million) of revenue equivalent, through CERs and electricity savings.

Through this project, Gold Fields is the first gold mining company in the world to trade CERs. It will also put Gold Fields into a leadership position with respect to carbon management in Africa. CER-linked projects in Africa currently comprise less than 2% of the total projects registered by the Clean Development Mechanism executive board – the global body tasked with administering CER trading. Gold Fields is gaining international recognition for this pioneering and innovative approach. For example, the Gold Fields/Mercuria CER contract was recognised by London-based Risk Magazine as the 2010 'Deal of the Year' in its annual energy risk awards.

http://www.mercuria.com
http://www.risk.net

Methane flare stack installation at Beatrix, South Africa

3.3.7 Using and discharging water responsibly

Water management represents a key risk in all of the regions in which we operate. As a result, it is one of the many issues identified, assessed and monitored through our Enterprise Wide Risk Management system. It also forms a key component of each of the EMSs applicable to our operations, through which water use and quality is assessed, managed, monitored and reported on. Our overall water strategy is primarily focused on:

- Water quality and availability
- Mine dewatering
- Acid Mine Drainage (AMD) prevention

During C2010, we withdrew a total of 76,326 Ml (C2009: 72,403 Ml) and discharged 48,080 Ml. We discharge more water than we withdraw due to the pumping of fissure water from our underground mines. None of our operations are located in water-stressed areas, although South Africa has been identified as one of the countries in which water shortages are likely in the long-term

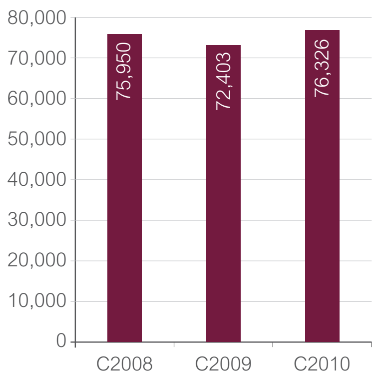
The average quality of water discharged was 71.37 milli-Siemens/meter (mS/m), which is within international standards. Nonetheless, we are working to improve water quality further to ensure we are within the 60 mS/m medium-term limit set by our draft water licences for our South African operations.

AMD is emerging as a key environmental risks and has enjoyed a high level of public and media attention in South Africa. AMD risks are evaluated at the exploration stage of any project. AMD management plans for the operation and closure of each mine is developed during the feasibility stage. Mining will only proceed if it is clear that AMD can be successfully managed given relevant technical and commercial constraints. Currently, the only operation that represents an AMD risk is our Cerro Corona mine in Peru.

Relevant actions we have taken to mitigate this risk at the mine include the following:

- Implementation of a full lifecycle risk mitigation strategy
- Full integration of AMD issues into the mine's Environmental Management System
- Continuous and extensive leach testing
- Further integration of AMD mitigation measures into the design of the tailings storage facility

Figure 3.30: Group water withdrawal (million liters)



AMD and uranium in South Africa

Water management is a particularly important issue in South Africa, where the historical gold mining legacy in and around the Wits Water Basin has put the issue of AMD firmly in the public eye. Despite the fact that there is no identified link between AMD in the Wits Water basin and our operations, the water management strategy being implemented by Gold Fields in the area has resulted in us taking a leading role in addressing the issue.

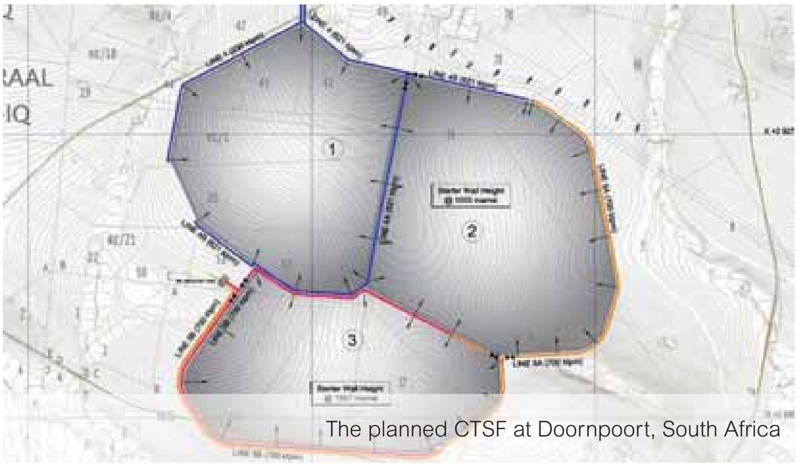
Gold Fields was an active participant in the formation of the Mining Interest Group (MIG), which represents the industry in the steering committees set up by government to deal with legacy issues in the area. As an industry association, the MIG proactively engages with all stakeholders and carries out real-time monitoring of acid levels and other water quality indicators in the Wonderfonteinspruit region, a key water catchment area. In C2010, we continued to provide support to local water forums, which have proven successful in engaging and involving a wide range of stakeholders. In addition, local regulators have appointed external consultants to develop an action plan to help remediate the Wonderfonteinspruit. We are actively involved in this process and are also encouraging the participation of our peers.

Tailings dam at Tarkwa, Ghana

Our mitigation of AMD risks is based on the identification and analysis of groundwater plumes, as well as the separation of clean and contaminated water. We are also rolling out a continuous water monitoring system, first piloted at Driefontein, to the broader West Wits catchment area. Data captured from this system will be integrated into our R21 million (US$2.9 million) proprietary software system, which once fully developed will generate interpretative reports and trend analysis of water quality at our mines.

The Liquid Gold project (p91), which is at pre-feasibility stage, is one of the key means by which we are planning to address water management in the region. It would also form the keystone of our integrated water management strategy. The project would include the creation of a sustainable business solution that turns our potential liabilities into assets through the production of potable water from the dolomitic aquifers in the West Wits area. Our strategy addresses the issue on a regional basis, due to the importance of looking at water catchment areas as a whole.

Another major strategy by which we are addressing future liability risks is through the planned re-processing and/or relocation of our 13 existing tailings facilities in the West Wits region – the most recent of which was developed and initiated 20 years ago. The plans envisage a Centralised Tailings Storage Facility (CTSF) at Doornpoort near our South Deep mine. This is part of a project called the Tailings Treatment (TTP) project (also known as the Uranium Project), which seeks to extract uranium, gold and sulphates from our existing tailings facilities in the area via a central processing plant. Furthermore, the innovative, design-led nature of the CTSF – as well as the geological nature of the land it sits on – means that we could significantly reduce and centralise the environmental risks posed by our tailings in the area, as well as potential future liabilities (p80).



The planned CTSF at Doornpoort, South Africa

Furthermore, it would significantly reduce our tailings management costs over the long-term.

A new water use licence was submitted for the CTSF in September 2010. No decision has yet been made on the future of the project. Nonetheless it will only be advanced if it is found to be economically viable.

The KDC is the only one of our South African operations that has received a new water licence. There are, however, several issues relating to erroneous content that are being resolved in collaboration with the Department of Water Affairs. Our other mines have received draft licences and are negotiating new licences with the Department of Water Affairs and Forestry.

The geology of our operations in the West Wits mining area means we need to place particular focus on the removal of uranium from waste water and materials in order to remain within World Health Organisation (WHO) limits. We currently do this through the use of bio-monitoring dams and settling dams.

http://www.who.int/en/
http://www.dwaf.gov.za/

Other locations

In Australia, our main water-related risks are linked to the ongoing supply of process quality water. This is normally obtained from boreholes near our Agnew and St Ives mines. Nonetheless, both mines have started to diversify their supply sources. For example, Agnew is sourcing groundwater from a nearby decommissioned open pit, whilst St Ives is using a freshwater dam.

Our mines in Ghana have comprehensive water reporting systems in place, which ultimately report through to the country's Water Resources Commission. We focus on reducing our water use through the use of closed-circuit water processes during the heap leaching process as well as extensive recycling – including the recycling of more than 30% of water used in the CIL process.

At Tarkwa, we have established an onsite laboratory to improve the speed and quality of our ground and water monitoring and analysis. In part, this is due to the relatively remote location of the mine, as well as the opportunity of servicing other mines in the Tarkwa area on a commercial basis. The laboratory has a relationship with the Water Research Institute in Accra, and also assists in the verification of results from the local Environmental Protection Agency district office.

We are also examining the potential development of a dam at Tarkwa to create a large body of water to draw on in times of low rainfall. This is considered to be an emerging risk due to signs that rainfall patterns in the area are becoming more erratic (p84). We have also initiated construction of an additional tailings storage facility (TSF3). TSF3 incorporates a range of environmental controls, including topsoil stripping, water monitoring boreholes, the construction of an impermeable clay base and pen stock, and enhanced embankments to reduce seepage risks.

Our heap leaching process at Tarkwa still results in limited, non-toxic discharges into the environment (e.g. silt). We have addressed this issue, which has been raised as a concern by local communities, by increasing retention time in our containment areas to allow solids to settle more fully. In C2011, we plan to fit a clarification plant to address the issue more fully.

In Peru, our Cerro Corona mine is currently using only 10 liters out of the 60 liters of water a second permitted by our licence.


Water testing at Cerro Corona, Peru

This is largely due to our employment of a closed circuit water system. In addition, we are abiding by our commitment not to use water from local rivers, and instead use rain and subterranean water. We also treat water discharge from mine bathrooms, eating facilities and laundries in five compact treatment plants, and conduct regular campaigns to promote the minimal use of water.

Nonetheless, Cerro Corona faces challenges due to a history of poor environmental management by other mining companies in the Hualgayoc region. It is in this context that local communities around our Cerro Corona mine have identified water quality as their most important environmental issue.

As a result, we have a comprehensive water monitoring process in place through which we work with water consumers, the regional director for agriculture and the local water authority to monitor water from the Tingo and Hualgayoc rivers. This is led by the National Water Authority and provides assurance to local communities. The quality of these samples is tested externally every six months. Nonetheless, some downstream communities continue to raise concerns about our impacts on water quality. As a result, we have:

- Requested an external and independent study by the government in downstream areas
- Enhanced the sediment control measures around our oxidised ore stockpiles
- Used our socio-economic development programme to establish two water treatment plans to provide local people with further quality assurance
- Initiated a precautionary monitoring programme at two springs close to Cerro Corona[1]

1 Although it is not clear that these are geologically linked to the mine

Reducing environmental liabilities and enhancing water security through Liquid Gold

Acid Mine Drainage (AMD) caused by disused and flooded underground mines has become a major public health and environmental issue in South Africa. In part, due to high-profile media coverage of the Western Basin decant, which since 2002 has seen AMD from disused mine shafts decanting near densely populated areas on the West Rand at a rate of approximately 15 million liters per day. More recently, AMD has affected a number of rivers on the East Rand that feed into environmentally sensitive areas.

Gold Fields is not implicated in the Western Basin decant and its mines on the West Rand have not been exposed to any AMD. However, the longevity of Gold Fields mines means it is likely to be the 'last man standing' in the West Rand gold mining sector. As a result, it may face reputational and/or regulatory risks as a result of other companies' environmental liabilities. Gold Fields is investigating an integrated regional water strategy, the Liquid Gold project, which seeks to proactively mitigate AMD in the West Rand.

The Liquid Gold project aims to treat Gold Fields water discharges from the dolomitic aquifers in the West Wits area to a potable standard. This water would be used to supply clean water to communities on the West Rand. This would be achieved in cooperation with local municipalities, who would deliver the water through their water infrastructure.

The project has potential to play a role in our efforts to mitigate Gold Fields future environmental liabilities by treating groundwater that could – in combination with the rewatering of other companies' mines – cause long-term pollution. It will also help Gold Fields meet the government's requirement for all mining companies to produce water at potable levels by 2015. Furthermore, it has the potential to unlock new value through the establishment of commercial off-take agreements. We have already started discussions on this issue with Rand Water, the utility responsible for water provision to municipalities in the West Rand. Discussions with Rand Water, the utility responsible for water provision to West Rand municipalities have commenced. Gold Fields is not seeking to make a profit from Liquid Gold and instead any money generated would be used to:

- Ensure the long-term sustainability of the initiative
- Fund Local Economic Development projects under the company's Social and Labour Plans
- Help provide for post-closure water management and environmental liabilities

Much of the baseline work has been completed for the project, including pilot testing of the various technologies and processing plants. In order to proceed, however, Gold Fields will require regulatory approvals and a viable off-take agreement. In particular, it is necessary to establish the legal ownership of the water that would be treated.

Water monitoring at KDC, South Africa

3.4 Regional overview: Australasia

3.4.1 Introduction

Our operational activities in Western Australia are centred on the St Ives and Agnew Gold Mines, both of which have highly prospective opportunities for reserve growth and life extension. Gold Fields also has an extensive portfolio of greenfields exploration in the Region, including the East Lachlan joint venture projects in New South Wales and the Batangas joint venture projects in the Philippines.

During C2010, we signed an US$340 million option agreement for a 60% option on the Far South East (FSE) project in the Philippines. The FSE project, which is located in northern Luzon Island, sits on one of the world's richest gold-copper porphyry bodies. During C2011, we plan to complete an extensive drilling programme to confirm the high-grade zone and commence a feasibility study (p120).

Figure 3.31: NCE margin (%)

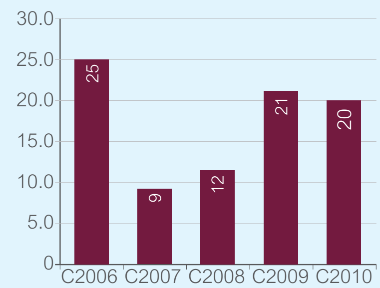


Figure 3.32: Attributable gold production ('000oz)

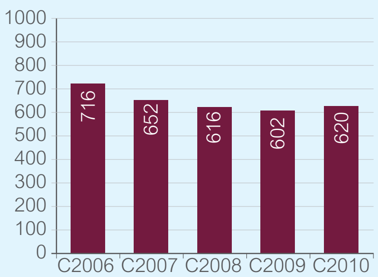
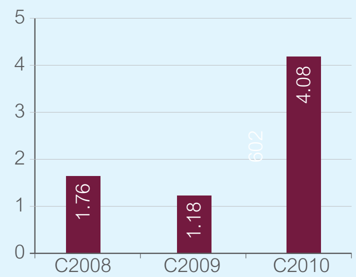


Figure 3.33: LTIFR[1]



Both St Ives and Agnew retained their OHSAS 18001 and ISO 14001 certification after undergoing independent external compliance audits during F2010. Both mines are fully compliant with the International Cyanide Management Code.

Performance in C2010

Overall, continued stabilisation of mining operations in C2010 has provided a solid platform for consistent gold production. St Ives performed particularly strongly, at an annualised run rate of approximately 500,000 ounces in the six months to 31 December 2010.

We have completed the transition to owner mining at Agnew, and will investigate opportunities elsewhere in our operations in C2011.

Both mines have active near-mine exploration programmes. Since June 2010, the Region's Mineral Reserves increased by 18% to 4.14 million ounces. In part, this was due to ongoing delineation of the Argo-Athena camp at St Ives, as well as deep directional drilling at Agnew.

Long-term maintenance of the strong NCE margin for the region will be a major continuing focus for C2011.

1 See p76 for explanation of methodological changes that have contributed to an increase in LTIFR in the Australasia Region

St Ives, Australia

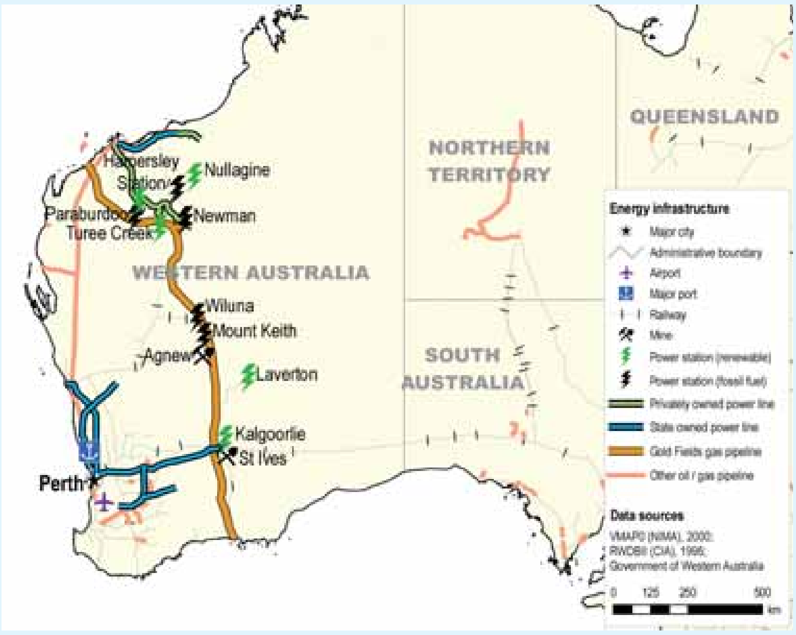
Outlook for 2011

The Regional target of 1 million ounces in the next five years remains our core growth objective. In C2011, we plan to achieve safe production targets, and implement our major capital projects while maintaining our targeted NCE margin. Specific planned actions include:

- Continuation of the Business Process Re-engineering at St Ives and Agnew
- Bringing our Athena development at St Ives to full production and the Songvang open pit at Agnew into production
- Ongoing construction of the Hamlet deposit at St Ives
- Stabilising production at Agnew
- Continued exploration for reserve growth at Agnew and St Ives

Figure 3.34: Map of energy infrastructure in Western Australia

Continuity of energy supply is a major challenge for mining operations in Western Australia. The regional gas market is highly dependent on a small number of suppliers and critical energy infrastructure is relatively closed-off from the rest of the country. The map (right), prepared by Maplecroft, highlights the proximity of our mines to critical energy infrastructure in Western Australia.



3.4.2 Opportunities and challenges

Key opportunities:

- Improvement to existing health and safety performance
- Highly prospective sites
- Strong metal prices may translate to improved reserve positions, depending on ore body economics
- Utilisation of the strong mining and technical competencies within the workforce to further improve productivity and costs
- A stable political and regulatory environment, allowing for further exploration and development
- Significant upside on our ore bodies

Key challenges:

- High employee turnover in a competitive labour market, including flexible 'fly-in, fly-out' labour arrangements. We are addressing this through the development of a regional employee retention initiative (p55)
- Increasing wage pressure and input costs due to strong growth in the construction, energy and mining industries. Our operations closely monitor local labour markets to ensure the provision of competitive packages (p145) and are closely managing input costs where possible
- Rising input costs emanating from higher commodity and energy prices (p68)
- An inflexible energy market and restrictive energy infrastructure in Western Australia. We are examining a series of options to ensure future energy security at our operations (p68)
- Plans for a national cap and trade carbon management framework to be implemented over the next few years. We are working with industry representative bodies to ameliorate the impact of the scheme (p86)
- A consistently strong Australian dollar, which has raised input costs relative to gold sales (p18)

3.4.3 Operation overview: St Ives

Performance in C2010

Notable achievements in C2010 include:

- Gold production for C2010 at 468,000 ounces (C2009: 415,000 ounces)
- Achievement of an NCE margin of 29% in the December 2010 quarter (September 2010 quarter: 22%)
- Cash cost reduction of 5% to A$776/oz (US$710) in C2010 (C2009: A$816/oz (US$637))
- An increase in Mineral Reserves of 28% to 2.8 million ounces
- The advanced status of construction at Athena, which is on budget and ahead of schedule
- Initiation of the construction of the decline to access the Hamlet ore body

Outlook for C2011

In C2011, we plan to produce between 450,000 and 480,000 ounces of gold at an NCE of A$1,200/oz (US$1,200) and cash costs of A$850/oz (US$850). We will also focus on our ongoing re-engineering process to lower cost production and maintain an improved, long-term Group NCE margin of above 25%. Key elements of this plan include:

- Focus on improvements in safety performance
- Development of the Athena project to commercial levels of production
- Completion of the construction of Hamlet and the commencement of ore production by mid-C2012
- Targeting of further extensions at the Cave Rock and Argo underground operations to extend mine life, as well as the Leviathan open pit
- Examination of opportunities to increase the size of our open pits in light of higher gold prices

Installation of mine support at the Argo project, St Ives, Australia

Figure 3.35: Key operating statistics St Ives

Key operating statistics	C2010	C2009	C2008	C2007	C2006
Gold produced – attributable ('000oz)	468	415	415	451	499
Total cash cost (A$/oz)	776	816	739	582	508
Notional Cash Expenditure (NCE) (A$/oz)	1,064	1,056	1,014	806	704
Gold price (A$/oz)	1,336	1,241	1,033	832	801
Operating profit (A$m)	273	180	116	105	145
Operating costs (A$m)	376	345	301	257	270
Operating margin (%)	44	35	27	28	36
NCE margin (%)	20	15	12	3	12

Figure 3.36: Key sustainability statistics St Ives

Key sustainability statistics	C2010	C2009	C2008
Total taxation and royalties (A$m)	21	29	16
Employee wages and benefits (A$m)	43	36	32
Total employees	319	315	271
Fatal Injury Frequency Rate (FIFR)	0	0	0
Lost Time Injury Frequency Rate (LTIFR)	5.05	0.82	1.60
Cyanide consumption ('000 tonnes)	2.6	3.0	3.1
CO_2 emissions ('000 tonnes)	191.6	198.1	212.1
Energy consumption (GJ)	1,805	1,919	1,980
Water withdrawal (million liters)	16,309	23,291	22,159

3.4.4 Operation overview: Agnew

Performance in C2010

Notable achievements in C2010 include:

- Maintenance of strong safety performance, with a period of 14 months without a Lost Time Injury
- Successful delineation of the Kim South ore body; Agnew now has a seven year mine life
- A 7.7% increase in Mineral Reserves to 1.3 million ounces from June 2010
- Implementation of owner mining together with improved productivity
- Improved mining efficiencies and ore body recovery in the second half of C2010 following a lack of stope availability in mid-C2010 caused by reduced development rates

Outlook for 2011

The outlook for C2011 is to produce between 160,000 and 190,000 ounces of gold at an NCE of A$1,200/oz (US$1,200) and cash costs of A$800/oz (US$800). The key focus areas for the C2011 plan are to:

- Commence surface mining at the Songvang project to utilise available mill capacity and improve operational flexibility
- Complete construction of the Kim ventilation infrastructure
- Further develop the underground potential at the Waroonga Complex through a deep directional drilling programme at the Main Lode with the aim of further extending mine life
- Achieve sustainable underground production by increasing the rate of development
- Continue our restructuring programme to reduce operating costs and improve mining efficiencies

Agnew, Australia

Figure 3.37: Key operating statistics Agnew

Key operating statistics	C2010	C2009	C2008	C2007	C2006
Gold produced – attributable ('000oz)	152	188	201	200	217
Total cash cost (A$/oz)	684	536	524	472	343
Notional Cash Expenditure (NCE) (A$/oz)	1,098	799	701	646	506
Gold price (A$/oz)	1,326	1,241	1,034	841	995
Operating profit (A$m)	96	133	98	74	110
Operating costs (A$m)	105	99	101	98	111
Operating margin (%)	48	57	47	44	51
NCE margin (%)	17	36	32	23	49

Figure 3.38: Key sustainability statistics Agnew

Key sustainability statistics	C2010	C2009	C2008
Total taxation and royalties (A$m)	0	0	0
Employee wages and benefits (A$m)	21	20	21
Total employees	212	158	136
Fatal Injury Frequency Rate (FIFR)	0	0	0
Lost Time Injury Frequency Rate (LTIFR)	1.11	2.13	2.23
Cyanide consumption ('000 tonnes)	0.44	0.53	0.80
CO_2 emissions ('000 tonnes)	41.1	42.9	45.7
Energy consumption (GJ)	339	356	368
Water withdrawal (million liters)	1,213	1,564	1,096

3.5 Regional overview: South Africa

3.5.1 Introduction

The South Africa Region is the bedrock on which Gold Fields is built and accounts for 53% of our attributable gold output. Gold Fields holds one of the dominant positions in the geographically unique Witwatersrand Basin, the most prolific gold-producing region in the world. It is home to our developing and fully mechanised South Deep project, as well as the more mature and conventionally operated Beatrix and Kloof-Driefontein Complex (KDC) mines. KDC is South Africa's largest mine by gold production and enjoys Mineral Reserves of 20.2 million ounces at a grade of 6.5 grams a tonne. The South Deep project, the most significant gold development project in South Africa, is set to be an efficient, safe, low cost and fully mechanised operation, underpinned by a world class ore body. Once complete, South Deep will ensure the Region remains a critical, long-term contributor to Group performance.

Figure 3.39: NCE margin (%) - excluding South Deep

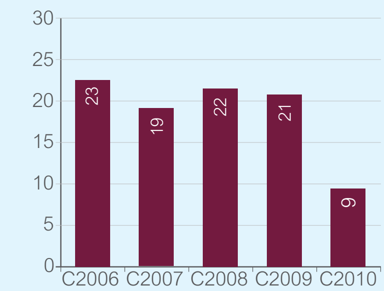


Figure 3.40: Attributable gold production ('000oz)

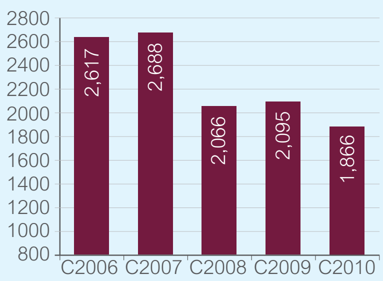
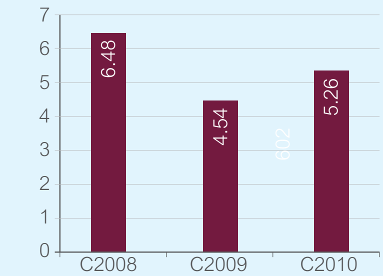


Figure 3.41: LTIFR



All of our mines in South Africa are OHSAS 18001 and ISO 14001 certified, and are fully compliant with the International Cyanide Management Code. The Mineral Resources and Mineral Reserves are compliant with the SAMREC 2007 Code.

Performance in C2010

Gold production in the South Africa Region declined to 1.9 million ounces in C2010 (C2009: 2.1 million ounces). Gold production was steady at Beatrix and consistently higher at South Deep, but this did not offset lower production at KDC. All our mines stabilised their production performances as the year progressed, with the NCE margin (excluding South Deep) improving to 20% in the December 2010 quarter.

The Project Blueprint business re-engineering programme saw the consolidation of the Kloof, Driefontein and the South Africa Region management teams. Overall employee numbers in South Africa continued to decline as a result of natural attrition, voluntary severance and the replacement of non-essential contracting services by internal staff.

Recent progress in safety performance at our South African mines continued in C2010 with fatalities declining from 26 in C2009 to 17 last year. However, much remains to be done to achieve our long-term aim of Zero Harm (p71-73).

Shareholders approved the terms of our three empowerment transactions, which include a landmark employee share option plan. Our new order mining right for South Deep was granted and ensured that we achieved our 2014 equity ownership targets set out in the Mining Charter.

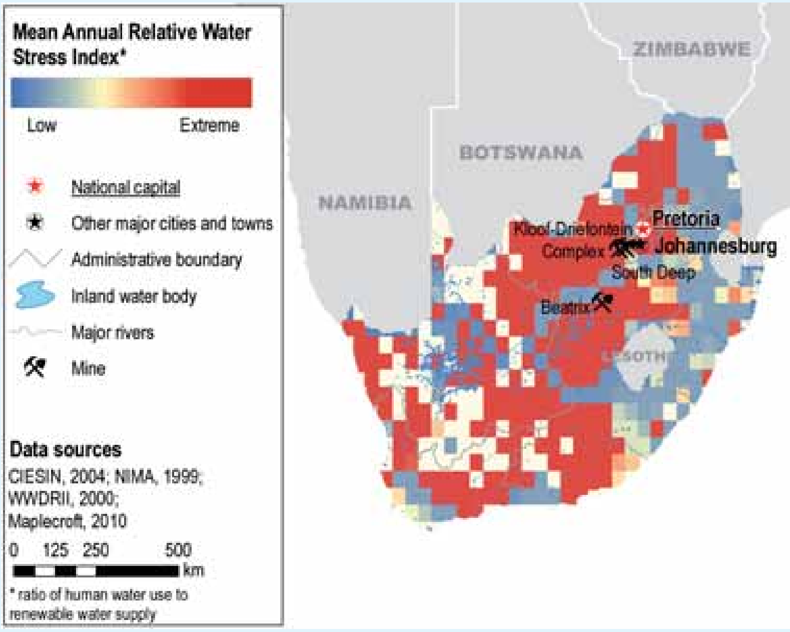
Outlook for 2011

The key target is to stabilise safe production at an NCE margin of 20% in the short-term (excluding South Deep) and to move towards our planned contribution of at least 2 to 2.3 million ounces to the Group Goal of 5 million attributable ounces in production or development by 2015. Specific planned actions include:

- A further reduction in fatalities and improved health and safety indicators on C2010
- Achievement of production stability at the KDC and Beatrix mines
- Continued development and production ramp-up at South Deep
- Advancement of the '24 Hours in the Life of a Gold Fields Employee' wellbeing programme (p154)
- Increased mining flexibility through mechanised ore reserve development at the long life shafts at KDC and Beatrix
- Further reduce power consumption across the operations to offset increasing power tariffs
- Increased representation of Historically Disadvantaged South Africans at middle and senior management levels

Figure 3.42: Map of water stress in South Africa

Water quality and availability are increasingly important issues in South Africa. The map (right), prepared by Maplecroft, highlights varying sub-national levels of water stress in different regions of the country.



3.5.2 Opportunities and challenges

Key opportunities:

- Leveraging off the strong Mineral Reserve position and existing infrastructure
- Momentum created by Project Blueprint around operational efficiencies and cost savings, with further opportunities at KDC
- Fulfilment of our 2014 Mining Charter commitments
- The ongoing strength of our relations with local communities
- Opportunities to build on our effective eradication of seismic-related fatalities by reducing gravity-related fall-of-ground accidents
- Generation of carbon credits by the Beatrix Methane Project
- Mitigation of future environmental liabilities and generation of alternative revenue streams through the Liquid Gold regional water strategy

Key challenges:

- Embedding full compliance to safety rules and procedures by addressing behavioural-based safety
- Building relationships with organised labour. We are implementing a new employee relations framework that has been agreed with the unions (p146)
- Increasing wage pressure from unions. We are continuing our gradual reduction in staff numbers through natural attrition and voluntary severance (p61)
- Achieving reduced levels of silicosis and Noise Induced Hearing Loss in line with the Mine Health and Safety Council's 2013 targets
- Declining production performances at our legacy mines. We are seeking greater production stability through Project Blueprint and the re-structuring of our KDC shafts into six defined business units (p62)
- Planned introduction of a national carbon tax. Responses will include engagement with government through the Chamber of Mines, a reduction of our carbon footprint and the generation of carbon credits (p86)
- Plans by public utility Eskom to increase electricity tariffs by 25% a year over the next three years. A programme is in place to achieve further reductions in electricity consumption to build on savings already achieved (p69)
- Potential for Acid Mine Drainage (AMD) in the West Wits region and general issues around water availability. We are actively addressing these issues through the Liquid Gold integrated water strategy, regional collaboration, stakeholder engagement and water monitoring (p80, 88, 91)

3.5.3 Operation overview: KDC

Performance in C2010

Notable achievements in C2010 include:

- Consolidation of the Kloof, Driefontein and South African Region management teams
- Continued reduction in the labour force through natural attrition and voluntary severance
- A reduction in power consumption of 5%
- Initiation of a feasibility study to assess opportunities to mine below 50 level at business unit one (the former Driefontein 1 and 5 shafts) on the basis of a 'pay-as-you-go' decline
- A comprehensive review of the mine's Mineral Resources and Reserves

Outlook for C2011

The outlook for C2011 is for KDC to produce between 1.2 and 1.3 million ounces of gold at an NCE of US$1,090/oz and cash costs of US$870/oz. Key initiatives for C2011 include:

- Further reductions in fatalities and other key safety indicators
- Ongoing implementation of Project Blueprint, including targeted cost savings of R500 million to R1 billion (US$68.3 million to US$136.6 million) for KDC over the next 24 months
- Improving productivity through the mechanised flat-end development of KDC's long-life shafts
- Continued reduction in staff numbers through natural attrition and voluntary severance, whilst striving to avoid compulsory retrenchments
- Further optimisation of life of mine plans
- Acceleration of the upgrading of accommodation

KDC, South Africa

Figure 3.43: Key operating statistics KDC

Key operating statistics	C2010	C2009	C2008	C2007	C2006
Gold produced – attributable (kg)	37,790	45,362	46,430	59,948	61,920
Gold produced – attributable ('000oz)	1,215	1,458	1,493	1,927	1,991
Total cash cost (R/kg)	193,948	145,177	125,503	86,955	76,222
Total cash cost (US$/oz)	824	536	476	384	351
Notional Cash Expenditure (NCE) (R/kg)	262,141	198,646	173,500	121,684	99,645
Notional Cash Expenditure (NCE) (US$/oz)	1,114	733	658	538	458
Gold price (R/kg)	287,499	261,611	228,856	156,916	130,982
Gold price (US$/oz)	1,222	965	868	693	603
Operating profit (Rm)	3,398	4,969	4,505	3,937	3,181
Operating costs (Rm)	7,467	6,898	6,121	5,470	4,929
Operating margin (%)	31	42	42	42	39
NCE margin (%)	9	24	24	22	24

Figure 3.44: Key sustainability statistics KDC

Key sustainability statistics	C2010	C2009	C2008
Total taxation and royalties (Rm)	348	834	674
Total taxation and royalties (US$m)	48	99	82
Employee wages and benefits (Rm)	4,303	3,896	3,313
Total employees	31,033	32,196	28,693
Fatal Injury Frequency Rate (FIFR)	0.13	0.24	0.18
Lost Time Injury Frequency Rate (LTIFR)	6.31	5.26	6.72
Cyanide consumption ('000 tonnes)	2.37	1.96	1.64
CO_2 emissions ('000 tonnes)	3,483.7	3,492.3	3,311.7
Energy consumption (GJ)	12,293	12,334	12,066
Water withdrawal (million liters)	36,859	22,797	27,182

3.5.4 Operation overview: Beatrix

Performance in C2010

Notable achievements in C2010 include:

- Production at 376,600 ounces (C2009: 400,000) at NCE of US$1,084/oz (C2009: US$842/oz)
- Ongoing focus on face length flexibility, labour management, and volume/grade management to address NCE margin
- Infrastructure footprint reduction at South Section to reduce fixed costs
- Contract for the sale of the first Certified Emissions Reductions generated by a global gold mining company (p87)

Outlook for C2011

The outlook for C2011 is to produce between 370,000 and 386,000 ounces at an NCE of US$1,100 and cash costs of US$890/oz. Key areas of focus will include:

- Accelerated ore Reserve developments to create more flexibility
- Reassessment and acceleration of the pillar extraction at the South Shaft
- Implementation of the three shaft development programme at North Section
- Increased focus on mining quality through reduced underground dilution and gold loss
- Optimisation of reef and waste processing to reduce ore re-handling costs and to leverage incremental ounces
- Maintenance of capital expenditure on definition drilling to minimise geological and grade risk
- Completion of the Beatrix Methane Project and initiation of an energy generation feasibility study (p87)

Beatrix, South Africa

Figure 3.45: Key operating statistics Beatrix

Key operating statistics	C2010	C2009	C2008	C2007	C2006
Gold produced – attributable (kg)	11,715	12,443	12,696	15,022	18,697
Gold produced – attributable (‘000oz)	377	400	408	483	601
Total cash cost (R/kg)	194,406	169,847	142,045	102,323	75,403
Total cash cost (US$/oz)	826	627	539	452	374
Notional Cash Expenditure (NCE) (R/kg)	255,066	228,128	196,282	147,963	106,183
Notional Cash Expenditure (NCE) (US$/oz)	1,084	842	745	654	489
Gold price (R/kg)	287,187	259,126	231,750	157,249	130,903
Gold price (US$/oz)	1,220	956	879	695	602
Operating profit (Rm)	1,026	1,021	1,052	746	973
Operating costs (Rm)	2,339	2,203	1,891	1,616	1,475
Operating margin (%)	30	32	36	32	40
NCE margin (%)	11	12	15	6	19

Figure 3.46: Key sustainability statistics Beatrix

Key sustainability statistics	C2010	C2009	C2008
Total taxation and royalties (Rm)	18	2	1
Total taxation and royalties (US$m)	3	0.2	0.1
Employee wages and benefits (Rm)	1,422	1,307	1,141
Total employees*	9,485	10,327	11,151
Fatal Injury Frequency Rate (FIFR)	0.18	0.06	0.08
Lost Time Injury Frequency Rate (LTIFR)	3.31	3.71	4.74
Cyanide consumption ('000 tonnes)	0.92	0.88	0.81
CO_2 emissions (‘000 tonnes)	867.9	901.8	892.8
Energy consumption (GJ)	3,325	3,470	3,508
Water withdrawal (million liters)	10,834	14,866	16,678

3.5.5 Operation overview: South Deep

Performance in C2010

Production and development at South Deep continues to improve in line with budget and is on track to achieve full production of 750,000 ounces a year by the end of C2014. Other notable achievements in C2010 include:

- Conversion of the old order mining right to a new order right
- The meeting of capital infrastructure milestones, including progress on the reline and equipping of the Twin Ventilation Shaft
- Continued rehabilitation of the South Shaft to provide access to the Upper Elsburg ore body for mechanised mining
- An 18% increase in Mineral Reserves from 29.3 million ounces to 34.5 million ounces

Outlook for 2011

The outlook for C2011 is to produce between 338,000 – 367,000 ounces of gold at an NCE of US$1,755/oz and cash costs of US$915/oz. The key focus areas for C2011 include:

- Capital expenditure of R2 billion (US$273 million)
- Completion of the sinking of the Ventilation Shaft by December 2011
- Finalisation of the tailings storage facility with first tailings deposition scheduled for June 2011
- Improved labour relations following the November 2010 strike by the National Union of Mineworkers
- Successful implementation of South Deep's Social and Labour Plan

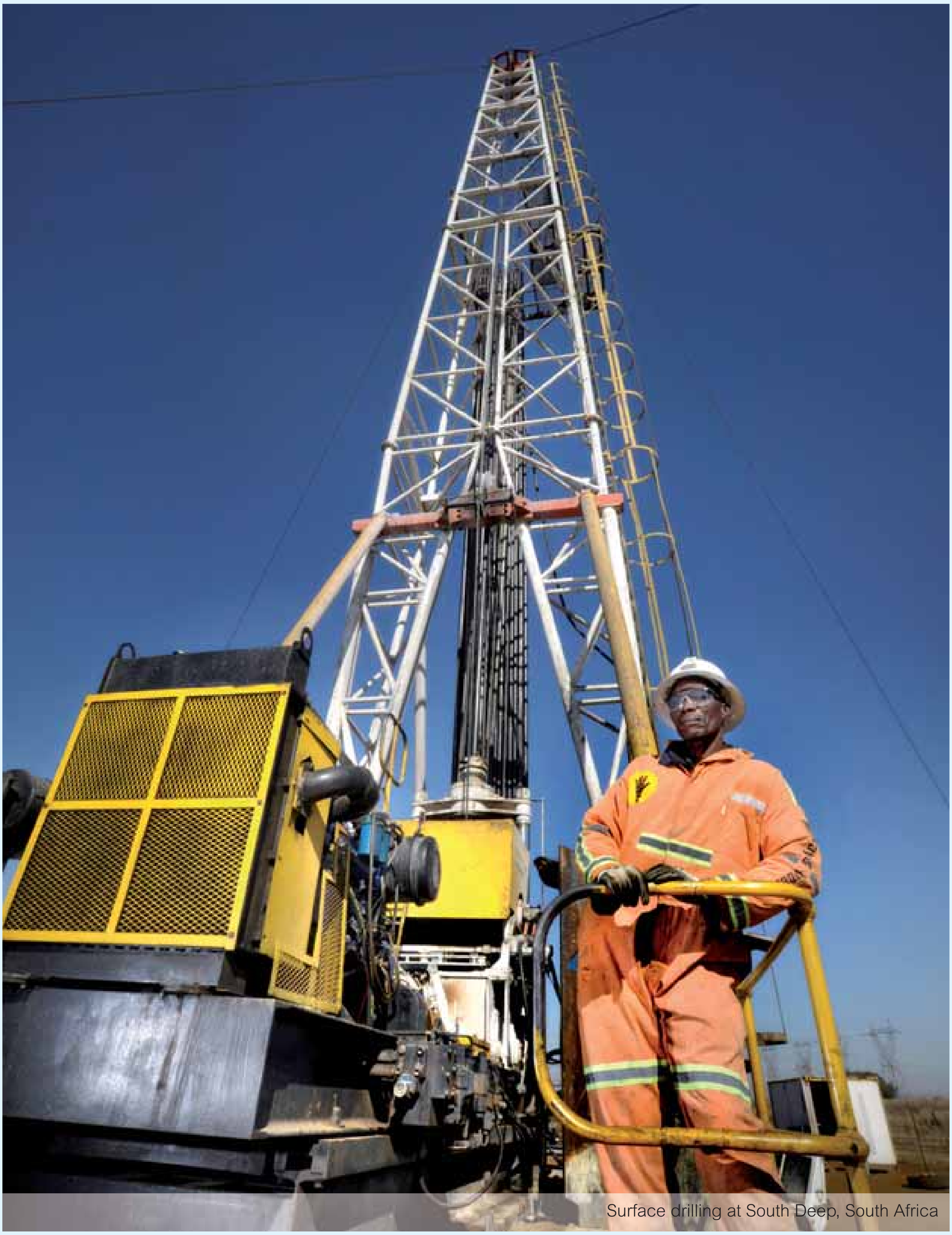
South Deep, South Africa

Figure 3.47: Key operating statistics South Deep

Key operating statistics	C2010	C2009	C2008	C2007	C2006
Gold produced – attributable (kg)	8,524	7,373	5,124	8,630	771
Gold produced – attributable ('000oz)	274	237	165	278	25
Total cash cost (R/kg)	215,157	183,358	226,776	138,944	133,724
Total cash cost (US$/oz)	914	677	860	614	615
Notional Cash Expenditure (NCE) (R/kg)	431,335	379,004	403,044	214,629	183,174
Notional Cash Expenditure (NCE) (US$/oz)	1,833	1,398	1,529	948	843
Gold price (R/kg)	288,022	259,921	231,187	156,899	141,935
Gold price (US$/oz)	1,224	959	877	693	653
Operating profit (Rm)	584	509	-24	120	6
Operating costs (Rm)	1,871	1,408	1,209	1,242	113
Operating margin (%)	24	27	-2	9	6
NCE margin (%)	-50	-46	-74	-37	-29

Figure 3.48: Key sustainability statistics South Deep

Key sustainability statistics	C2010	C2009	C2008
Total taxation and royalties (Rm)	0	0	0
Total taxation and royalties (US$m)	0	0	0
Employee wages and benefits (Rm)	742	565	578
Total employees	3,077	2,683	2,488
Fatal Injury Frequency Rate (FIFR)	0.07	0.08	0.94
Lost Time Injury Frequency Rate (LTIFR)	2.87	2.74	12.45
Cyanide consumption ('000 tonnes)	0.55	0.47	0.76
CO_2 emissions ('000 tonnes)	595.3	559.1	463.0
Energy consumption (GJ)	2,171	2,039	1,719
Water withdrawal (million liters)	2,926	2,770	3,870


Surface drilling at South Deep, South Africa

3.6 Regional overview: South America

3.6.1 Introduction

Our South America Region has both an operating mine and an advanced exploration project. Our operational activities are centred around the Cerro Corona mine in northern Peru, in which we hold an 81% interest through our subsidiary company Gold Fields La Cima S.A.A. Gold Fields also manages the Chucapaca exploration project in southern Peru (p122). This project is being developed by Minera Gold Fields Peru S.A. (an exploration subsidiary of Gold Fields), in which Gold Fields holds 51% and Peruvian mining group Buenaventura (49%).

Cerro Corona is OHSAS 18001 and ISO 14001 certified, and is fully compliant with the International Cyanide Management Code.

Figure 3.49: NCE margin (%)

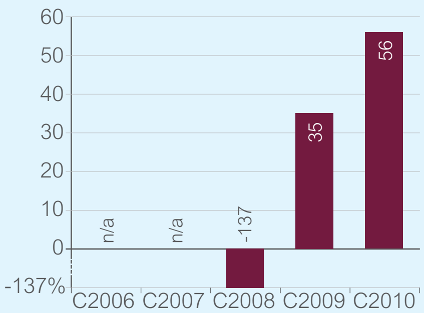


Figure 3.50: Attributable gold production (‘000oz)

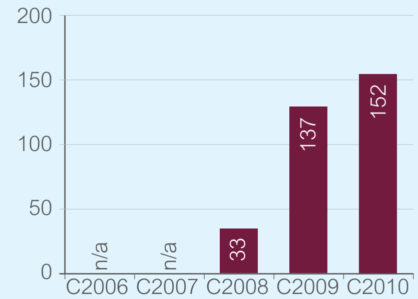
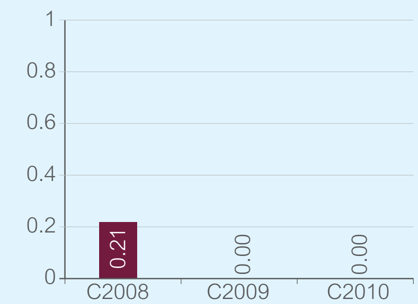


Figure 3.51: LTIFR



Performance in C2010

Cerro Corona increased production by 22% to 406,000 gold-equivalent ounces in C2010 (C2009: 332,000 ounces). This comprised gold production of 152,000 ounces and copper production of 41,000 tonnes. This is as a result of the processing of higher-grades, increased throughput above design capacity and enhanced recoveries. The NCE margin for the mine improved significantly from 35% in C2009 to 56% in C2010. Other notable achievements in C2010 include:

- 6.8 million man hours without a Lost Time injury
- A first place award in the open-cast Peruvian Annual Mining Safety competition
- Maintenance of Mineral Reserves at 4.3 million ounces, despite depletion
- Payment of the mine’s first dividend of US$30 million
- Debt restructuring, including a reduction of US$130 million of project finance
- Commencement of the oxide plant expansion feasibility study

At Chucapaca, we accelerated a 100,000 meter drilling programme to deliver an Indicated Resource in late 2011, with a construction decision expected during 2012. In parallel, we initiated all activities and studies required to confirm the project’s feasibility and obtain environmental approval. A substantial community engagement and socio-economic plan has been launched to gain early traction with local communities.

Cerro Corona, Peru

Outlook for 2011

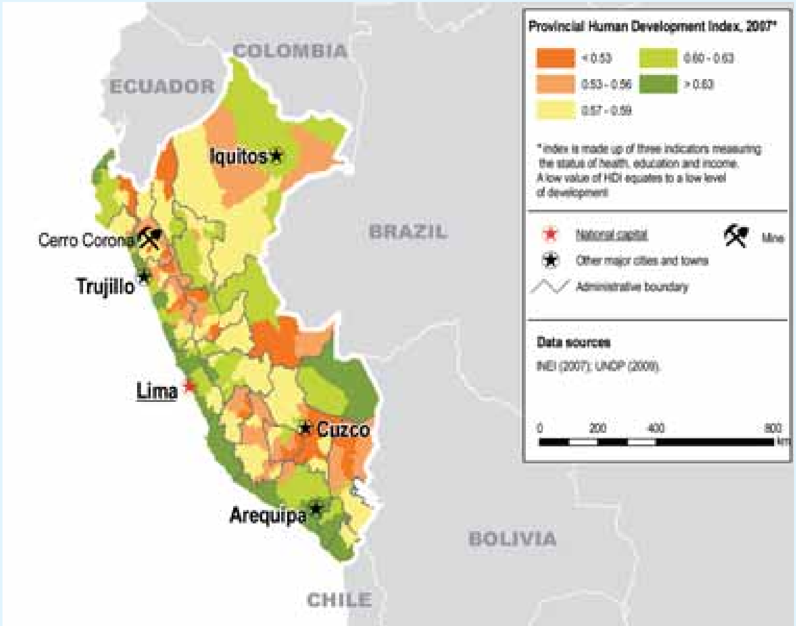
The Regional target of 1 million ounces in construction or development by 2015 remains our core growth objective. The outlook for C2011 is to produce between 330,000 and 360,000 gold-equivalent ounces at an NCE of U$700/eq-oz and cash costs of US$420/eq-oz.

Specific growth actions at Cerro Corona include:

- Completion of the second raise of the tailings dam
- Completion of the feasibility study for the expanded oxide plant and initiation of construction
- Continued investigation into opportunities to increase tailings storage capacity
- Assess near surface mineralisation potential north of the current pit through infill drilling

Figure 3.52: Human development in Peru

In many regions of Peru, low levels of health, education and income pose major challenges to local communities. We are contributing to the enhancement of these human development measures through a range of socio-economic development projects (p160). The map (right), prepared by Maplecroft, highlights the relative sub-national levels of human development across the country.



3.6.2 Opportunities and challenges

Key opportunities:

- Peru is South America's fastest growing economy and promotes investment in the mining sector
- Strong and supportive relations with key stakeholders at Chucapaca
- High gold and copper prices
- Potential to increase Mineral Reserves at Cerro Corona through the conversion of Mineral Resources

.

Key challenges:

- Local communities are highly sensitive towards water quality and availability – largely due to a longstanding history of pollution in the area. We carry out regular water quality testing in partnership with the local community (p162). Water is also a key challenge for the development of the Chucapaca project
- Potential socio-political restrictions on the expansion of mining activities in the Cajamarca Region, due to a drive by the regional government to limit or regulate the areas allowed for mining activities. The company is collaborating with its peers to engage with all relevant stakeholders and mitigate this potential risk
- Election of a new regional government, which may result in a more hostile stance towards the mining industry. We are accelerating sustainable development initiatives at Cerro Corona, and continue to honour our extensive social commitments at the mine
- A general election is being held in April 2011, raising the risk that the next government may impose a windfall tax


Crusher at Cerro Corona, Peru

Figure 3.53: Key operating statistics Cerro Corona

Key operating statistics	C2010	C2009	C2008	C2007	C2006
Gold produced – attributable ('000oz)	328	268	60	n/a	n/a
Total cash cost (US$/oz)	363	361	380	n/a	n/a
Notional Cash Expenditure (NCE) (US$/oz)	532	626	1,560	n/a	n/a
Gold price (US$/oz)	1,201	970	658	n/a	n/a
Operating profit (US$m)	341	206	19	n/a	n/a
Operating costs (US$m)	146	122	32	n/a	n/a
Operating margin (%)	71	62	43	n/a	n/a
NCE margin (%)	56	35	-137	n/a	n/a

Figure 3.54: Key sustainability statistics Cerro Corona

Key sustainability statistics	C2010	C2009	C2008
Total taxation and royalties (US$m)	73	46	1
Employee wages and benefits (US$m)	33	22	9
Total employees	350	337	n/a
Fatal Injury Frequency Rate (FIFR)	0	0	0
Lost Time Injury Frequency Rate (LTIFR)	0	0	0.21
Cyanide consumption ('000 tonnes)	0.14	0.08	n/a
CO_2 emissions ('000 tonnes)	49.4	22.8	n/a
Energy consumption (GJ)	895	425	n/a
Water withdrawal (million liters)	574	187	n/a

Cerro Corona, Peru

3.7 Regional overview: West Africa

3.7.1 Introduction

Production is focused on the Damang and Tarkwa open pit mines, which are within 30km of one another in south-western Ghana. As with our other international regions, the West Africa Region plans to raise production levels to 1 million ounces by 2015.The current focus is to maximise the NCE margin whilst growing production.

Tarkwa, Africa's largest open pit gold mine by production, will target its well-defined Mineral Resource and Reserve position to boost safe production and maximise returns. At Damang, near-mine exploration has increased the life of the mine from 2014 to 2020 – and delivered positive prospects for further production growth.

Gold Fields has a major exploration prospect at the Yanfolila project in Mali (p123). We accelerated exploration drilling at Yanfolila in C2010, in a focused zone around Komana East and Komana West. The result of this process will help us reach a construction decision within 18 to 24 months.

Figure 3.55: NCE margin (%)

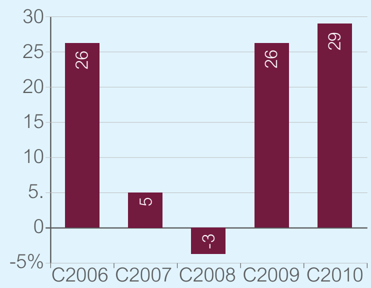


Figure 3.56: Attributable gold production ('000oz)

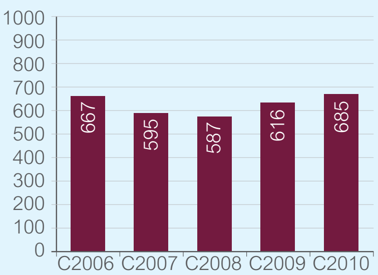
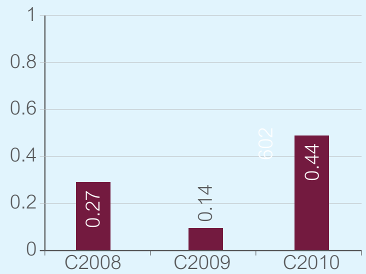


Figure 3.57: LTIFR



Both Damang and Tarkwa retained their OHSAS 18001 and ISO 14001 certifications after undergoing independent audits during C2010, and are fully compliant with the International Cyanide Management Code.

Performance in C2010

Attributable production in West Africa rose by 11% in C2010 to 685,000 ounces (C2009: 616,000 ounces), following on an ongoing drive to optimise processing facilities at our mines, including our capacity to process higher-grade, harder ore at Damang. Over the same period, total cash costs rose by 14% from US$522/oz to US$594/oz, reflecting the impact of cost efficiency measures. The NCE margin improved to 29% in C2010 (C2009: 26%). The healthier financial position enabled us to generate free cash flow, pay US$160 million in dividends and US$126 million in royalties, corporate taxes and the National Stabilisation Levy. Other salient features for C2010 include:

- The growing impact of business process re-engineering at both operations
- The launch of owner maintenance at Tarkwa and owner mining at Damang
- Commissioning of a secondary crusher at our Damang mine
- Achievement of a full-year of ore treatment using High Pressure Grinding Rolls at the Tarkwa South Heap Leach Facility

Drilling near Damang, Ghana

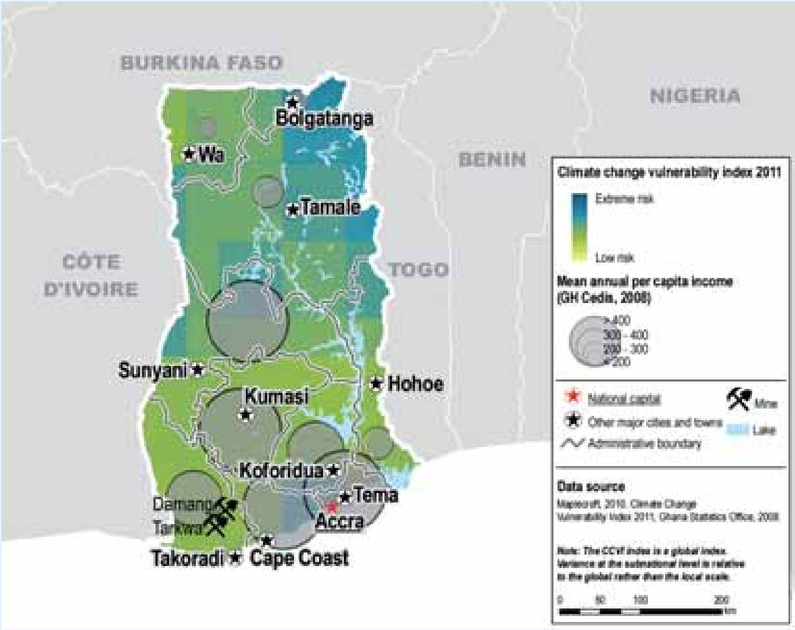
Outlook for C2011

We plan to improve production efficiencies and cost controls, whilst focusing on near-mine and greenfields projects to help us reach our 2015 regional target of 1 million ounces. Specific focus will be placed on:

- Ongoing business process re-engineering at Tarkwa
- The entrenchment of owner mining at Damang to ensure optimal efficiency
- Continued near-mine exploration at Damang to extend the life of mine
- Finalisation of a feasibility study for long-term (re)treatment options at Tarkwa
- Continued advancement of our drilling programme at Yanfolila in Mali
- Strengthening of our socio-economic development capacity

Figure 3.58: Climate change vulnerability map

Climate change vulnerability in the south of Ghana, where our mines are located, is moderate. As a result – and given local skills and lifestyle – our agribusiness initiatives place particular focus on the promotion of sustainable local farming. The map (right), prepared by Maplecroft, highlights climate change vulnerability and socio-economic development in the country.



3.7.2 Opportunities and challenges

Key opportunities:

- Prospects for further production growth in the West Africa Region based on near-mine and greenfields exploration
- Constructive relationship with the Ghanaian government at national, regional and local levels
- Strong and constructive relations with organised labour
- A pro-mining stance within our local communities at Damang and Tarkwa, fostered by an active community relations portfolio – contributing to a strong social licence to operate
- A relatively stable social and political environment

Key challenges:

- A hardening fiscal regime, including an increase in mining royalty rates from 3% to 5% in March 2011, as well as a National Stabilisation Levy of 5% on pre-tax profits implemented in July 2009. We are engaging with the government to explore a potential tax stabilisation agreement that would provide for greater predictability and ensure a level playing field with competitors (p174)
- Higher electricity costs as a result of sharp increases in tariffs introduced by the Public Utility and Regulatory Commission in June 2010. We are working with the Chamber of Mines to engage with our power suppliers to influence current and future power tariffs (p68)
- Rising fuel costs. We are continuing to optimise the use of our fleet management systems and have introduced cleaner fuels to improve fuel consumption (p69)
- Rising international demand for technical skills, which has led to high turnover amongst technical staff and increasing salaries. This has been exacerbated by a more restrictive immigration policy towards the employment of expatriate staff in Ghana. We are addressing this issue through enhanced compensation and benefits packages, as well as a targeted talent development management programme (p145)

3.7.3 Operation overview: Tarkwa

Performance in C2010

Notable achievements in C2010 include:

- Implementation of Business Process Re-engineering (BPR) to identify and realise cost efficiencies and increase the operation's NCE margin
- Development of mining efficiency initiatives to optimise the cost and scheduling of our capital strip over the life of mine, and to reduce blasting costs
- Commencement of construction of a new tailings storage facility (TSF3) to accommodate future production growth
- Transition to owner maintenance for the bulk of the mining fleet

Outlook for C2011

The outlook for C2011 is to produce between 720,000 and 760,000 ounces at an NCE of US$900/oz and a total cash cost of US$590/oz. Key areas of focus will be:

- Full implementation of the BPR, with specific focus on owner maintenance, improved production and reducing contractor services
- Achieving steady throughput of 11.8 million tonnes a year at the CIL plant
- Installation of larger crushers at the North Heap Leach facility to address increased ore hardness and maintain production output
- Maintenance of throughput at the South Heap Leach facilities

Site infrastructure at Tarkwa, Ghana

Figure 3.59: Key operating statistics Tarkwa

Key operating statistics – Tarkwa	C2010	C2009	C2008	C2007	C2006
Gold produced – attributable ('000oz)	523	473	447	467	513
Total cash cost (US$/oz)	573	488	494	373	319
Notional Cash Expenditure (NCE) (US$/oz)	831	719	926	637	423
Gold price (US$/oz)	1,223	966	863	695	604
Operating profit (US$m)	480	320	231	212	206
Operating costs (US$m)	416	342	324	259	236
Operating margin (%)	53	50	43	46	47
NCE margin (%)	32	26	-7	8	30

Figure 3.60: Key sustainability statistics Tarkwa

Key sustainability statistics – Tarkwa	C2010	C2009	C2008
Total taxation and royalties (US$m)	110	31	37
Employee wages and benefits (US$m)	45	36	32
Total employees	2,073	1,917	1,748
Fatal Injury Frequency Rate (FIFR)	0.06	0	0
Lost Time Injury Frequency Rate (LTIFR)	0.43	0.13	0.31
Cyanide consumption ('000 tonnes)	12.2	13.0	10.1
CO_2 emissions ('000 tonnes)	246.5	225.2	215.2
Energy consumption (GJ)	3,743	3,397	3,130
Water withdrawal (million liters)	4,610	6,023	4,528

3.7.4 Operation overview: Damang

Performance in C2010

Notable achievements in C2010 include:

- Production focus on higher-grade, harder ore mix. In combination with the recently installed secondary crushers, this has been instrumental in raising production at the mine (p64)
- Ongoing Mineral Resource and Reserve drilling, which has increased the life of the mine from 2014 to 2020 – and potentially beyond. Confirmation drilling around the planned Damang Super Pit continued to deliver positive results (p64)
- Planning the commencement of implementation of owner mining, laying the foundation for a long-term reduction in costs (p64)
- Implementation of an extensive capital strip programme to increase mining flexibility and lay the foundation for future production growth (p61)

Outlook for 2011

The outlook for C2011 is to produce between 220,000 and 250,000 ounces of gold at a total cash cost of US$700/oz and NCE of US$950/oz. Key areas of focus will be:

- The embedding of owner mining and maintenance to improve the mine's NCE margin
- Maintenance of consistent secondary crusher availability to allow for the processing of additional harder higher-grade ore
- Further Mineral Reserve growth through exploration and feasibility studies to determine the potential for the Damang Super Pit and the Greater Damang growth potential
- Implementation of BPR

Damang, Ghana

Figure 3.61: Key operating statistics Damang

Key operating statistics – Damang	C2010	C2009	C2008	C2007	C2006
Gold produced – attributable ('000oz)	162	144	140	128	155
Total cash cost (US$/oz)	660	635	629	520	383
Notional Cash Expenditure (NCE) (US$/oz)	973	698	783	735	517
Gold price (US$/oz)	1,230	963	863	696	600
Operating profit (US$m)	134	71	45	31	47
Operating costs (US$m)	146	122	134	99	82
Operating margin (%)	48	36	26	25	36
NCE margin (%)	21	28	9	-6	14

Figure 3.62: Key sustainability statistics Damang

Key sustainability statistics	C2010	C2009	C2008
Total taxation and royalties (US$m)	39	16	8
Employee wages and benefits (US$m)	14	10	9
Total employees	463	411	414
Fatal Injury Frequency Rate (FIFR)	0	0	0
Lost Time Injury Frequency Rate (LTIFR)	0.47	0.17	0.16
Cyanide consumption ('0000 tonnes)	0.2	0.2	0.2
CO_2 emissions ('000 tonnes)	63.7	59.8	71.0
Energy consumption (GJ)	1,046	976	1,122
Water withdrawal (million liters)	3,011	906	436

4. Growing Gold Fields

4. Growing Gold Fields	
4.1 Achieving growth through exploration	Page 112
4.2 Expanding our growth pipeline	Page 118
4.3 Mineral Resource and Mineral Reserve Statement	Page 126

4
Major resource development and feasibility projects

US$150m
Group exploration budget for C2011

18%
Increase in Mineral Reserves at South Deep (June 2010 to December 2010)

> "We are discovering new gold at US$10 per resource ounce, considerably lower than the majority of our peers"

Tommy McKeith, Executive Vice President, Exploration, Gold Fields

'Growing Gold Fields' does not only mean achieving our goal of 5 million quality ounces in production or development by 2015. It also means pursuing growth in profitable production, earnings and returns to shareholders on a per share basis. Whilst doing so, we are also 'internationalising' our production base to establish a truly global presence beyond our historical base in South Africa. This strategy is taking us into new and promising growth environments, where we are able to leverage our expertise and capital to expand our production, as well as our Mineral Resources and Mineral Reserves.

This growth and diversification is based on three key activities:

- Successful greenfields exploration, both within our established Australasia, South America and West Africa Regions, and in highly prospective locations beyond this in Canada and Kyrgyzstan
- Leveraging off our large Mineral Resource and Mineral Reserve base through successful near-mine exploration, for example at Damang in Ghana, St Ives in Australia and Cerro Corona in Peru
- Advancing development at our four resource development and feasibility projects in Finland, Mali, Peru and the Philippines

Exploration at Chucapaca, Peru

4.1 Achieving growth through exploration

Although we have an opportunistic approach to the acquisition of producing or late stage projects, we believe effective exploration continues to offer the best opportunities for value-adding growth that does not dilute shareholder value. This forms the basis for our aggressive focus on near-mine and greenfields exploration – both in our existing countries of operation and beyond. Our approach continues to be justified by our ongoing success in expanding our Mineral Resources and Mineral Reserves (p126).

The diversified nature of our growth pipeline means that we can expect a significant increase in our 'international' production in the medium- and long-term, as well as further life extension at our existing operations at current levels of production.

This includes, for example:

- A number of near-mine exploration and organic development opportunities at our existing operations in Ghana and Peru
- Life extension in Australia, Ghana and Peru
- Resource development and feasibility projects in Finland, Mali, Peru and the Philippines

These are in addition to development activities at our South Deep mine, which is going to play a key strategic role in maintaining and increasing South African production volumes as our Kloof-Driefontein Complex (KDC) and Beatrix mines mature (p56-58).

4.1.1 Strategy

Our overall strategy is to use exploration to push sustainable production growth to 5 million quality ounces a year by 2015 and expand our presence beyond our historic centre in South Africa.

Exploration objectives

More specifically, our exploration objectives are to:

- Grow Gold Fields Mineral Reserves and production on a per-share basis
- Continue developing a rich greenfields project pipeline to contribute to our 2015 production Goal – including 3 million quality ounces from our Australasia, South America and West Africa Regions
- Contribute to growth by supporting organic development and near-mine exploration in all our regions
- Establish our exploration presence at a small number of underexplored locations outside of our regions of operation, in order to seek exceptional prospects

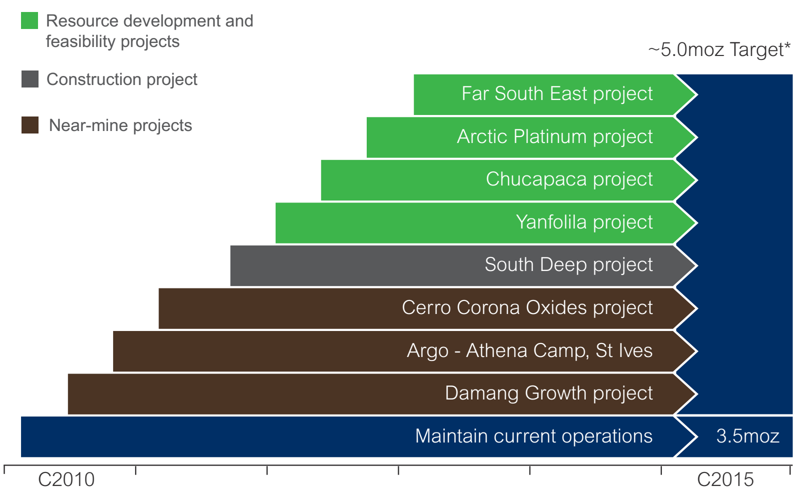
Growth in the medium- and long-term

We currently have a number of significant greenfields resource development and feasibility projects that will, once in production, make a substantial contribution to our overall production growth. Nonetheless, in the interim our immediate growth momentum is reliant on:

- Maintaining stable production levels at our established South African operations
- Ramping up production at our new South Deep mine
- Delivering organic growth at Cerro Corona through the oxide project (p65)
- Bringing near-mine exploration targets at our Damang mine into production

Our performance in C2010 continues to demonstrate that we are achieving solid progress in all these areas. This provides a stable growth platform on which our exciting greenfields resource development and feasibility projects can build (p118-125).

Figure 4.1: Growth projects



*5moz in development or production by 2015

4.1.2 Approach

Our exploration portfolio now covers five continents and is co-ordinated and supported from our offices in Perth, Australia and in Denver, United States. In addition, our exploration team has offices in:

- Accra, Ghana
- Baguio, Philippines
- Bamako, Mali
- Beijing, China
- Bishkek, Kyrgyzstan
- Lima, Peru
- Santiago, Chile
- Vancouver, Canada

In line with our core Values, Gold Fields has an overriding commitment to effective management of Environment, Health and Safety (EHS) during exploration. We seek to create a mindset and environment in exploration where people know it is possible to work incident-free, regardless of where they are in the world or what role they undertake. Our EHS Management System is certified to ISO 14001 and OSHAS 18001.

http://www.iso.org/
http://www.ohsas-18001-occupational-health-and-safety.com/

Identification

Our target portfolio is developed by reviewing and ranking the most prospective areas in the world, having assessed relevant country risks and strategic suitability. Each of our exploration teams continuously monitor and assess potential target projects within their regions.

Assessment

Gold Fields exploration is based on a disciplined assessment of exploration opportunities, along with attention to quality and timely execution.

This includes the leveraging of our specific technical expertise in area selection to both improve the likelihood of success and to significantly reduce project development timelines.

It is through this proven approach that we create value for our shareholders by driving the growth of our Mineral Reserves and production on a per-share basis.

A range of variables are used to evaluate advanced opportunities, including:

- Mineral Reserve and production potential
- Operating and NCE margin
- Payback period
- Initial capital costs
- Development timeline
- Net asset value
- Earnings
- Cash flow

Gold Fields maintains rigorous quality control and assurance protocols on all of its exploration programmes. These use industry best practice in data acquisition, laboratory verification and sign-off by qualified persons under the 2007 SAMREC and JORC codes.

We assess relevant risks on an ongoing basis as a project advances. This is in order to ensure that its economic potential continues to outweigh the technical, commercial, political, social and environmental risks of development.

http://www.samcode.co.za/
http://www.jorc.org/occupational-health-and-safety.com/what.htm

Social licence to operate

The establishment and maintenance of a strong social licence to operate is essential for successful exploration activities. It is also an important factor in the licence acquisition process, with many governments offering preference to those companies with a proven track record of constructive community engagement and development. As a result, our implementation of socio-economic development initiatives in local communities start from the moment we begin to explore – right through to mine closure. In C2010, we spent a total of 5% (US$2.2 million) of our total exploration budget on such initiatives.

4.1.3 Capital investment

The identification of mineralisation is only the first step in taking an ore deposit towards production – with a considerable amount of management and investment required to bring a project to completion. This includes a number of project stages that need to be completed before a project is ultimately delivered (Figure 4.2).

In August 2010, the Board of Gold Fields approved a new Capital Investment Framework. This has given our capital investment strategy greater focus and direction. The Framework also provides a clear structure and process for the management of capital investment projects, including the definition of roles and responsibilities, reporting and accountability. Under the Framework, our capital expenditure falls into two broad categories:

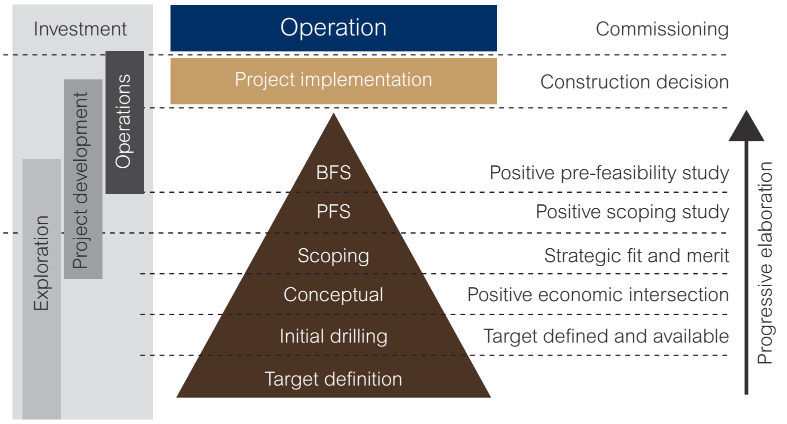
- Capital investment required to maintain the sustainability of existing operations (i.e. 'business as usual' capital investment)
- Capital investment needed to expand, extend and/or upgrade an existing facility (near-mine), or build an entirely new facility (greenfields)

Under the Framework, capital investment in exploration projects is subject to a rigorous Engineering, Procurement, Construction Management (EPCM) process. This includes all of our advanced stage mining projects, which we are developing towards production.

As shown in Figure 4.3, we have split our greenfields exploration portfolio into two major sub-divisions: exploration projects and project development. Exploration projects include all projects at the target definition, initial drilling and advanced drilling (conceptual and scoping) stages.

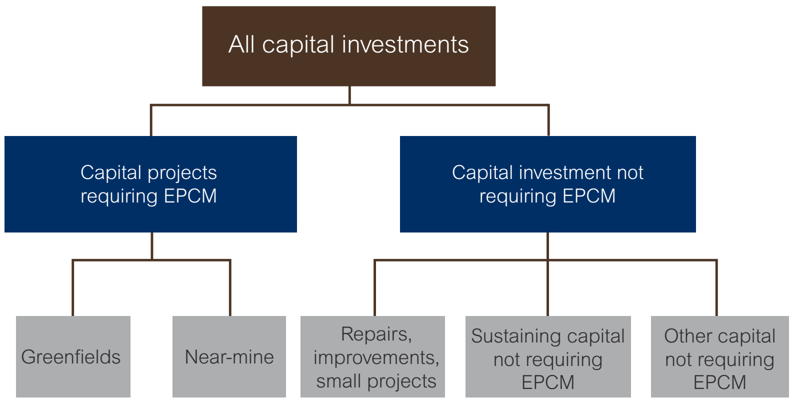
Project development includes all exploration and capital projects stages, such as resource development and feasibility studies, construction and commissioning.

Figure 4.2: Capital Investment Framework phases



Exploration team at Chucapaca, Peru

Figure 4.3: Capital investment categories under the Capital Investment Framework



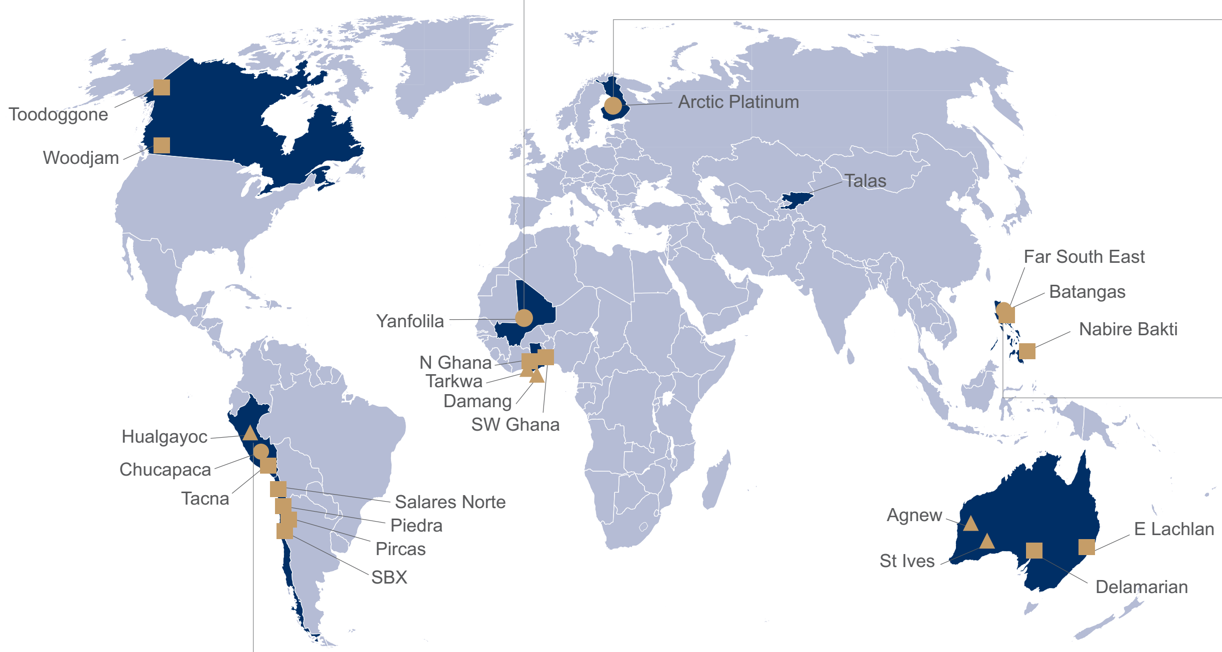
An exploration-led growth pipeline

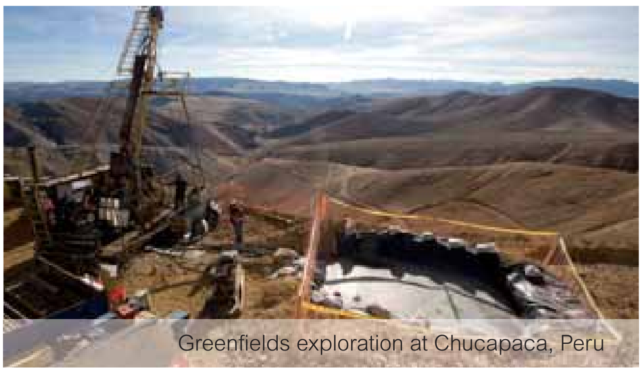
Gold Fields is focused on creating high-quality growth opportunities through an aggressive greenfields exploration programme. A maturing and continually growing pipeline has seen spending on greenfields exploration rise in the last three years from US$45 million in F2008 to an estimated US$100 million in C2011. Similarly, spending on near-mine exploration has also been ramped-up from US$52 million in F2008 to US$71 million in F2010.

Over C2011, we have set aside approximately US$150 million for further exploration, which reflects our ongoing commitment to exploration-led growth.

Our efforts in this respect are spearheaded by four resource development and feasibility projects. All four are expected to reach construction decisions within the next 18 to 24 months.

Gold Fields pipeline is also continually diversifying. As we move towards our 2015 target of 5 million ounces, we aim to achieve a 40:60 split in production between the South Africa Region and our three international regions. Our global exploration activity is already supporting this diversification strategy by identifying world class opportunities from Finland through to the Philippines.





Greenfields exploration at Chucapaca, Peru

Key
● Resource development and feasibility projects
■ Initial stage exploration projects
▲ Near-mine exploration projects

Resource development and feasibility projects

Yanfolila, Mali

Mineral Resources: Resource estimation ongoing; initially targeting 2 million ounces

Development Stage: Aim to complete scoping study by end-2011 and proceed towards feasibility study

Form/Location: Amenable to open pit and shallow underground; located in south-western Mali

Ownership: (Joint venture) Gold Fields 85%; Government of Mali 10%; Local vendor 5%

Certification: ISO 14001; OHSAS 18001

Arctic Platinum, Finland

Mineral Resources: 12.6 million ounces

Development Stage: Metallurgical pilot plant studies currently underway; potential construction starts in 2012-2013

Form/Location: Planned open pit copper, nickel, gold and platinum group metals project; located in central Finland

Ownership: 100% Gold Fields owned

Far South East, Philippines

Mineral Resources: Resource estimation ongoing, anticipated world-class deposit

Development Stage: Project at pre-feasibility stage; construction decision in 2012-2013

Form/Location: Planned bulk underground mine located in northern Luzon, 250km north of Manila

Ownership: (Joint venture) Gold Fields 60% (18 month option, US$340m); Lepanto Consolidated Mining Company 40%

Chucapaca Project, Peru

Mineral Resources: 5.6 million ounces Inferred

Development Stage: Feasibility completion expected in 2012; construction decision due in H1 2013

Form/Location: Planned open pit; located in southern Peru

Ownership: (Joint venture) Gold Fields 51%; Compania de Minas Buenaventura S.A. 49%

Certification: ISO 14001; OHSAS 18001

	Mineral Resources (Moz)	Mineral Reserves (Moz)	ISO 14001 & OHSAS 18001
Australasia Region			
Advanced stage projects			
● Far South East, Philippines	TBD[1]	TBD	✔
Initial stage drilling projects			
■ Batangas, Philippines	TBD	TBD	✔
■ Nabire Bakti, Philippines	TBD	TBD	✔
■ E Lachlan, Australia	TBD	TBD	✔
■ Delamarian, Australia	TBD	TBD	✔
Near-mine exploration projects			
▲ Agnew, Australia	3.85	1.32	✔
▲ St Ives, Australia	5.77	2.82	✔
Total	9.62	4.14	
South America Region			
Advanced stage projects			
● Chucapaca, Peru	5.64	TBD	✔
Initial stage drilling projects			
■ Chucapaca Regional, Peru	TBD	TBD	✔
■ Tacna, Peru	TBD	TBD	✔
■ SBX, Peru	TBD	TBD	✔
Near-mine exploration projects			
▲ Cerro Corona, Peru	8.12	5.3	✔
▲ Hualgayoc, Peru	TBD	TBD	✔
Total	13.76	5.3	
West Africa Region			
Advanced stage projects			
● Yanfolila, Mali	0.74	TBD	✔
Initial stage drilling projects			
■ N Ghana	TBD	TBD	✔
■ SW Ghana	TBD	TBD	✔
Near-mine exploration projects			
▲ Damang, Ghana	4.64	2.08	✔
▲ Tarkwa, Ghana	12.64	9.25	✔
Total	18.02	11.33	
Other Regions			
Advanced stage projects			
● Arctic Platinum Project	12.60	TBD	✔
● Talas, Kyrgyzstan	11.71	TBD	✔
Initial stage drilling projects			
■ Toodoggone, Canada	TBD	TBD	✔
■ Woodjam, Canada	TBD	TBD	✔
Total	24.31	TBD	

1 To be delineated

4.2 Expanding our growth pipeline

In the six months ended 31 December 2010, Gold Fields spent a total of US$48.6 million on near-mine exploration. Of this, 69% was concentrated on the Australasia Region, 21% on the South Africa Region and 10% on the West Africa Region. In F2010, we spent US$152 million on exploration, comprising of US$81 million on greenfields and US$71 million on near-mine exploration.

http://www.goldfields.co.za

4.2.1 Near-mine exploration

We have made significant progress in adding to the Mineral Resources and Mineral Reserves of our existing operations through extensive near-mine exploration. This is vital in order to ensure we can continue to leverage the existing infrastructure of our established operations well into the future.

Australasia Region

Our St Ives mine is moving into a position where it is increasing its overall Mineral Reserves rather than replacing them. This is largely due to the Athena and Hamlet projects within our highly prospective Argo-Athena camp. The camp sits within the St Ives lease area, only 5km from the central Lefroy mill. The camp, which is expected to deliver higher grade ore to the mine, has the potential to add up to 5 million ounces of gold to the mine's Mineral Reserves. This could extend the life of the mine from six years to more than 10 years.

The Athena project is the first fully defined deposit within the camp, with Mineral Reserves of more than 1 million ounces. During C2010, we started initial production from Athena, having completed a US$100 million decline to its ore zone. Full production is expected in C2011.

Near-mine exploration at Agnew, Australia

In May C2010, our near-mine exploration also resulted in the announcement of an Indicated and Inferred Mineral Resource of more than 1 million ounces of gold at our Hamlet discovery. Since this discovery, we have implemented a major drilling programme at the deposit, aimed at growing the Mineral Resource base down to a depth of 700 meters. The results of this programme will support a feasibility study and construction has now started. As a result, St Ives will have a total of four higher-grade underground mines in operation.

In addition to these substantial discoveries, we also identified a number of other open pit and underground opportunities within the Argo-Athena camp. These included the new early stage Yorick target, which has been identified 500 meters to the east of the Hamlet discovery, as well as the Poseidon and Dido targets. During C2010, we continued our assessment of these opportunities with the aim of advancing at least two of them, as well as the Neptune target.

At Agnew, our focus has been on the underground extension and Mineral Reserve delineation of the underground Kim South deposit within the Waroonga Complex. Directional drilling down to 1,400 meters successfully added 400 vertical meters to the Kim South ore body and identified significant extensions of the Edmunds lode. As a result, Agnew achieved its stated aim of achieving five years of Mineral Reserves by the end of C2010. We extended this deep directional drilling programme to our adjacent Main Lode ore body in late C2010 (p95).

During C2010, we also continued drill testing at the shallow Cinderella deposit, nearby Agnew's processing plant. Through this testing, we hope to increase our mining flexibility and leverage available mill capacity at the mine – although more work is required.

Together, these programmes will help increase the life of the Agnew mine by between five and 10 years.

South Africa Region

In South Africa, we are developing our Tailings Treatment Project (TTP), also known as the Uranium Project. The intent is to re-process our existing tailings produced at KDC and South Deep. This process will produce uranium, residual gold and sulphuric acid. As part of the project, the re-processed tailings will then be centralised at our new Centralised Tailings Storage Facility (CTSF) (p80). The TTP will serve a number of objectives, including:

- Generation of an additional source of cash flow
- Mitigation of any future liabilities relating to uranium pollution in the West Wits area (p80)
- Relocation of all of our tailings in the area to the CTSF, which incorporates a range of features to ensure its environmental effectiveness

The feasibility study for the TTP, which focused on the optimisation of project implementation using a phased approach, was completed in late C2010. This identified total Tailings Storage Facility (TSF) and underground Uranium Mineral Resource of 90.1 million pounds.

Exploration within the South Deep lease area, as well as the adjacent Kalbasfontein Prospecting Right, continued during C2010. We have completed the majority of the programme, with the last borehole results expected in C2012. This will help enhance resource models south of the Wrench Fault, including the Uncle Harry's and Phase 2 areas.

South America Region

The recent establishment of the Cerro Corona mine means that our near-mine exploration programme is less developed than in other locations. Nonetheless, we are already in the process of analysing solutions to current tailings storage constraints and developing a comprehensive infill drilling programme. This could help us convert additional Mineral Resources into Mineral Reserves as part of our broader growth strategy. In May 2010, for example, we carried out an initial evaluation of the potential for copper and gold mineralisation at the periphery of the porphyry system.

In addition, the planned oxide processing plant at Cerro Corona will treat 7.5 million tonnes of stockpiled oxide (p59). Construction of the plant is due to start in C2011.

Exploration drilling at Damang, Ghana

West Africa Region

Our Damang mine has continued to show ever-increasing growth potential as a result of an aggressive and successful drilling programme. We plan to maintain our rate of discovery at the mine in order to deliver additional mineable Mineral Reserves and to substantially increase the life of mine. Our near-mine drilling programme at Damang was allocated US$10 million a year in both F2009 and F2010.

During C2010, we focused our exploration activity on the Greater Damang project, which extends for approximately 5km north to south from Huni North to the Nyame prospect. This includes additional infill drilling to support a feasibility study on enlargement of the Damang pit. Beyond this, we are also examining the potential development of a larger pit at the Greater Amoanda project.

C2010 also saw a significant increase in Mineral Reserves at our Juno pit and the Rex pit. These additions have delivered increased operational flexibility at the mine.

At the end of F2010, we had increased the Mineral Reserve base to almost 2 million ounces – or eight years worth of production at current levels. During C2010, further exploration indicated that the Mineral Resources and Mineral Reserves could be expanded further. Combined with the introduction of a new secondary crusher at the mine (p65), these discoveries are expected to boost production to between 220,000 and 250,000 ounces by mid-C2011 – with significant potential beyond this.

Our exploration activities are now focused on resource conversion of Amoanda North, Rex North, Rex South and other high potential targets.

4.2.2 Resource development and feasibility projects

During C2010, we increased the Mineral Resources and Mineral Reserves of our advanced stage greenfields exploration project portfolio (p117). These projects are governed through our new Capital Investment Framework (CIF) (p115). This is supported by our new Capital Projects Group, through which we are developing the highest levels of in-house expertise in project delivery.

The rapidly maturing nature of our exploration pipeline means that we have significant project development activity due to come online within a relatively short period of time.

This is making considerable demands on our corporate centre at a time when we are trying to devolve management activities out to the regions. As a result, during C2010 we started to roll out a new structure based on the establishment of dedicated regional project teams, each of which is headed by a project director with sole responsibility for project delivery. Each project director has a direct reporting line to the Executive Vice President of Capital Projects.

We already have a regional project team in place for our Far South East project in the Philippines, and are in the process of establishing similar teams for our Arctic Platinum project in Finland and our Chucapaca project in Peru.

Gold Fields delegation meets Cesar Purisima, Philippines Secretary of Finance (centre)

These teams are overseen by steering committees, including representation from Group senior project management.

In addition, during C2010 we carried out a comprehensive review of our project contracting methodology. This review helped us better understand how we can adapt our contracting strategy and practices to reduce costs, as well as our project risks. This includes the use of lump-sum turnkey contracts that have been sub-divided into small project 'packages'. Having a strong owner project team in place mitigates the risks potentially posed by the packaging of projects to contractors.

The new approach:

- Limits the premium we pay on each project by opening up the work to a much larger body of contractors than would otherwise be possible
- Helps us target specific project contracts to a broader range of relevant discipline experts, reducing our technical risks
- Reduces our project risks by reducing the impact of any one contractor failure
- Helps us avoid any one contractor developing undue leverage in our commercial relationship

Far South East, Philippines

The Far South East (FSE) project represents one of our best greenfields growth opportunities. In September 2010, we passed a major milestone when we entered into option agreements with Lepanto Consolidated Mining Company and Liberty Express Assets to acquire a 60% interest in the FSE deposit. These provide Gold Fields with an 18 month option on FSE, during which time we will conduct a major drilling programme as part of a feasibility study. Depending on the outcome of the drilling and feasibility study, a construction decision will be made in the next 18 to 24 months. The total pre-agreed acquisition price for a 60% interest in FSE is US$340 million.

While there is insufficient work completed to declare a Mineral Resource for FSE, drilling completed by others over a number of years indicates the presence of a large, concealed gold-copper mineralised porphyry system. Over 80 diamond drill holes totalling more than 35,000 meters have been drilled into the system.

The mineralised zone has approximate dimensions of more than 1,000 meters from east to west, 800 meters from north to south and 900 meters vertical. The deposit is deep, with the top of the main mineralised system located at an approximate depth of 900 meters below surface. Within this zone, we consider mineralisation to be continuous, with the deposit remaining open to the east, west, and at depth.

Although metal grades are variable, the following historic drill intersections are considered typical of the FSE mineralised zone: 691 meters at 2.5g/t Au, 0.9% Cu; 906.8 meters at 1.5g/t Au, 0.5% Cu; 613.1 meters at 0.8g/t Au, 0.8% Cu; 733.9 meters at 0.7g/t Au, 0.4% Cu; and 517.4 meters at 0.6g/t Au, 0.4% Cu.

The nature of the deposit means it will require underground shafts, a refrigeration plant, ventilation and other related infrastructure. This has essentially precluded many companies without deep underground mining expertise from developing the prospect. As a result, Gold Fields is in a particularly strong position to leverage its underground mining expertise and experience in South Africa. This will help ensure that our historical production centre can make a major contribution to the ongoing internationalisation of our production portfolio.

FSE is located within an existing mining camp and is near two other mines historically operated by Lepanto Consolidated Mining Company, one of which is currently in production. As a result, it has ready access to established infrastructure, including roads, tailings facilities, power and water.

Our due diligence has not identified any major sustainability challenges that would impact the future development of the project. However, resolution on the proposed mining method is outstanding and the full sustainability impact of the proposed mining method would have to be assessed. The well established nature of mining in the area has contributed to an understanding and cooperative stance on the part of the local communities. These local communities have expressed their desire for development to proceed and generate local employment opportunities.

The site has already received its environmental permitting for underground mining and, in September 2010, we engaged external experts to conduct a comprehensive Environmental Impact Assessment (EIA), which will also cover community issues and social impacts. The EIA is due for submission in September 2011.

In the last quarter of 2010 logistical work commenced at the project in preparation for start-up of a major drilling programme, which started in January 2011.

http://www.lepantomining.com

Arctic Platinum, Finland

The commercial feasibility of the Arctic Platinum project has been greatly enhanced by current high metal prices, as well as our application of enhanced metal processes. We are currently investigating the application of a range of hydro-metallurgical processing methods for the economic recovery of copper, nickel, gold and platinum group metals (platinum, palladium and rhodium) from mixed concentrates. Application of this process would preclude the need for off-site smelting.

Preliminary results are encouraging, and we have carried out further work to derive initial operating and capital cost forecasts. In addition, we are in the process of establishing a pilot plant facility to test the applicability of these hydro-metallurgical processes at an industrial level. Depending on the outcome of this pilot project, which is expected to be completed in late 2011, we plan to proceed with a full feasibility study.

In late C2010, four drill rigs completed metallurgical core holes at the Konttijarvi and Ahmavaara deposits. Preliminary results on representative samples show that flotation recoveries equal or exceed the target recoveries used in the financial modelling. Preliminary results of hydrometallurgical pressure oxidation tests of the concentrates returned base and precious metal extractions that are close to or better than the target values. These positive preliminary results have provided the confidence for us to move to pilot plant testing. As a result, drilling is underway to secure the required 50 tonne sample from Konttijarvi. Based on laboratory availability, the pilot plant test work is scheduled to be carried out in the second half of 2011.

Finland represents an excellent operating environment, with a strong regulatory framework and straightforward licensing processes. The potential sustainability risks are limited, with local communities' main concern being that the deposit is brought into production promptly in order to contribute to the local economy.

Arctic Platinum project, Finland

Chucapaca, Peru

The Chucapaca project is an advanced-stage exploration project being carried out in partnership by Gold Fields (51%) and Buenaventura (49%) through a joint venture company, Canteras del Hallazgo S.A.C. (CDH). In January 2010, CDH completed a 22,290 meter delineation drilling programme on the Canahuire deposit in the Chucapaca project area.

In May 2010, CDH announced the discovery of the Canahuire deposit, a major deposit of gold, copper and silver. This was estimated at 5.6 million ounces of gold equivalent, with additional potential beyond the extent of current drilling.

The Inferred Mineral Resource for the Canahuire deposit, on which drilling is taking place, is approximately 83.7 million tonnes, at 1.9 grams per tonne of gold, 0.09% copper and 8.2 grams per tonne of silver. In June 2010, we completed an interim conceptual scoping study and took the decision to advance the project towards pre-feasibility. This included a further drilling programme started in July 2010, which focused on defining the extension of mineralisation to the west of the Canahuire deposit, and tested other exploration targets within the project area. In September 2010, we initiated an Environmental and Social Impact Assessment at the site and have now decided to accelerate the project.

> "This transaction provides Gold Fields with a unique and exciting opportunity to gain exposure to what will undoubtedly prove to be a world-class deposit"
>
> Nick Holland, Chief Executive Officer, Gold Fields

Our activities in Chucapaca are underpinned by formal agreements with the Corire, Santiago de Oyo Oyo and Chucapaca communities. These provide, inter alia, for the delivery of health and education programmes, in partnership with relevant local authorities.

The agreements also provide for the delivery of other socio-economic development programmes identified by the communities, including training initiatives for local people. Under these agreements CDH has a full mandate for the next five years to complete the exploration and study phases of the work programme. There is, however, significant sensitivity around water quality and availability amongst local communities. As a result, we already have an extensive community engagement programme in place.

Figure 4.4: Inferred Mineral Resource at the Chucapaca Project (1 May 2010)[1, 2]

Tonnes (Mt)	83.7
Gold grade (g/t)	1.9
Silver grade (g/t)	8.2
Copper grade (%)	0.09
Au-Eq metal (Moz)	5.6

Indications are that Chucapaca will become our second mine in the South America Region and the next of our new-generation international growth projects. Should the project proceed to full development, the altitude of the project (approximately 5,000 meters) is likely to have some impacts on our employees and equipment. Nonetheless, our local exploration experience, as well as the development of our Cerro Corona mine, means that we are in a strong position to manage this issue.

The Canahuire deposit is one of several targets in the 12,700 ha project area. Gold Fields has also consolidated a significant portfolio of additional concessions adjacent to the project area and is exploring these on an independent basis.

Gold Fields delegation meets Peru's President Alan Garcia (2nd from left)

1 Mineral Resource total for deposit (100%)

2 Note: These Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Yanfolila, Mali

Our West Africa Region has an approximate 300,000 ounce gap between its current attributable production and its target of 1 million attributable ounces of gold in production or development by 2015. Our exploration team is working in Mali to help close this gap.

We have consolidated a large land position in Mali after the acquisition of Glencar Mining Plc in August 2009. As a result, our Yanfolila project currently includes the Komana, Solona and Sankarani projects in the Yanfolila Belt in south-western Mali.

Since November 2009, Gold Fields has completed more than 130,810 meters of drilling in the area. This includes aircore, reverse circulation and diamond drilling to delineate shallow resources over the Komana East and West deposits, and testing of eight initial drilling targets over five licences.

Drilling activity ramped up in October 2010 with four rigs drilling seven priority targets with the objective of delivering a 2 million ounce gold resource within a 20km radius of the Komana East and Komana West deposits. Approximately 37,000 meters of diamond, reverse circulation and aircore drilling were completed in the last quarter of 2010. This is focused on the consolidation of a sufficient number of small ore bodies in order to achieve the critical mass needed for economic and operational sustainability. Depending on the outcome of this process, we hope to proceed towards a feasibility study and reach a construction decision on an initial project within 18 months. Based on exploration drilling up to December 2010, the fully audited and SAMREC Code compliant Inferred Mineral Resource is 740,000 ounces of gold contained in 9.1 million tonnes at an average grade of 2.5g/t Au. The table above summarises the breakdown of these Inferred Mineral Resources.

Figure 4.5: Yanfolila Inferred Mineral Resources[3]

Deposit	Tonnes (Mt)	Gold grade (g/t)	Gold metal (koz)
Komana East	5.1	2.5	411
Komana West	4.0	2.6	330
Total	9.1	2.5	740

Nick Holland meets Malian Prime Minister Modibo Sidibe

Initial drilling at Kabaya South, Gonka and Sanioumale West intersected high grade mineralisation in the oxide zone. Framework and infill reverse circulation drilling is underway at these targets to accelerate them to advanced drilling stage. Early stage exploration across the licences, including soil sampling and aircore drilling, identified a number of initial drilling targets. Aircore drilling also outlined a new 2.4km-long mineralised trend at Guirin West, located 3km west of Komana East.

At Solona, an 8km by 3km gold-in-soil anomaly is being tested by aircore drilling with encouraging early results. Ongoing metallurgical tests on samples from the various targets show positive preliminary results. The resource delineation drilling programme will continue into mid-2011 in parallel with other elements required for completion of a scoping study.

The area we are operating in is characterised by weak levels of socio-economic development. During C2010, we implemented a range of SED measures informed by extensive community engagement. This has included road repairs, infrastructure development and construction of an on-site clinic, as well as malaria control and sanitation measures in the community.

3 Note: These Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

4.2.3 Exploration projects

In addition to our rapidly maturing advanced exploration project pipeline (p120-123), we have a broad portfolio of early stage greenfields projects around the world. This broad exploration base will lay the ground for the ongoing growth of Gold Fields well into the future.

Australia

At the East Lachlan joint ventures in New South Wales, Gold Fields holds an 80% interest in six project areas and achieved the first-stage earn-in to 51% (of a potential 80%) on the Myall project area. All seven of the project areas are being explored in partnership with Clancy Exploration Ltd. As part of the East Lachlan joint ventures, Gold Fields also claimed a number of areas in its own right, and now holds approximately 2,100km^2 in the belt.

During C2010, we started a major programme of aircore drilling at the Myall concession, targeting concealed porphyry gold-copper systems that have breached the paleo-surface. Several high quality targets for initial diamond drill testing have already been identified for follow-up. On other projects in the belt, 11 initial drill targets have been identified and will be tested during C2011.

http://www.clancyexploration.com

Canada

In July 2009, Gold Fields signed a joint venture agreement to earn into a 70% interest of the Woodjam North project in British Columbia. The project is held by Fjordland Exploration Inc. and Cariboo Rose Resources (the 'Woodjam Partners'). The agreement includes 42,343 ha covering several known porphyry copper and gold targets in prospective Triassic-aged geologic terrane of south-central British Columbia. In May 2010, Gold Fields signed a second joint venture agreement with the Woodjam Partners to potentially earn 70% on the adjacent 13,827 ha Woodjam South property, which hosts the Southeast Zone porphyry copper target.

Since exercising its options on these properties, Gold Fields has completed various geological, geophysical and geochemical surveys, as well as 26,455 meters of diamond drilling – including 21,546 meters in C2010. At least four centres of significant copper-gold mineralisation have been identified within a north-east trending corridor of airborne magnetic geophysical anomalies. These centres include the Deerhorn, Megabucks, Takom and Southeast zones. Drill results are sufficiently encouraging to promote Woodjam to the Advanced Drilling stage. We plan to start an aggressive resource definition drilling programme in early C2011 and a scoping study is expected to be completed in late C2011.

Gold Fields and Cascadero Copper Corp. signed an agreement in March 2009, which allows Gold Fields to earn up to a 75% interest in Cascadero's 30,409 ha Toodoggone copper and gold project in British Columbia, Canada.

The initial diamond drilling (4,762 meters) programme was concluded in October 2009. During C2010, the project was on hold while issues with a First Nation group were resolved. A drill programme to test high priority geochemical anomalies is planned for C2011.

http://www.fjordlandex.com
http://www.cariboorose.com

Chile

Gold Fields has option agreements to acquire 100% of the Salares Norte and Piedra properties held by SBX Asesorias e Inversiones, as well as the Pircas property held by S.C.M. Aguas Heladas. At Pircas we carried out 2,881 meters of drilling to test the main Controlled Source Audio-frequency Magneto-Tellurics (CSAMT) geophysical target and coincident outcrops of silicified breccias. Drill results partly define deeply oxidised vuggy silica-hosted gold-silver mineralisation under a thick cap of barren steam-heated alteration. This may represent the centre of a high sulphidation system and assay results have proven positive. Further drilling is planned in early C2011 to test the limits of this mineralised system. We also plan to carry out initial drilling at the adjacent Salares Norte property, where CSAMT geophysical surveys and trench sampling have defined a promising target for high sulphidation mineralisation.

Peru

In C2010, we completed a total of 1,854 meters of diamond drilling in six holes at the Cotapaccha target. Although we intersected a strong high-sulphidation system, results were only weakly anomalous in gold. This is one of 14 fully owned concession blocks within our Tacna project in southern Peru that we have identified as having potential to host epithermal gold-silver mineralisation. Further work is in progress to develop other drill targets within the adjacent concessions. We plan to complete initial drilling on the best two or three targets in the second half of C2011.

Philippines

Gold Fields entered its second year of an earn-in agreement with Mindoro Resources on three joint ventures, where it can earn up to a 75% interest. The projects, located in the Batangas region of Luzon, are prospective for porphyry copper-gold and epithermal gold mineralisation. Eight targets have been tested with approximately 4,000 meters of diamond drilling – including 2,092 meters in 2010.

The drill holes intersected two low-grade copper-gold porphyries and a structurally controlled epithermal gold system. Drilling is currently focused on further testing of porphyry mineralisation intersected on the El Paso joint venture.

http://www.mindoro.com

Talas, Kyrgyzstan

In February 2010, we completed our earn-in with respect to our Talas joint venture project. As a result, we now hold an effective 60% interest in the project, with Orsu Metals Corporation holding the remaining 40%. Gold Fields is project manager for the joint venture. Taldybulak is the major deposit within the Talas project and has been the primary focus of exploration and development since 2008.

In April 2010, the President of Kyrgyzstan resigned after violent demonstrations described as a social revolution. A new government was elected and confirmed at the end of 2010.

During this period of political uncertainty, we postponed drilling on the Taldybulak copper-gold deposit, instead focusing our work on technical studies for Tailings Storage Facility (TSF) locations and on baseline data collection.

The Taldybulak Exploration Licence was renewed in November 2010 and is valid through to 31 December 2015. The adjacent Barkol licence was extended by three years to 31 December 2013.

In May 2010, we completed an open pit optimisation for the Taldybulak deposit, which resulted in a fully audited Indicated and Inferred Mineral Resource, as outlined in the table below.

A Scoping Study was completed by a technical consultant and released by our joint venture partner in December 2010.The study envisages a conventional 41,000 tpd open pit mine using flotation processing to produce a copper-gold-molybdenum concentrate. Total mine life is estimated to be 17 years, with 254 million tonnes of ore extracted to yield 3.4 million ounces of gold, 390,000 tonnes of copper and 13,900 tonnes of molybdenum. The study suggests a pre-tax internal rate of return of 16.3%.

Field activities during the second half of 2010 comprised ongoing community relations programmes, hydrological monitoring and site studies for potential tailings storage facilities. A more detailed costing report is in progress and will be used to update the Scoping Study in C2011. A follow-up programme of close-spaced drilling is scheduled for mid-2011 to test the short range variability of the deposit and allow a decision to proceed to pre-feasibility.

http://www.orsumetals.com

Figure 4.6: Indicated and Inferred Mineral Resource at Taldybulack[1]

Confidence classification	Tonnes (Mt)	Gold grade (g/t)	Gold metal (Moz)	Copper grade (%)	Copper metal (Mlb)	Molybdenum grade (%)	Molybdenum metal (Mlb)
Indicated	127	0.64	2.60	0.17	477	0.01	29
Inferred	296	0.40	3.71	0.17	1,098	0.01	69
Total[2]	423	0.46	6.31	0.17	1,575	0.01	99

1 Note: These Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. The Mineral Resource estimate, which is reported in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2007 Edition (SAMREC code), is reported without dilution or ore loss. The Mineral Resources are constrained within an optimised open pit shell developed using scoping-level study parameters including mining, processing and administration cost estimates; mining parameters; and process recoveries for gold, copper and molybdenum. Commodity prices used in this study are US$1,150/oz gold, US$3.00/lb copper and US$15/lb molybdenum. Some figures may not sum exactly due to rounding. Sixty (60) % of the resource are attributable to Gold Fields

2 Mineral Resource total for deposit (100%)

4.3 Mineral Resource and Mineral Reserve Statement

4.3.1 Introduction

This section represents a high level overview of our Mineral Resources and Mineral Reserves position. For further details, including a full methodology, please see our separate Mineral Resources and Reserves Report for C2010.

http://www.goldfields.co.za/

4.3.2 Group overview

Group summary

The December 2010 Mineral Resource and Mineral Reserve statement has been audited by leading global mining consultancies, and is compliant with the South African Code for the Reporting of Mineral Resources and Mineral Reserves (the SAMREC 2007 Code) and Industry Guide 7 for reporting on the United States Securities and Exchange Commission (SEC). Cognisance is taken of other relevant international codes, where geographically applicable, such as the Australian JORC Code and Canadian NI 43-101. All figures are managed, unless otherwise stated.

The SEC permits mining companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. Certain terms referencing Mineral Resources are used in this report, such as “Measured, Indicated and Inferred Mineral Resources”, which the SEC guidelines strictly prohibit companies from including in their filings, as the latter are restricted to Mineral Reserves only.

Gold Fields last year received the annual SAMREC/IAS award from the Investment Analysts Society of Southern Africa for the best 2009 reporting of Mineral Resources and Mineral Reserves according to the SAMREC Code.

Figure 4.7: Mineral Resources per operation and growth project

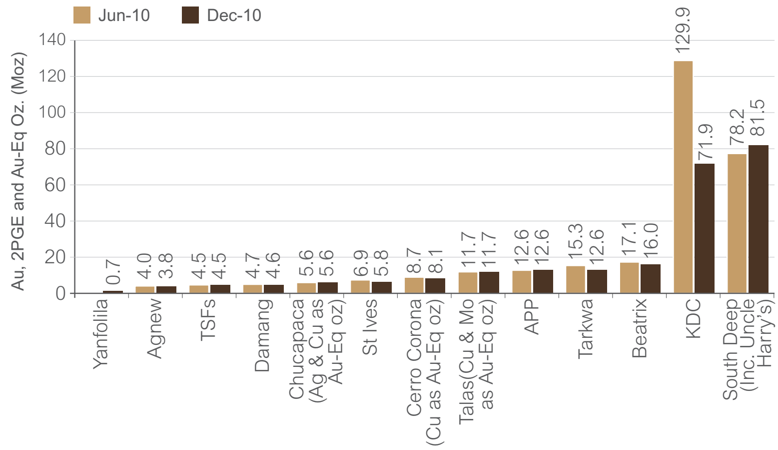


Figure 4.8: Mineral Reserves per operation

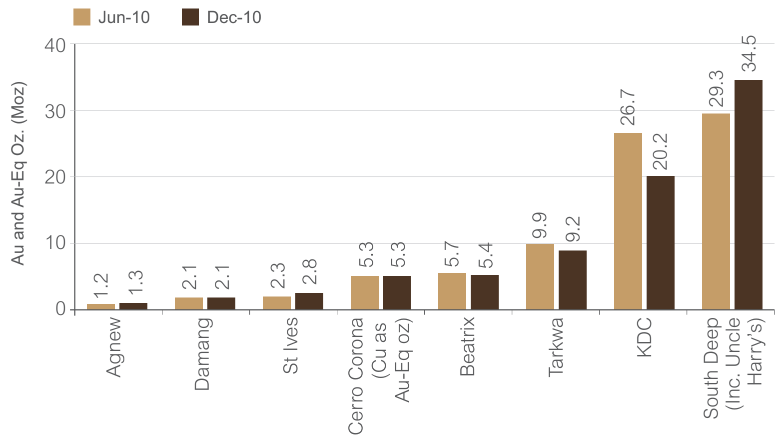


Figure 4.9: Group attributable Mineral Resources (million Au-Eq oz)

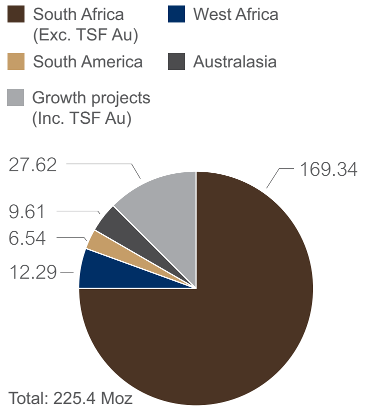
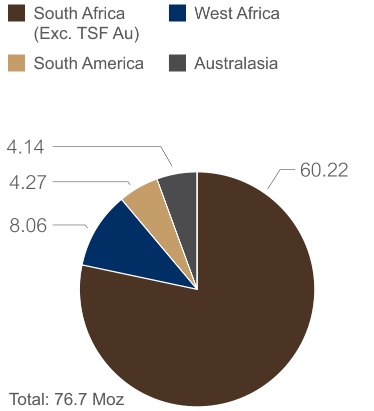


Figure 4.10: Group attributable Mineral Reserves (million Au-Eq oz)



The December 2010 Mineral Resource gold price has a premium of around 10% over the Mineral Reserve metal price, in contrast to the approximate 25% premium used previously. The higher gold price used for estimation has been partially offset by the general increase in working cost, which has limited any significant increase to the overall Mineral Resource and Mineral Reserve numbers.[1]

All comparisons and reconciliations reported are standardised over the six month window between the last published Mineral Resource and Mineral Reserve statement as at 30 June 2010 and the current 31 December 2010 declaration. The Group's Mineral Resource and Mineral Reserve figures are estimates, at a point in time and will be affected by fluctuations in the gold price, US dollar currency exchange rates, costs and operating factors. Mineral Resources are reported inclusive of Mineral Reserves and stability pillars, while production volumes are reported in metric tonnes (t). Rounding-off may result in minor computational discrepancies, but these are not deemed significant.

As at 31 December 2010, Gold Fields had total declared managed Mineral Resources of 239.5 million ounces (June 2010: 299.2 million) and total gold and copper-gold equivalent Mineral Reserves of 81.0 million ounces (June 2010: 82.5 million).

Our total precious metal managed Mineral Resources at end December 2010 amounted to 213.0 million ounces (June 2010: 273.1 million) and our Mineral Reserves amount to 78.4 million ounces (June 2010: 79.9 million). These figures are net of 2.4 million and 2.2 million ounces of depletion respectively. Total TSF and underground Uranium Mineral Resources amount to 90.1 million pounds (June 2010: 77.9 million).

1 See p5 for relevant exchange rates and commodity prices

2 Excluding growth projects

Regional summary

The Australasia Region[2] has a declared gold Mineral Resource of 9.6 million ounces (June 2010: 10.9 million) and a gold Mineral Reserve of 4.1 million ounces (June 2010: 3.5 million). These figures are net of 0.35 million and 0.35 million ounces of depletion respectively.

The South Africa Region[2] has a total declared Mineral Resource of 169.3 million ounces (June 2010: 225.2 million). This represents a reduction of 25% caused primarily by changes in the in-house resource classification. The Region's Mineral Reserve amounts to 60.2 million ounces (June 2010: 61.7), down 2%. These figures are net of 1.2 million and 1.0 million ounces of depletion respectively.

Following a feasibility study, the Tailings Treatment Project (TTP) has a declared surface Uranium Mineral Resource of 53.6 million pounds (June 2010: 53.3 million) and a gold Mineral Resource of 4.5 million ounces (June 2010: 4.5 million). These figures are excluded from the South Africa Region Mineral Resources above. The underground Uranium Mineral Resource for our West Wits operations have been estimated at 36.5 million pounds (June 2010: 24.6 million).

The South America Region[2] has a declared gold Mineral Resource of 4.1 million ounces (June 2010: 4.4 million) and a gold Mineral Reserve of 2.7 million ounces (June 2010: 2.7 million). The copper Mineral Resources and Mineral Reserves are 1,464 million pounds (June 2010: 1,553 million) and 965 million pounds (June 2010: 976 million) respectively. The total gold and copper equivalent Mineral Resource and Mineral Reserve ounces are 8.1 million ounces (June 2010: 8.7 million) and 5.3 million ounces (June 2010: 5.3 million). These figures are net of 0.3 million and 0.3 million ounces of depletion respectively.

The West Africa Region[2] has a declared gold Mineral Resource of 17.3 million ounces (June 2010: 20.0 million) and a gold Mineral Reserve of 11.3 million ounces (June 2010: 12.0 million). These figures are net of 0.6 million ounces and 0.6 million ounces of depletion respectively.

Project summary

The Mineral Resource position of our growth projects remains largely unchanged compared to June 2010:

- Arctic Platinum project: The unconstrained gold equivalent Mineral Resource remains unchanged at 12.6 million ounces (100% attributable to Gold Fields)
- Chucapaca project: The gold equivalent Inferred Mineral Resource remains unchanged at 5.6 million ounces (51% attributable to Gold Fields)
- Talas project: The gold equivalent Mineral Resource remains unchanged at 11.7 million ounces (60% attributable to Gold Fields)
- Yanfolila project: Extensive infill and extensional drilling coupled with geological interpretation have resulted in the first Gold Fields Mineral Resource estimate for the Komana East and West deposits of the Yanfolila project. This amounts to 0.7 million ounces (85% attributable to Gold Fields)

Figure 4.11: Summary overview: Mineral Resource and Mineral Reserve Statement[1]

	Mineral Resources (100%)				Mineral Reserves (100%)				Attributable R & R (%)		
	31 December 2010			Jun-10	31 December 2010			Jun-10	31 Dec 2010		
Gold	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)	(%)	Resources (Moz)	Reserves (Moz)
Australia operations											
Agnew[2]	25.5	4.7	3.845	4.029	6.9	6.0	1.321	1.226	100	3.845	1.321
St Ives	63.0	2.8	5.765	6.899	32.7	2.7	2.820	2.290	100	5.765	2.820
Total Australasia Region	88.6	3.4	9.610	10.928	39.6	3.3	4.141	3.516	100	9.610	4.141
South African operations[3]											
Beatrix	79.8	6.2	16.012	17.096	41.4	4.1	5.445	5.740	100	16.012	5.445
Kloof-Driefontein Complex	202.7	11.0	71.878	129.919	96.4	6.5	20.241	26.692	100	71.878	20.241
South Deep	373.3	6.8	81.454	63.598	192.6	5.6	34.533	29.258	100	81.454	34.533
Uncle Harry's	-	-	-	14.6	-	-	-	-	74	-	-
Total South Africa Region	655.9	8.0	169.344	225.179	330.5	5.7	60.219	61.690		169.344	60.219
Peru operation											
Cerro Corona	154.1	0.8	4.115	4.382	86.3	1.0	2.672	2.746	80.7	3.321	2.156
Total South America Region	154.1	0.8	4.115	4.382	86.3	1.0	2.672	2.746	80.7	3.321	2.156
Ghana operations											
Damang	76.6	1.9	4.638	4.721	40.5	1.6	2.080	2.123	71.1	3.298	1.479
Tarkwa	266.1	1.5	12.642	15.314	235.3	1.2	9.249	9.857	71.1	8.988	6.576
Total West Africa Region	342.7	1.6	17.280	20.035	275.8	1.3	11.329	11.980	71.1	12.286	8.055
Total GFI Gold											
Total Managed	1,241.3	5.0	200.348	260.525	732.2	3.3	78.361	79.932		-	-
Total Attributable	1,112.5	5.4	194.560	250.102	635.8	3.6	74.571	75.940		194.560	74.571

Cerro Corona Copper and Copper as Gold equivalents

Copper	Tonnes (Mt)	Grade (% Cu)	Copper (Mlbs)	Copper (Mlbs)	Tonnes (Mt)	Grade (% Cu)	Copper (Mlbs)	Copper (Mlbs)	(%)	Copper (Mlbs)	Copper (Mlbs)
Copper (Cu) only	147.1	0.45	1,464	1,553	86.3	0.51	965	976	80.7	1,181	779

Copper as Au-Eq[4]			Au-Eq (Moz)	Au-Eq (Moz)			Au-Eq (Moz)	Au-Eq (Moz)		Au-Eq (Moz)	Au-Eq (Moz)
Total Copper as Au-Eq			3.992	4.272			2.624	2.533	80.7	3.222	2.118
Total Cerro Corona (Au + Cu as Au-Eq)			8.107	8.654			5.296	5.279	80.7	6.542	4.274

Growth projects (Gold and Gold Equivalents)

Platinum APP Project (Finland)[5]	Tonnes (Mt)	2PGE + Au (g/t)	2PGE + Au (Moz)	2PGE + Au (Moz)	Tonnes (Mt)	2PGE + Au (g/t)	2PGE + Au (Moz)	2PGE + Au (Moz)	(%)	2PGE + Au (Moz)	2PGE + Au (Moz)
Total APP (2PGE as Au-Eq + Au)	168.3	2.3	12.601	12.601	-	-	-	-	100	12.601	-

Copper - Gold - Silver Chucapaca Project (Peru)	Tonnes (Mt)	Grade	Metal (Moz)	Metal (Moz)	Tonnes (Mt)	Grade	Metal (Moz)	Metal (Moz)	(%)	Metal (Moz)	Metal (Moz)
Total Chucapaca [Au-Eq oz (Au + Ag + Cu)]	83.7		5.639	5.639	-	-	-	-	51	2.876	-

Figure 4.11: Summary overview: Mineral Resource and Mineral Reserve Statement[1] (continued)											
Growth projects (Gold and Gold Equivalents) (continued)											
Copper - Gold - Molybdenum Talas Project (Kyrgyzstan)	**Tonnes (Mt)**	**Grade (g/t)**	**Metal (Moz)**	**Metal (Moz)**	**Tonnes (Mt)**	**Grade (g/t)**	**Metal (Moz)**	**Metal (Moz)**	**(%)**	**Metal (Moz)**	**Metal (Moz)**
Total Talas [ID & IF Au-Eq oz (Au+Cu+Mo)]	423.0	-	11.710	11.710	-	-	-	-	60	7.026	-
Gold Yanfolila Project (Mali)	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (Moz)**	**Gold (Moz)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (Moz)**	**Gold (Moz)**	**(%)**	**Gold (Moz)**	**Gold (Moz)**
Total Yanfolila (Inferred)[6]	9.1	2.5	0.740	-	-	-	-	-	85	0.629	-
Gold TT Project (South Africa)[7]	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (Moz)**	**Gold (Moz)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (Moz)**	**Gold (Moz)**	**(%)**	**Gold (Moz)**	**Gold (Moz)**
Total TTP (Measured)	475.6	0.3	4.490	4.470	-	-	-	-	100	4.490	-
Growth project (Uranium)[7]											
Uranium TT Project (South Africa)	**Tonnes (Mt)**	**Grade (Kg/t)**	**Uranium (Mlbs)**	**Uranium (Mlbs)**	**Tonnes (Mt)**	**Grade (Kg/t)**	**Uranium (Mlbs)**	**Uranium (Mlbs)**	**(%)**	**Uranium (Mlbs)**	**Uranium (Mlbs)**
Kloof-Driefontein Complex-underground	79.6	0.046	8.054	13.207	-	-	-	-	100	8.054	
South Deep underground	192.6	0.067	28.474	11.378	-	-	-	-	100	28.474	-
Total underground Uranium[8]	272.2	0.061	36.528	24.585	-	-	-	-	100	36.528	-
Kloof-Driefontein Complex TSF	418.1	0.048	44.307	44.164					100	44.307	
South Deep TSF	57.5	0.073	9.289	9.123	-	-	-	-	100	9.289	-
Total TSF Uranium	475.6	0.051	53.596	53.287	-	-	-	-	100	53.596	-
Total TTP Uranium (Managed)	747.8	0.055	90.124	77.872	-	-	-	-	100	90.124	-

Mineral Resources are inclusive of Mineral Reserves. All tonnes relate to metric units. Rounding-off of figures may result in minor computational discrepancies, where this happens it is not deemed significant.

In Australia (Agnew and St Ives), a gold price of A$1,350 and A$1,225 was used to determine the Mineral Resources and Mineral Reserves respectively.

Mineral Resources for the South African operations were determined at ZAR290,000/oz, while the Mineral Reserves were determined at ZAR265,000/oz.

In South America (Cerro Corona) and West Africa (Damang and Tarkwa), the Mineral Resources and Mineral Reserves were determined using a gold price of US$1,100/oz and US$1,000/oz, and a copper price of US$3.0/lb and US$2.72/lb respectively.

For the Growth Projects, (i) Talas used US$1,150/oz for gold, US$3.00/lb for copper and US$15/lb for molybdenum, (ii) Chucapaca used US$1,150/oz for gold, US$3.00/lb for copper and US$17/lb for silver, and (iii) Yanfolila used US$1,150/oz for gold.

Gold equivalent (Au-Eq) grade was calculated based on gold, silver and copper grades normalised to the differentials of metal prices and recoveries for silver and copper. Assuming the metal prices net of offsite costs and recoveries as listed in this release, the formula for the calculation of gold equivalent is:

Au-Eq = Au+Ag*RecAg*(PriceAg/PriceAu)+Cu*RecCu*(PriceCu/PriceAu)*(1lb/14.5833 oz)*(10,000g/t/1%) and is only applicable to Chucapaca.

1 Managed, unless otherwise stated

2 The Agnew Deposits, Miranda and Vivien are subject to a royalty agreement

3 Kloof and Driefontein have been consolidated into the Kloof-Driefontein Complex (KDC). Individual and combined figures are stated

4 Copper equivalent ounces (copper revenue converted to gold equivalent ounces). Note that these tonnes are repeated in the gold statement. Similar process to convert silver and molybdenum to equivalent ounces

5 Gold Fields holds a 100% interest in the Arctic Platinum Project. Mineral Resource figures are historical and not as per current metal prices.

6 Gold Fields 85% attributable interest is net of a 5% minority partner and 10% Mali Government holding

7 TSF tonnes, grade & content are also shown under each operation but are not included in the operation's total

8 Underground uranium Mineral Resources are scheduled at mill width and a MCF of 82% has been applied to the content

4.3.3 Regional overview: Australasia

Our fully-owned St Ives and Agnew mines are located in the Norseman-Wiluna Greenstone Belt, which is part of the Yilgarn Craton, a 2.6 Ga granite-greenstone terrane in Western Australia.

The area is well endowed in gold and nickel mineralisation, hydrothermally emplaced and hosted by sub-vertical shear and fault zones. These are mined by several conventional open pits and shallow underground operations, which are commonly extensions of the open pits.

Noteworthy points for the Region include the following:

- Our Mineral Resources in the Region have decreased by 12% compared to June 2010. This is primarily due to depletion, an increase in the cut-off grade (reduced premium in Mineral Resource gold price) and increased costs. The total Mineral Reserves have increased by 18%, net of mined depletion, due to the increase in gold price and discovery
- The Region currently accounts for 4% and 5% respectively of Gold Fields equivalent Mineral Resource and Mineral Reserve base
- St Ives's Mineral Reserves have increased by 23% as a result of successful Mineral Resource conversion programmes at Hamlet, Athena and Neptune projects
- Agnew's Mineral Reserves have increased by 8% as a result of successful resource definition drilling, which extended the life of the mine to 2017

Agnew

The Mineral Resource at Agnew decreased by 5% primarily due to depletion and changes to the interpretation of the Kim South Inferred Mineral Resource. However, Mineral Reserves have been increased by 8%, mainly due to extensional exploration at Waroonga and the addition of the Songvang open pit cutback.

Agnew completed the surface directional drilling programme at Kim and extended the Kim lode Mineral Resource down to 1,400 meters below surface. Exploration drilling at the Waroonga Complex has now been shifted to the Main Lode and 450 South areas. Results for the six months to December 2010 indicate that gold mineralisation extends at depth below the Main North lode, with moderate to high grade intervals recorded down to 1,000 meters below surface. This drilling has also intersected zones of continuous mineralisation up to 60 meters in width, which may be amenable to bulk mining methods. Scope for sub-level cave mining is to be assessed by Agnew during C2011.

Ongoing drilling and exploration on the Waroonga Complex continues to yield results and the focus in 2011 will be on the Main and 450 South Lodes to provide short- to medium-term potential for extensions along strike and down dip to the existing Mineral Resources. The recently identified Porphyry Link and Jaws targets will also be tested, while work will begin on assessing the potential of a cutback on the Waroonga open pit above the Main Lode mineralisation, incorporating the historical workings.

Exploration for near surface targets at Agnew will continue, with more work planned for Cinderella and other open pit opportunities south of Waroonga. The regional focus will be on a number of previously undrilled areas to the north and south of the highly prospective Mine Central Corridor.

St Ives

The Mineral Resource base at St Ives has decreased by 17%. This has primarily been due to depletion, a lower Mineral Resource gold price and a reduction in available resources at the future Bellerophon open pit (following revised mine optimisation studies to increase pit wall stability).

The increase in Mineral Reserves post depletion is mainly attributed to successful resource conversion programmes at the Hamlet, Athena and Neptune projects, while all other underground mines also contributed nominal increases or partially replaced depletion. The higher Mineral Reserve gold price also had a positive impact on reserve growth.

Exploration spend at St Ives over the last six months of 2010 was dominated by the resource conversion project at the Hamlet ore body. A focused team completed a major drill programme in excess of 25,000 meters to extend the Indicated Mineral Resource from approximately 300 meters down to 800 meters below surface. This programme enhanced our geological knowledge and confirmed the broad macro structural and grade continuity of the Hamlet ore body. Overall primary and secondary structural and grade controls have been identified. Current Mineral Reserves at this site have now grown by 190% from 237,000 ounces in June 2010 to 657,000 ounces in December 2010 with a 0.1 g/t increase in grade. Initial access development has commenced and full mine feasibility studies are well advanced.

The mine development at Athena is continuing ahead of schedule, with mine definition drilling and depth extensional drilling confirming and enhancing previous estimates on the ore body dimensions and grades. This has enabled the mine to show a 110,000 ounce increase in Mineral Reserves in conjunction with the introduction of improved mine designs, the use of paste fill at depth to enhance safety, as well as increasing extraction opportunities.

The Neptune target is situated between the existing Greater Revenge and Greater Victory areas. Detailed targeting and structural reviews of the area between these two gold camps has identified potential extensions. Validation of geological models with detailed resource development and conversion drilling has extended the dimensions and grade of the Neptune supergene and paleo-channel deposits. This has resulted in an increase in Mineral Reserves from 22,000 ounces in June 2010 to 147,000 ounces in December 2010.

The mill call factor at the main Lefroy Mill continues to remain above 98% for the past six months. This is due to improved ore body definition, geological and resource models on all mines and coordinated stockpiling and blending process implemented during C2010.

Exploration for C2011 will be focused on growing and ensuring the continuity of future operations. In particular, emphasis will be placed on ensuring that the exploration pipeline and early stage targets identify new areas for potential mines, which will be accelerated where positive results are obtained. Open pit replacement remains a priority.


Road-train at St Ives, Australia

Figure 4.12: Australasia Region Classified Mineral Resource and Mineral Reserve Statement[1]

	Mineral Resources					Mineral Reserves			
	31 December 2010			Jun-10		31 December 2010			Jun-10
Gold	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)	Gold	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)
Australia operations									
Agnew[2]					Agnew[2]				
Measured	4.5	4.1	0.597	0.584	Proved	1.3	4.8	0.195	0.166
Indicated	13.6	5.2	2.265	2.368	Probable	5.6	6.2	1.126	1.061
Inferred	7.4	4.1	0.981	1.075					
Total	25.5	4.7	3.843	4.027	Total	6.9	6.0	1.321	1.226
Measured stockpiles	0.01	6.3	0.002	0.002	Proved stockpiles	-	-	-	-
Agnew Total	25.5	4.7	3.845	4.029	Agnew Total	6.9	6.0	1.321	1.226
St. Ives					St. Ives				
Measured	4.7	3.1	0.472	0.572	Proved	3.2	3.1	0.315	0.267
Indicated	41.4	2.9	3.898	3.847	Probable	26.3	2.8	2.381	1.853
Inferred	13.7	2.9	1.271	2.311					
Total	59.7	2.9	5.641	6.729	Total	29.5	2.8	2.696	2.120
Measured stockpiles	3.3	1.2	0.124	0.170	Proved stockpiles	3.3	1.2	0.124	0.170
St Ives Total	63.0	2.8	5.765	6.899	St Ives Total	32.7	2.7	2.820	2.290
Total Australasia Region	88.6	3.4	9.610	10.928	Total Australasia Region	39.6	3.3	4.141	3.516

Mineral Resources are inclusive of Mineral Reserves. All tonnes relate to metric units. Rounding-off of figures may result in minor computational discrepancies, where this happens it is not deemed significant. In Australia (Agnew & St Ives), a gold price of A$1,350 and A$1,225 was used to determine the Mineral Resources and Mineral Reserves respectively.

1 Managed, unless otherwise stated.

2 The Agnew deposits, Miranda and Vivien are subject to a royalty agreement.

4.3.4 Regional overview: South Africa

Our three fully-owned underground operations in South Africa are located in two geographical areas of the Witwatersrand Basin known as the West Wits Line and Southern Free State goldfields. The KDC and South Deep mines are located along the West Wits Line. The primary reefs mined in the area are the Carbon Leader Reef, Ventersdorp Contact Reef, Middelvlei Reef and the Upper Elsburg Massive and Individual Reefs. Our Beatrix mine is located in the Southern Free State goldfields with the principal reefs mined being the Beatrix and Kalkoenkrans Reefs.

Noteworthy points for the Region include the following:

- The South Africa Region's Mineral Resource base (including TPP gold) has decreased by 24% post depletion compared to June 2010. This was primarily due to changes in the in-house resource classification. The total Mineral Reserve has decreased by 2%, net of mined depletion
- The Region currently accounts for 71% and 74% of Gold Fields gold equivalent Mineral Resource and Mineral Reserve base respectively
- The new order mining right of South Deep[1] was granted by the Department of Mineral Resources (DMR) in C2010. This completes the conversion of all the South African operations to new order mining rights
- Significant increases in power, consumable and labour costs have limited the benefit of higher gold prices. As a result, pay limits show nominal reductions since the June 2010 declaration. This is despite a 2% and 10% increase in the gold prices for Mineral Resources and Mineral Reserves respectively
- During C2010, a significant amount of Mineral Resource ounces that had previously converted to the Measured, Indicated and Inferred categories, now remain in our unclassified inventory. This revision is based on enhanced in-house resource classification, which takes into account Gold Fields safety Value ("If we cannot mine safely, we will not mine"), as well as the principle that there must be reasonable and realistic prospects for eventual economic extraction
- In addition to the increase in pay limits, the revision of the in-house Mineral Resource philosophy has resulted in a significant reduction in ounces at KDC Driefontein (-21 million ounces) and KDC Kloof (-37 million ounces)
- The latest results of the South Deep underground and surface exploration drilling programme were incorporated in the Mineral Resource estimation. This has enabled detailed geological modelling for the area South of Wrench (Phase 1 & 2 and Uncle Harry's). As a result, the mine has now designed and scheduled 100% of the declared Mineral Reserve and, for the first time, no acquisition numbers are being reported. South Deep now has a more solid foundation for scenario planning and optimisation exercises
- The uranium and gold resource models for the TTP have been generated and incorporated into a feasibility study. The Phased Approach Feasibility study for the TTP was completed in mid-C2010
- A new business reengineering programme, Project Blueprint, was introduced for the South Africa Region, together with an enhanced organisational structure. This was with the objective of supporting sustainable gold output

Beatrix

The Mineral Reserves at Beatrix have been reduced due to:

- The exclusion of the Eastern Decline at North Section
- Exclusion of remote and low grade areas at South Section
- The cleanup of small uneconomical blocks and pillars

During C2010, Beatrix South Section was re-engineered, resulting in the mining of lower volumes at higher grades (mainly from the 2 Shaft pillar and Vlakpan area) thereby reducing the overall footprint as part of Project Blueprint.

KDC

At KDC's Kloof operation, we reviewed the 55 Decline project (0.87 million ounces). As a result, we approved the development of a 46 level from 4 Shaft instead of developing a decline system. The majority of higher grade ore is concentrated between the existing 45 level and the 46 level horizons. Two thirds of the project ounces (or 0.51 million ounces) are accessible via a single level from the existing shaft system. This precludes the need for a three level decline. The remaining 0.36 million ounces have been excluded from the Mineral Reserves.

A geotechnical design change in the 1 Sub Vertical Shaft pillar at KDC's Kloof operation has reduced the mineable ore by 0.16 million ounces. Capital expenditure has also been reduced accordingly.

Exploration drilling programmes (using long inclined boreholes) have increased the area of higher grade Sandy 1 facies of the VCR to the north and south of 4 Shaft. This has had a positive effect on the overall reserve grade.

1 This now includes the Uncle Harry's Prospecting Right

The Gold Recovery Opportunities from Waste Treatment Holistically Project (GROWTH Project) is an innovative, capital efficient and practical standalone operation to reprocess significant quantities of low grade surface rock dumps (p58). Application of this technology results in a significant upgrading of the gold grade and allows direct disposal of the relatively gold-free waste fraction. The GROWTH Project offers significant benefits in terms of lower energy and labour costs compared to traditional process plants. The plant is expected to be fully operational at the Kloof 1 Plant site by the end of June 2011. This will facilitate early closure and clean-up for KDC Kloof's 1 Plant with a recovery of a significant quantity of gold locked in the plant equipment and soils.

At KDC's Driefontein operation, we assessed the economic viability of the 9 Shaft project versus the phased mechanised decline project below 5 Shaft. The results indicated that the decline project provides more advantages in terms of:

- Lower capital expenditure
- Lower risk
- Shorter payback
- 'Pay-as-you-go' flexibility
- Retaining upside to Mineral Resources beyond the decline shaft

Phase 1 of the decline option will take mining down to 54 level (3,600 meters below surface), whereas the original 9 Shaft project was designed to reach 57 level (4,000 meters below surface). As a result, the 9 Shaft project (8.1 million ounces) has been excluded from the Mineral Reserves in favour of the decline option (3.7 million ounces). If the second phase of the decline option subsequently goes ahead, a significant proportion of the ounces that have been excluded could be reinstated.

Plans are in place for the 1 Shaft pillar to be mined via the 2 Shaft infrastructure during C2013. This will expedite the programme and optimise the extraction.

New sampling data plus detailed geological mapping and modelling at KDC Driefontein have resulted in the downgrading of values in zones 14 and 18 of the Carbon Leader Reef, west and east of 5 Shaft respectively.

This has resulted in a reduction in the mine's Mineral Reserves of about 1.0 million ounces.

South Deep

The Mineral Reserves at South Deep increased by 18% post depletion, primarily due to the inclusion of Uncle Harry's and enhanced geological modelling after excluding Old Mine (approximately 1 million ounces) and the majority of the VCR in Phase 1 and 2 (approximately 3 million ounces). These latter areas have been excluded as they require additional exploration and updated resource modelling programmes to support prefeasibility studies and a mechanised mining model.

The underground and surface exploration drilling programme continued within the mining right area. The surface drilling programme is 69% complete, with the last borehole results expected in C2012. The results will improve confidence in the resource modelling south of the Wrench Fault.

We plan to be able to mine 330,000 tonnes per month by end 2014. This is expected to produce 750,000 ounces a year. It is currently estimated that South Deep will be able to maintain this profile until 2052, with the life of the mine expected to extend to 2068.

Mechanised mine development at South Deep, South Africa

Figure 4.13: South Africa Region Classified Mineral Resource and Mineral Reserve Statement[1]

	Mineral Resources					Mineral Reserves			
	31 December 2010			Jun-10		31 December 2010			Jun-10
Gold	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)	Gold	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)
Beatrix					Beatrix				
Measured	15.6	8.1	4.072	4.465	Proved	8.1	5.0	1.311	1.585
Indicated AI	31.3	6.8	6.854	7.942	Probable AI	27.5	4.6	4.056	3.749
Inferred AI	3.7	7.9	0.940	0.540					
Total above infrastructure	50.6	7.3	11.866	12.947	Total above infrastructure	35.6	4.7	5.367	5.334
Indicated BI[2]	23.3	5.4	4.044	4.114	Probable BI[2]				0.371
Inferred BI[2]	0.1	7.5	0.024						
Total underground	74.0	6.7	15.934	17.061	Total underground	35.6	4.7	5.367	5.705
Indicated surface	5.8	0.4	0.078	0.035	Probable surface	5.8	0.4	0.078	0.035
Beatrix Total	79.8	6.2	16.012	17.096	Beatrix Total	41.4	4.1	5.445	5.740
Kloof-Driefontein Complex					Kloof-Driefontein Complex				
Measured	40.4	15.2	19.731	41.727	Proved	19.0	8.4	5.140	7.648
Indicated AI	61.3	10.2	20.193	29.248	Probable AI	44.5	7.6	10.934	9.613
Inferred AI	4.7	7.8	1.174	3.343					
Total above infrastructure	106.4	12.0	41.098	74.318	Total above infrastructure	63.5	7.9	16.074	17.261
Indicated BI[3]	50.1	13.6	21.865	49.991	Probable BI[3]	16.1	7.2	3.713	8.965
Inferred BI[3]	16.0	16.2	8.321	4.899					
Total underground	172.5	12.9	71.284	129.208	Total underground	79.6	7.7	19.787	26.226
Indicated surface rock dumps	30.2	0.6	0.594	0.711	Probable surface rock dumps	16.8	0.8	0.454	0.466
Total surface	30.2	0.6	0.594	0.711	Total surface	16.8	0.8	0.454	0.466
Kloof-Driefontein Complex Total	202.7	11.0	71.878	129.919	Kloof-Driefontein Complex Total	96.4	6.5	20.241	26.692
Measured surface tailings	418.1	0.3	4.069	4.055					
Kloof-Driefontein Complex TSF[4]	418.1	0.3	4.069	4.055					
South Deep					South Deep				
Measured	41.5	7.7	10.331	9.684	Proved	14.9	6.5	3.113	2.700
Indicated AI	250.4	6.6	53.523	35.016	Probable AI	141.2	5.6	25.653	14.243
Inferred AI	17.2	6.3	3.460						
Total above infrastructure	309.2	6.8	67.314	44.700	Total above infrastructure	156.1	5.7	28.766	16.943
Indicated BI[5]	42.3	7.0	9.568	18.898	Probable BI[5]	36.5	4.9	5.767	12.315
Inferred BI[5]	21.8	6.5	4.572						
Total underground	373.3	6.8	81.454	63.598	Total underground	192.6	5.6	34.533	29.258

Figure 4.13: South Africa Region Classified Mineral Resource and Mineral Reserve Statement[1]

	Mineral Resources					Mineral Reserves			
	31 December 2010			Jun-10		31 December 2010			Jun-10
Gold	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)	Gold	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)
South Deep Total	373.3	6.8	81.454	63.598	South Deep Total	192.6	5.6	34.533	29.258
Measured surface tailings	57.5	0.2	0.421	0.416					
South Deep TSF[4]	57.5	0.2	0.421	0.416		-	-	-	-
Uncle Harry's (Inferred Resource)				14.566		-	-	-	-
Total South Africa Region[6]	1131.4	4.8	173.834	229.650	Total South Africa Region	330.5	5.7	60.219	61.690

AI = Above Infrastructure; BI = Below Infrastructure. Mineral Resources are inclusive of Mineral Reserves. All tonnes relate to metric units. Rounding-off of figures may result in minor computational discrepancies, where this happens it is not deemed significant. Mineral Resources for the South African Operations were determined at ZAR290,000/oz, while the Mineral Reserves were determined at ZAR265,000/oz.

1 Managed, unless otherwise stated
2 Beatrix BI refers to material below 26 level (1,341 meters below surface)
3 BI refers to material below 50 level (3,300 meters below surface) at KDC Driefontein and below 45 level (3,347 meters below surface) at KDC Kloof
4 TSF tonnes, grade & content are also shown under each operation but are not included in the operation's total
5 South Deep BI refers to material below 110 level (2,888 meters below surface)
6 South Africa Region total includes 475.6Mt at 0.3g/t for 4.49Moz gold contained in surface tailings facilities

Near-mine drilling at Beatrix, South Africa

4.3.5 Regional overview: South America

Our 80.7% owned Cerro Corona mine in Peru is our only operation in the South America Region. It produces gold and copper by conventional open pit mining methods, from mineralisation hosted by a sub-vertical, cylindrical shaped diorite porphyry.

Noteworthy points for the Region include the following:

- The South America Region's gold equivalent Mineral Resources have decreased by 6% compared to June 2010. This is primarily due to depletion, a new resource model update and sustaining capital costs included in the cut-off estimation. The total gold equivalent Mineral Reserve has increased slightly by 0.3% net of depletion
- Cerro Corona currently accounts for 3% and 7% of Gold Fields attributable gold equivalent Mineral Resource and Mineral Reserve base respectively
- During the year, we successfully concluded a 30-year agreement on the Sylvita concession, which is adjacent to the current pit. Exploration drilling of the tenement is planned for the first half of C2011
- The Independent Geotechnical & Tailings Review Board has indicated its support for our plans to increase the capacity of our TSF from 94 million tonnes to 99 million tonnes. This is subject to certain conditions relating to the Upstream Containment Blanket, as well as the Hualgayoc springs collection and pump back system
- We completed an infill Phase 1 drilling campaign within the Cerro Corona resource pit shell and this information was incorporated into new geological and resource estimation models. A second programme of infill drilling is planned for early C2011 to provide additional geo-metallurgical data

Figure 4.14: South America Region Classified Mineral Resource and Mineral Reserve Statement[1]

	Mineral Resources					Mineral Reserves			
	31 December 2010			Jun-10		31 December 2010			Jun-10
Gold	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)	Gold	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)
Peru operations									
Cerro Corona					Cerro Corona				
Measured	44.1	1.0	1.411	0.938	Proved	41.0	1.0	1.357	0.788
Indicated	100.0	0.7	2.331	2.919	Probable	44.1	0.9	1.267	1.910
Inferred	2.2	0.5	0.038	0.201					
Total open pit	146.3	0.8	3.780	4.058	Total open pit	85.1	1.0	2.623	2.698
Measured stockpiles	7.8	1.3	0.335	0.324	Proved stockpiles	1.2	1.3	0.048	0.048
Cerro Corona Gold Total	154.1	0.8	4.115	4.382	Cerro Corona Gold Total	86.3	1.0	2.672	2.746
Copper	Tonnes (Mt)	Grade Cu (%)	Copper (Mlb)	Copper (Mlb)	Copper	Tonnes (Mt)	Grade Cu (%)	Copper (Mlb)	Copper (Mlb)
Measured	44.0	0.5	530	331	Proved	41.0	0.6	507	275
Indicated	99.8	0.4	903	1,117	Probable	44.1	0.5	444	687
Inferred	2.1	0.4	18	92					
Total open pit	145.9	0.5	1,451	1,540	Total open pit	85.1	0.5	952	962
Measured stockpiles	1.2	0.5	13	13	Proved stockpiles	1.2	0.5	13	13
Cerro Corona Copper Total	147.1	0.5	1,464	1,553	Cerro Corona Copper Total	86.3	0.5	965	976
Copper as Au-Eq oz			Au - Eq (Moz)	Au - Eq (Moz)				Au - Eq (Moz)	Au - Eq (Moz)
Cerro Corona Cu as Au-Eq Total[2]			3.992	4.272	Cerro Corona Cu as Au-Eq Total[2]			2.624	2.533
Total South America Region (Au + Cu as Au equivalent oz)			8.107	8.654	Total South America Region (Au + Cu as Au equivalent oz)			5.296	5.279

Mineral Resources are inclusive of Mineral Reserves. All tonnes relate to metric units. Rounding-off of figures may result in minor computational discrepancies, where this happens it is not deemed significant. South America (Cerro Corona) the Mineral Resources and Mineral Reserves were determined using a gold price of US$1,100/oz and US$1,000/oz, and a copper price of US$3.0/lb and US$ 2.72/lb respectively. Gold equivalent (Au-Eq) grade was calculated based on gold and copper grades normalised to the differentials of metal prices and recoveries for copper.

1 Managed, unless otherwise stated

2 Copper as gold equivalent ounces (copper revenue converted to gold equivalent ounces). Note that these tonnes are repeated in the gold statement

4.3.6 Regional overview: West Africa

Our 71.1% owned open pit Tarkwa and Damang mines are located in the West Africa Craton, near the southern end of the Tarkwa Basin. They are approximately 300km by road west of Accra.

The ore body at Tarkwa exploits stacked tabular palaeo-placer units consisting of quartz pebble conglomerates (reefs). These are very similar to those mined in the Witwatersrand Basin in South Africa.

Damang, which is located approximately 25km from Tarkwa, exploits oxide and fresh hydrothermal mineralisation. This mineralisation is associated with predominantly east dipping thrusts and sub-horizontal quartz veins, in addition to palaeo-placer mineralisation similar to that found at Tarkwa. Both operations are currently mining from several open pits.

Noteworthy points for the Region included the following:

- The West Africa Region's Mineral Resource base has decreased by 14% post depletion compared to June 2010. This was primarily because cost increases could not be absorbed by the marginal increase in gold price. The total Mineral Reserve has decreased by 5% post depletion
- The Region currently accounts for 7% and 14% of Gold Fields gold equivalent Mineral Resource and Mineral Reserve base respectively
- At Tarkwa, the commissioning of a secondary crushing facility for the Carbon-in-Leach (CIL) plant in the first quarter of C2012 is expected to compensate for increased ore hardness. This will ensure we achieve the planned throughput for the CIL plant of 12.3 million tonnes a year
- The Greater Damang Complex (made up of the Huni, DPCB and Juno pits) has significant potential to increase our operational footprint in the foreseeable future

Damang

Damang's Mineral Resource decreased by 2% compared to June C2010 and its Mineral Reserves decreased by 2%. This was largely as a result of depletion.

We initiated an investigation into the depth extension beneath the Greater Damang open pits, using a number of deep diamond drill holes. This programme is planned to continue into C2011. Initial results and observations have confirmed the continuity of the Damang ore body at depth. Exploration to define the potential in the Greater Amoanda and Greater Rex areas continued.

The commissioning of a secondary crusher at Damang's processing plant has resulted in an increase in the treatment of high grade fresh ore in C2010.

We have started the transition to owner mining at Damang, with the process due to complete in the first quarter of C2011.

Tarkwa

Tarkwa's Mineral Resources decreased by 17% compared to June 2010 and its Mineral Reserves decreased by 6% post depletion. Our Tarkwa Options Trade-Off Study (TOTOS) will examine potential opportunities to offset the impact of increasingly hard ore, which is negatively affecting the tonnage throughput and recovery of the heap leach process. This will take place during the first half of 2011. The objective of this study is to provide value-based processing options with associated mining synergies to maintain the life of mine ounce profile and stripping ratios at planned levels. In C2011, we plan to replace the current crushers at the North Heap Leach with three hydrocone tertiary crushers to mitigate the risk of any loss in production.

Partial conversion to owner maintenance has been completed. We have taken over this role from a contractor and expect to realise cost savings and productivity gains in C2011.

Tarkwa, Ghana

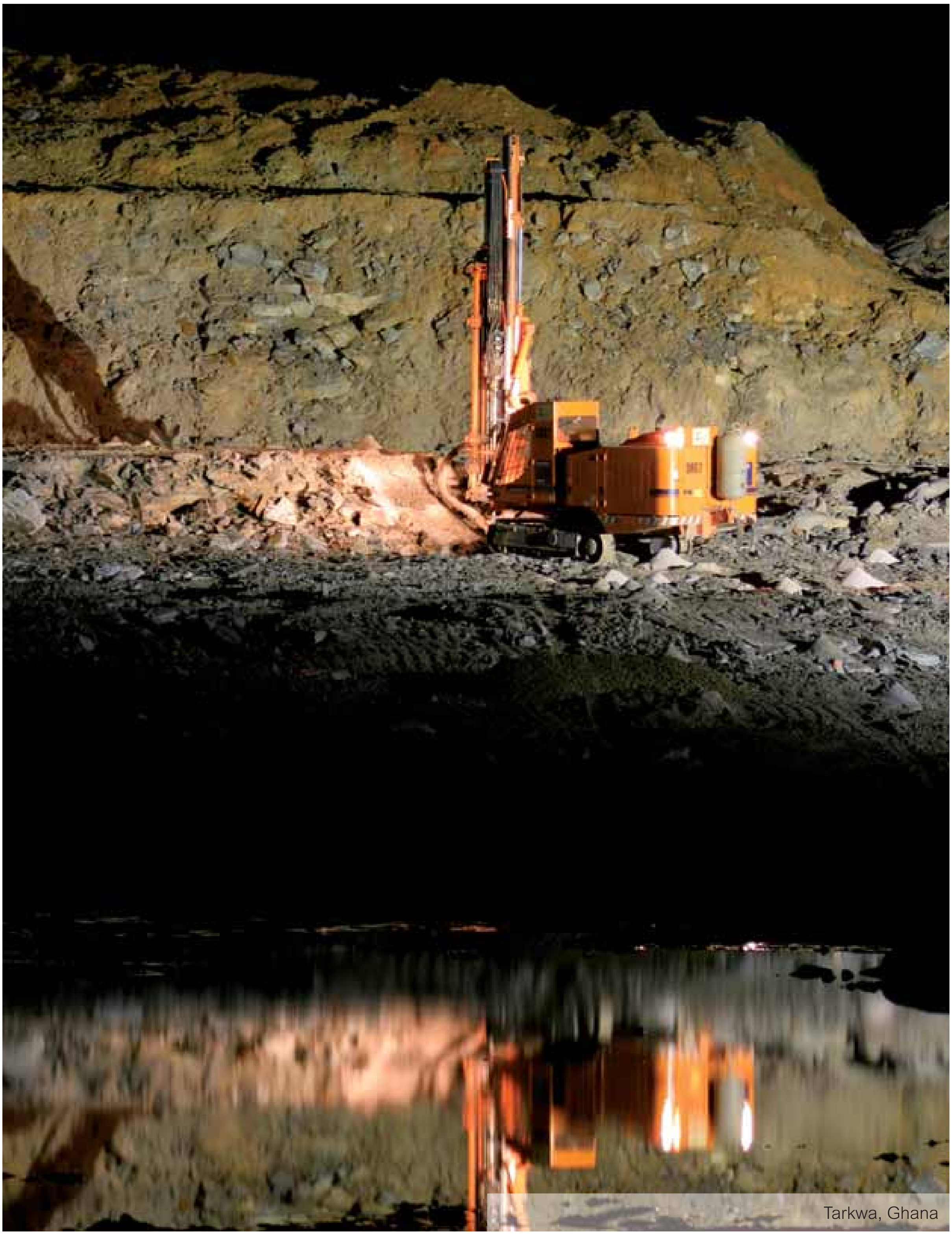
Figure 4.15: West Africa Region Classified Mineral Resource and Mineral Reserve Statement[1]

	Mineral Resources					Mineral Reserves			
	31 December 2010			Jun-10		31 December 2010			Jun-10
Gold	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)	Gold	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)
Damang					Damang				
Measured	4.4	1.5	0.218	0.243	Proved	2.4	1.6	0.125	0.146
Indicated	55.8	1.6	2.936	2.939	Probable	33.7	1.7	1.800	1.816
Inferred	12.0	3.4	1.329	1.378					
Total open pits	72.2	1.9	4.483	4.560	Total open pits	36.1	1.7	1.925	1.962
Indicated stockpiles	4.4	1.1	0.155	0.161	Probable stockpiles	4.4	1.1	0.155	0.161
Damang Total	76.6	1.9	4.638	4.721	Damang Total	40.5	1.6	2.080	2.123
Tarkwa					Tarkwa				
Measured	123.5	1.5	5.798	5.940	Proved	122.5	1.3	4.982	5.602
Indicated	125.1	1.3	5.186	6.705	Probable	109.5	1.2	4.192	4.165
Inferred	14.3	3.4	1.580	2.569					
Total open pits and underground[2]	262.8	1.5	12.565	15.214	Total open pits	232.1	1.2	9.174	9.767
Measured stockpiles	3.3	0.7	0.077	0.100	Proved stockpiles	3.3	0.7	0.075	0.090
Tarkwa Total	266.1	1.5	12.642	15.314	Tarkwa Total	235.3	1.2	9.249	9.857
Total West Africa Region	342.7	1.6	17.280	20.035	Total West Africa Region	275.8	1.3	11.329	11.980

Mineral Resources are inclusive of Mineral Reserves. All tonnes relate to metric units. Rounding-off of figures may result in minor computational discrepancies, where this happens it is not deemed significant. West Africa (Damang & Tarkwa) the Mineral Resources and Mineral Reserves were determined using a gold price of US$1,100/oz and US$1,000/oz respectively

1 Managed, unless otherwise stated

2 Includes underground Inferred Mineral Resources of 13.4 Mt at 3.6 g/t



Tarkwa, Ghana

5. Securing our future responsibly

5. Optimising our operations	
5.1 Managing our people effectively and respectfully	Page 142
5.2 Promoting employee health, wellbeing and productivity	Page 149
5.3 Maintaining our social licence to operate	Page 156
5.4 Business ethics	Page 172

US$67m
Group Socio-Economic Development (SED) spend in C2010

41%
HDSA procurement spend in South Africa in C2010 (C2009: 39%)

99.4%
Employees in Peru who are Peruvian nationals

96.9%
Employees in Ghana who are Ghanaian nationals

R550m (US$75m)
Planned investment in employee housing in South Africa

R242m (US$33m)
Approximate spend on training in South Africa in C2010

'Securing our future responsibly' means pursuing true business sustainability through the effective management of our long-term risks and opportunities – and through the implementation of our Vision and Values. The nature of our business, which has been built up over more than 120 years, means we are more aware than most of the need to lay the right foundations now to maximise our profitability in the future. It also means we take our responsibilities seriously and recognise how these relate to our long-term business interests.

This requires an integrated approach that takes into account all of the disparate dynamics and issues that affect our business – including the effective development of talent, the wellbeing of our employees, our relationships with local communities and the ethical fundamentals of how we do business.

Pupils at the Letsatsing School in Carletonville, near KDC, South Africa

5.1 Managing our people effectively and respectfully

Our employees sit at the heart of our efforts to become the global leader in sustainable gold mining – and are fundamental to our bottom line. If we are to achieve our Goal of 5 million ounces of quality gold production by 2015, we need a well-trained, motivated and stable workforce.

This is particularly important given current competition for global mining talent. In this context, we are committed to ensuring that we stay an employer of choice within the mining sector – whether for technical experts, managers or operational personnel. As part of this commitment, we aim to provide a constructive and supportive working environment in which our employees can develop and excel to our mutual benefit. We also aim to ensure that our employees are properly rewarded for their efforts through competitive remuneration and benefit packages.

We endeavour to help build local capacity and broaden the pool of skills where we operate by employing and developing local staff at all levels of the business. This approach is in line with our efforts to empower historically disadvantaged individuals within our workforce in South Africa. By doing so, we aim to make it more representative of the demographics of the country, and to promote the employment of nationals in all the regions in which we operate.

Figure 5.1: Group human resources performance in 2010

Category	C2010	C2009	C2008
Total employees[1]	47,268	51,122	49,325
HDSA employees in South Africa (%)	92.95	92.83	93.22
HDSA employees in South Africa (% - Management)	41.4	39.1	37.2
National employees in Ghana (%)	96.92	96.91	97.08
Minimum wage ratio[2]	2.72	2.79	2.52
Female employees	7.4%	6.9%	5.7%
Women in Mining[3]	3.3%	3.0%	2.8%
Ratio of basic salary of men to women	1.05	1.07	1.12
Employee wages and benefits (Rm)	7,514	6,612	5,804
Average training (hours per employee)	683	650	584
Employee turnover (%)[4]	13.41	13.70	18.57

5.1.1 Providing productive and worthwhile employment positions

Gold Fields has a total of 47,268 employees in service (C2009: 51,122). Of these, 93% are located in our South Africa Region (C2009: 94%). The remaining 7% are based in our Australasia, South America and West Africa Regions (C2009: 6%). The vast majority (97%) are nationals of the countries in which we operate. In South Africa, Historically Disadvantaged South Africans (HDSAs) comprised 93% of our local workforce at the end of C2010 – and 41% of employees at D-band and above.

All of our employees receive formal contracts of employment setting out their roles and responsibilities. These terms are explained to each employee during the recruitment process and during induction. Remuneration is based on pre-defined salary scales linked to an employee's band and location – although these can be renegotiated with key employees in order to ensure that we retain their skills and experience. All of our employees receive more than local minimum wages and receive regular performance reviews. The ratio of standard entry level wages compared to local minimum wages range from 1.1 in South Africa to 6 in Ghana. This wide range is partly accounted for by regional variations in statutory minimum wages.

A significant proportion of our employees' variable remuneration is determined both by individual and corporate performance. This ranges from a 30:70 performance ratio for executive level employees to a 70:30 ratio for specialist groups. All employees working in a managerial or supervisory role have Individual Balanced Scorecards, which assess performance in a range of areas. This not only includes financial and operational measures, but also sustainability measures including, for example, safety and environmental performance. Other employees are subject to production and safety targets.

Although they vary between locations, typical benefits include vacation, maternity and paternity leave, sick leave, medical support, pensions and life insurance. For example, in South Africa our employees rely on three main pension funds: the Mineworkers Provident Fund, the Mine Employees Pension Fund and the Sentinel Pension Fund. Other typical benefits include educational assistance, skills development, free or subsidised accommodation and/or living out allowances.

1 Excluding contractors

2 Average of regional minimum wage ratios

3 This refers to women who are actively engaged in operational mining activities

4 Non-management employees only. Turnover amongst managers is less than 1% in each year

It has always been our intent to promote the ownership of Gold Fields shares by our South African employees. During C2010, we developed and implemented a R1.2 billion (US$172 million) Employee Share Ownership Plan (ESOP) that has resulted in a 10.75% equity ownership in our South African assets by all non-managerial employees in South Africa (p173).

During C2010, large-scale forced retrenchments at our operations were avoided due to continuous natural attrition and voluntary separation. Nonetheless, the merger of our Kloof and Driefontein management teams with the regional executive structure as part of our business re-engineering programme in South Africa, resulted in a reduction of 115 middle- to senior-management positions (p62). We intend to further reduce the size of our workforce in South Africa through natural attrition, voluntary severance packages and moving certain contracting services in-house. Forced retrenchments are at this stage not envisaged, but cannot be ruled out, depending on changes in underlying economics. The efficiencies the restructuring will secure will contribute significantly to the long-term sustainability of our South African operations.

Employees at KDC, South Africa

Figure 5.2: Total employees

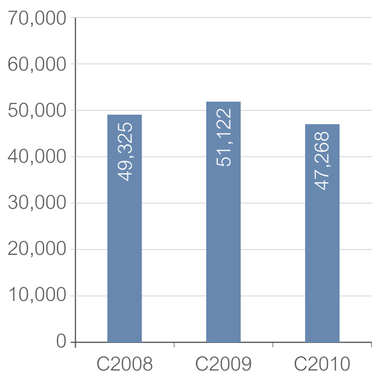


Figure 5.3: Total employees by Region (%)

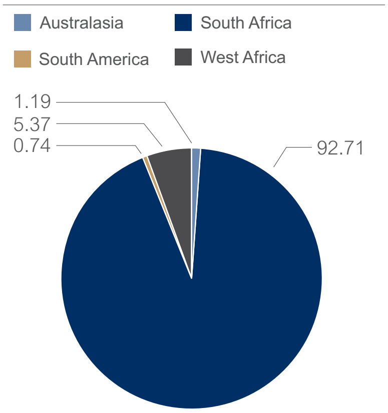
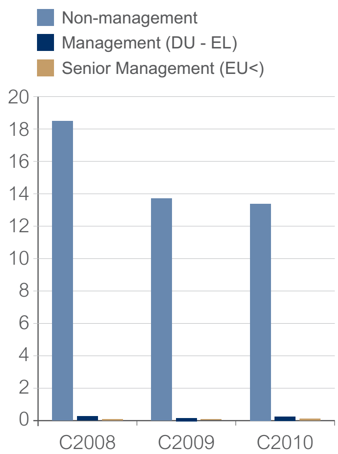


Figure 5.4: Total turnover by employee type (%)



Gaining real insight into employee values and concerns through Group-wide consultation

Over the past three years, Gold Fields has rolled out a Group-wide employee survey to gauge the mood of its staff. Almost 17,000 employees have responded to the survey, which was conducted by South African human resource specialists BeQ, since November 2007. The scale and coverage of the survey makes it one of the most comprehensive ever conducted by a company in South Africa. As such, it has proven invaluable in terms of the formulations of policies and strategies to address issues of key concern to our employees.

Amongst the most interesting findings of the survey has been the difference in values embraced by employees in different regions. For example:

- In Ghana and Peru, the majority of respondents stress the need to respect people in management or authority positions, whereas in Australia and South Africa, greater stress is placed on a more egalitarian style of interaction
- In South Africa and Ghana, taking care of relationships is deemed more important than only focusing on task and delivery, which is given greater emphasis in the Australian and Peruvian operations
- Most groups value a degree of risk-taking, although this is less the case in Australia. This has real implications for safety practices
- Following rules is considered to be particularly important in Australia and Peru, whereas this is less the case in Ghana and South Africa – implying that rules are flexible or only seen as guidelines. Again, this has potentially important safety implications in terms of the following of best practice
- In South Africa and Ghana, the community is seen as more important than the individual. In Australia and Peru, the prevailing view is slightly more balanced. This appears to be an important issue to factor into reward and recognition practices
- In most of the operations, people place importance on values congruent with care and nurture. This is less the case at the Australian operations, where greater focus is placed on task and reward

During C2010 and early C2011, Gold Fields CEO Nick Holland took key findings from the survey on a road-show to each of Gold Fields mines. Action plans have been developed to address key shortcomings identified through the survey.

5.1.2 Improving capabilities through training

The provision of quality training is not only an issue of improving employee productivity. It is also a key tool in our efforts to attract the best talent in an increasingly competitive labour market.

Our strong commitment to both the development of our employees and the strengthening of our long-term capabilities is demonstrated by the fact that during C2010 we invested a total of R229 million (US$31 million) in internal training and skills development across the Group. During C2010, our training facilities hosted a total of 70,000 employees and contractors (including multiple attendance by individuals), to increase their skills and enhance our capacity to meet our long-term production targets.

The maintenance of strong internal training institutions is integral to our approach. Our flagship in this respect is the Gold Fields Business and Leadership Academy in South Africa, on which we spent R175 million (US$23.9 million) in C2010. The Academy is accredited by the Mines Qualifications Authority, the Construction Education and Training Authority and the Institute of Leadership and Management. It offers a comprehensive range of in-house and on-site training courses including mining engineering, metallurgy and mineral resources management. The Academy is represented in a number of external bodies, including the Chamber of Mines Education Advisory Council, the mining advisory committees of the University of Witwatersrand and the University of Johannesburg and the Mine Education Trust Fund.

The Academy uses a unique training approach that focuses on tailored programmes adapted to each individual's specific level, education and maturity.

In addition, once individuals have completed their training they are subject to subsequent follow-up and monitoring to assess whether continued support is required. Around 35,241 employees received induction and refresher training at the Academy during C2010, while 20,015 employees underwent new skills training. In addition, 2,997 employees attended Adult Basic Education and Training (ABET) programmes, 234 employees were engaged in engineering learnerships and 388 in mining learnerships. Learnerships are ongoing training programmes, which include both theoretical and practical training and lead to the award of nationally recognised qualifications. Furthermore, a total of 106 university bursaries were provided over the course of the year.

We also operate extensive portable skills training programmes, which are aimed at equipping employees for construction and other work after they leave Gold Fields.

> "As the mining industry ramps back up in response to growing demand, talent shortages will become more pronounced"
>
> Deloitte, Tracking the Trends 2011: The Top 10 Issues Mining Companies Will Face in the Coming Year

5.1.3 Achieving success through careful talent management

We are operating in a labour market characterised by strong competition for experienced technical, engineering and mineral resource specialists. Furthermore, our push to 'regionalise' the management of Gold Fields makes it imperative that we cultivate a strong and capable cadre of leaders within each of our regions. As a result, each region has a strategy in place to attract, develop and retain the best talent available. We continue to maintain our competitiveness in the labour market by regularly participating in industry market surveys. This not only helps us benchmark our remuneration practices, but also keeps us informed of industry developments relating to employee benefits and non-financial recognition programmes.

In Australia, where labour competition is particularly intense, we have implemented a new and comprehensive remuneration structure based on best practice within the region. This includes the delivery of better transparency, clarity and definition around pay and rewards. It also ensures that our salary review processes are now more forward looking in order to proactively anticipate expected market trends. Further initiatives implemented in Australia include:

- A new system of bonuses for our operational personnel
- Implementation of a performance enhancement process primarily using the Individual Balanced Scorecard methodology (p142)
- The offering of secondments to our other regions, as well as education assistance
- Promotion of a good and productive work-life balance
- Enhancement of our succession planning processes
- Development of a new 90-day 'onboarding' process for the full integration of new employees
- Development of a formal two-year graduate programme
- Plans for a centralised recruitment centre for the Australasia Region to allow for the more strategic sourcing of candidates

In Ghana, we have established a new 'Career Path Framework' for every employee. This is a 'map' on which each employee can plan and follow their career progression in terms of their skills, competencies and role requirements. It also serves as a useful audit tool, through which we are able to accurately target training and development at the right individuals.

In Peru, we started an internal leadership programme for all C-Band employees to identify staff that will eventually move into middle- to senior-management levels.

Leadership development programmes

These talent management initiatives are augmented by the roll out of our innovative leadership development programme from South Africa (where it was first piloted) to our other regions.

In Australia, for example, we have developed and implemented an innovative leadership development programme in partnership with the University of Western Australia and the Australian Institute of Management. The programme is closely tailored to our Values and leadership competencies, and is currently available to supervisors and middle management, with a further course planned for senior managers. In C2010, a total of 29 managers took part in this programme.

In Ghana, we have started a Senior Leadership Development programme with the Ghana Institute of Management and Public Administration. This programme includes attendance at the Darden School of Business at the University of Virginia in the United States.

A total of 13 senior officials have attended two one-week sessions to date. The programme is aimed at expanding the capabilities of our executives and senior managers – enhancing their professional development as well as the quality of Gold Fields leadership.

In Peru, we initiated a Programme for Leadership and Management for managerial personnel and a Programme for Leadership for supervisors. These are run in partnership with the University of Piura and DBM Peru, and cover issues such as leadership, human rights, executive coaching, technical skills and financial skills. We are in the process of finalising partnerships with three other universities in the country. A total of 13 senior employees completed the leadership programme last year.

In South Africa we use two major programmes to develop leadership talent. At the highest level, 15 of our senior staff have completed a leadership programme in conjunction with the Gordon Institute of Business Science, a leading business school in Johannesburg. At our Gold Fields Academy, we have rolled out the Louis Allen Leadership Development programme to senior, middle and junior management employees. In C2010, 881 employees benefited from this extensive programme.

5.1.4 Promoting constructive labour relations

By the end of C2010, none of our employees in Australia and Peru had opted to join unions. In contrast, 84% of our employees in South Africa and 92% of our employees in Ghana belong to unions. All employees belonging to unions are subject to collective bargaining agreements. These agreements include provision of minimum notice periods regarding operational changes that impact on their conditions of employment. In Ghana, this notice period is four weeks, whilst it is between 30 and 60 days for the majority of our employees in South Africa. We have formal structures in place to engage with trade union representatives, many of whom are full-time labour organisers at our mines. Other channels for dialogue with organised labour include:

- Established communication channels with human resource managers on all sites
- Employee representative committees
- Our website, intranet, newsletters and campaign-specific communications
- Employee climate surveys

Our relationship with our employees' unions is constantly maturing. In April 2010, we proposed a new employee relations model and revised engagement structures to union representatives in South Africa, as part of our efforts to better understand employee concerns. Similarly, in October 2010 we agreed a three-year wage agreement with the Ghanaian Mineworkers Union. The agreement marks a considerable step forward, as it provides for mutually agreeable terms and will avoid the need for extensive annual negotiations. It is also further evidence of the particularly constructive relations we enjoy with the unions in the country.

Despite these advancements, in November C2010 we experienced a one-week industrial action called by the National Union of Mineworkers (NUM) at our South Deep mine in South Africa. The action focused on demands for greater union influence in Gold Fields procurement processes, as well as the appointment of senior management. This was resolved through constructive negotiation and a commitment to work with the NUM in the achievement of our transformation targets, without sacrificing our ultimate sanction and right to manage the business.

5.1.5 Respecting human rights

Human rights form a central pillar within our Sustainable Development Framework and are enshrined in our Code of Ethics and Human Rights Policy. As a signatory to the United Nations Global Compact, and as part of our commitment to the principles of the ICMM, Gold Fields upholds the highest standards for the protection of human rights. These include:

- Freedom from child labour
- Freedom from forced or compulsory labour
- Freedom from discrimination
- Freedom of association and collective bargaining

A key tool in our management of these issues is our Human Rights Toolkit, which we use to educate employees and contractors. It uses a range of innovative techniques to sensitise users to relevant human rights issues, including case studies, games, scenarios and multimedia communications materials. The Toolkit materials can be adapted to specific regional contexts and to different employee roles. This ensures that human rights training remains relevant and appropriate across Gold Fields. All of our induction programmes also include human rights elements.

Our human rights initiatives are supported by our internal grievance mechanisms, through which employees and contractors can raise human rights concerns. All grievances are handled by our human resources department, which uses defined guidelines to record, evaluate and address complaints. In addition, employees can raise individual concerns with independent, external counsellors and advisors through our Employee Assistance Programme. This sits under our ‘24 Hours in the Life of a Gold Fields Employee’ wellness programme (p154).

During C2010, there were no incidents of discrimination. Where incidents of discrimination do take place, these are investigated and resolved internally. There were no incidents of forced labour or child labour at any of our operations. None of our operations represent significant risks in this respect – or to the rights of freedom of association and collective bargaining.

As our human rights capabilities mature, it is envisaged that we will integrate related requirements and commitments into our investment agreements and procurement contracts.

Employee at Tarkwa, Ghana

5.1.6 Transformation and diversity

Gold Fields is committed to the creation and maintenance of a diverse and demographically representative workforce.

Empowerment of Historically Disadvantaged South Africans (HDSAs)[1]

In South Africa, workforce transformation is a matter of key national importance – as represented by the Employment Equity Act, the country’s Mining Charter and our Social and Labour Plan obligations (p165). Our primary contribution to workforce transformation has been to invest in the targeted education, training and development of our HDSA employees. Nonetheless, the development of highly skilled employees is a lengthy process. As a result, we are also recruiting experienced HDSA managers externally and placing them in key positions within the company.

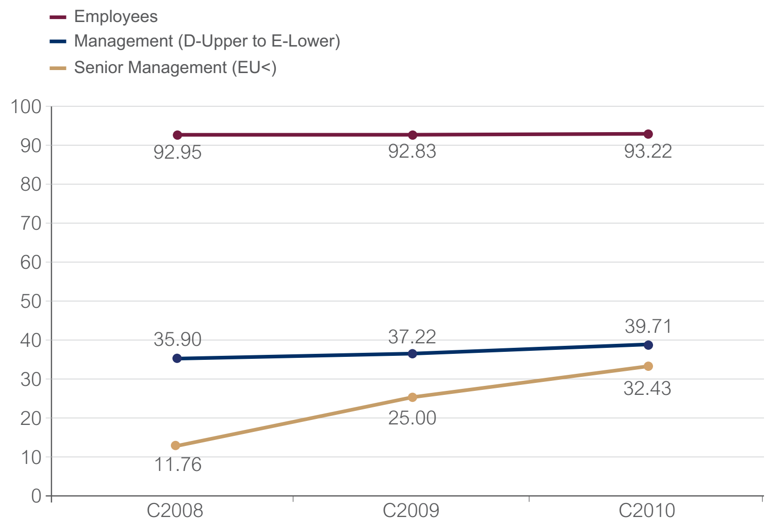
Under the Mining Charter, which was revised in September 2010, we are required to ensure that 40% of all management positions are filled by HDSAs by 2014.

At senior to middle management level, we have achieved the following HDSA representation:

- 36% at Board level (C2009: 31%*)
- 15% at ExCo level (C2009: 27%)
- 32% at senior management level (E-Upper and above) (C2009: 25%)
- 40% at middle management level (D-Upper and E-Lower) (C2009: 37%)

Although we are making progress, more needs to be done to improve HDSA representation at all management levels.

Figure 5.5: HDSAs within the Gold Fields workforce in South Africa (%)[2]



1 All references to HDSAs is by reference to HDSAs including white women

2 This excludes foreign nationals that represent the regions we operate in

Tarkwa, Ghana

Representation of women

In line with our transformation commitments, we are also continuing to seek higher levels of representation of women throughout Gold Fields – from the mines to the boardroom. Women currently make up 7.4% of employees (C2009: 6.9%) across the Group. Of these, 3.3% are working in mining roles, 14.7% are in middle management roles and 2.7% are in senior management roles. At Board level, our female representation is 21%. This means we are ahead of the 20% target currently being considered by the Securities and Exchange Commission in the United States for 2013.

We are continuing to face a number of challenges in our efforts to attract women to the company. These include an inadequate pool of skilled female workers, as well as perceptions around the physical demands of mining. Nonetheless, the appointment of a female HDSA chair to the Board in November 2010 (p8) marks a key milestone in our efforts to drive transformation more broadly.

Figure 5.6: Group basic salary ratio of men to women (1:x)

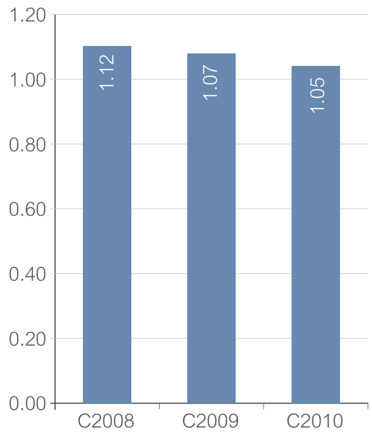
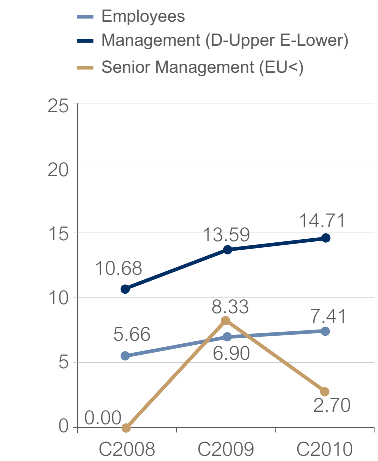


Figure 5.7: Group female employees (%)



Employment of nationals

Although there is less regulation around the employment of nationals in Ghana and Peru, it is considered best practice and underpins our social licence to operate. Currently, 99.4% of our employees in Peru are Peruvian nationals (C2009: 99.1%).

In Ghana, nationals make up 96.9% of our workforce (C2009: 96.9%). We are working hard to ensure that nationals are adequately represented amongst our senior managers (currently 72%). This is largely being managed through an intensive succession planning programme. Under this programme, whenever we fill a post with an expatriate employee, we also develop a national employee using formalised Individual Development Plans. This means they will have all of the capabilities needed to fill this post in future.

Ghanaian nationals are increasingly being elevated to senior management positions in Ghana – including the general manager of our Tarkwa mine. Our efforts to recruit senior national personnel externally have been hindered, however, by local employment market conditions. Highly skilled nationals are in great demand, both nationally and internationally – in part, due to the growth of the West African mining industry. This is a common problem for mining companies operating in Ghana, and one that we plan to address through the significant revision of our remuneration and benefit packages to ensure that we remain competitive.

5.2 Promoting employee health, wellbeing and productivity

The health of our workers is vitally important to the ongoing success of our company. In many senses, health poses as much of a legal, operational and reputational risk as our safety performance – albeit over a longer time scale. As a result, we go beyond an attitude of 'compliance' based on traditional measures of occupational health and communicable disease, and instead take a more holistic view of worker wellbeing.

As part of this approach, we believe that our responsibility towards our employees extends beyond their formal working hours, to also cover the rest of their 24 hour day. Pioneered in South Africa, we spent C2010 embedding our innovative and sector-leading 24 Hours in the Life of a Gold Fields Employee programme across the company (p154). This includes initiatives around occupational health and safety, healthcare, living conditions, nutrition, education and sport and recreation.

Through this approach, we aim to ensure that we have a fit and motivated workforce that will carry us towards our production Goal of 5 million quality gold ounces by 2015.

5.2.1 Promoting occupational health

As with safety, our deep underground and relatively labour-intensive South African operations tend to pose higher occupational health risks than our other mines. In particular, the nature of our operations in Australia, Ghana and Peru mean they only pose relatively limited risks in terms of silicosis, Chronic Obstructive Airways Disease (COAD) and Tuberculosis (TB).

In addition, the impact of HIV/AIDS and relatively high levels of dust exposure mean that South African miners are at particular risk of TB, which can be exacerbated by the simultaneous presence of HIV/AIDS infection.

Figure 5.8: Health performance in 2010

South Africa	C2010	C2009	C2008
Noise Induced Hearing Loss submissions (Rate per 1000 employees)	1.51	1.04	1.80
Silicosis submissions (Rate per 1000 employees)	3.11	3.52	5.45
Chronic Obstructive Airways Disease (Rate per 1000 employees)	1.54	0.68	1.55
Cardio-Respiratory Tuberculosis (CRTB) (Rate per 1000 employees)	15.97	13.89	23.79
Pulmonary Tuberculosis (CHEST) (Rate per 1000 employees)	4.66	4.20	7.00
Employees on Highly-Active Anti-Retroviral Treatment (HAART)	2,991	2,155	1,492
Started HAART (Individuals)	5,150	4,114	3,136
Retained on HAART (Individuals)	2,991	2,155	1,492
Exited HAART (Individuals)	2,159	1,959	1,644

As a result, we place particular focus on monitoring this disease. All of our employees undergo initial and annual medical surveillance. These are tailored in line with local legal requirements, as well as operation-specific health risks. The assessments are aimed at preventing, identifying and treating occupational diseases. In C2010, we received the following submissions:

- 78 cases of Noise Induced Hearing Loss (NIHL)
- 164 cases of Silicosis
- 81 cases of COAD
- 1,108 cases of TB

In addition, we implement sophisticated and quantitative risk assessments under our 24 Hours in the Life of a Gold Fields Employee programme (p154), which, in addition to the above, seek to address issues such as hypertension, diabetes, cholesterol, diet and mental health. These are used to benchmark the wellbeing of each of our employees and monitor any improvement or deterioration in their condition. This also helps us identify high-risk individuals, who we will then transfer to appropriate roles that pose a lower health risk. This approach offers important benefits in terms of the prevention of occupational disease, whilst keeping employees at work.

Engineering controls

One of the most important ways in which we can reduce health risks in the workplace is through the use of proactive engineering controls. This is the basis of our Project 4M initiative in South Africa, which aims to reduce silicosis and NIHL in line with the Mine Health and Safety Council milestones for 2013. Measures taken during C2010 under Project 4M include:

- Adoption of a Voluntary Code of Practice on diesel particulates, as well as the establishment of current exposure levels (this has the additional benefit of anticipating expected legislation in this area)
- Silencing of more than 95% of our auxiliary fans, more than 90% of our pneumatic loaders and more than 85% of our diamond drills
- The upgrading of more than 65% of our tip filters and sprays to improve air quality, as well as the chemical treatment of more than 95% of footwalls to reduce dust levels and the fitting of tip doors in more than 60% of cases
- Implementation of a vibration assessment exercise to identify high-risk individuals, and the training of medical personnel in the identification and treatment of related ailments
- Introduction of enhanced hearing protection

Our engineering controls to reduce exposure at source are supplemented by a range of measures to induce behavioural change, including administrative control, training and awareness-raising.

Legal context

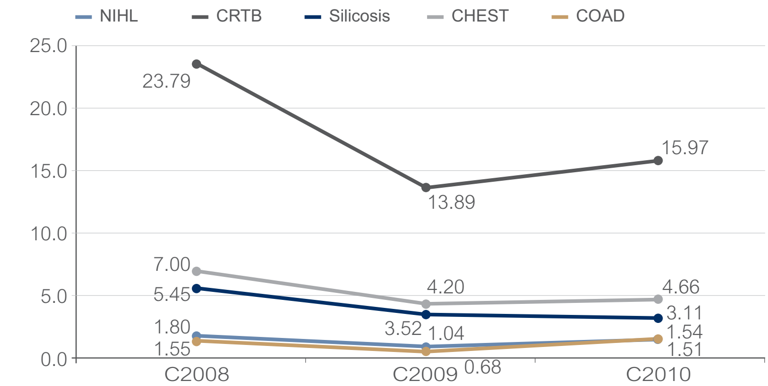
In March 2011, the South African Constitutional Court ruled that legislation which limited employees rights to claim compensation for certain diseases including silicosis was unconstitutional. As a result, the Court found that employees had the right to sue employers for common law damages to the extent that such employees could prove that they had suffered loss as a result of the negligence of the employer and such loss could be quantified.

In the circumstances there is potential for claims against Gold Fields and we are currently analysing the situation in order to try and quantify the risk.

In West Africa, NIHL and silicosis are considered to be emerging issues. During the past three years, 76 cases of NIHL have been registered for compensation – although no claims have yet been approved by local authorities.

We are further enhancing our management of NIHL and silicosis within both regions, and will be in a position to report more comprehensively on these issues in future.

Figure 5.9: Occupational disease in the South Africa Region (Rate per 1,000 employees)



5.2.2 Helping employees address HIV/AIDS, TB and malaria

HIV/AIDS and TB

According to the latest figures from UNAIDS, the adult prevalence rate for HIV/AIDS in South Africa is 17.8%.[1] Our employees form part of the community and are thus exposed to the risk factors associated with the risk of HIV transmission, with the additional factor of being migrant workers. Given that South Africa is where the majority of our employees (92.7%) live and work, it is a key issue of concern for Gold Fields – both morally and in terms of the long-term effectiveness of our workforce. TB and HIV/AIDS remain the largest contributors to morbidity rates, mortality rates and ill health retirements due to medical causes. In the six months ended 31 December 2010, we had a medical-related death rate of 6.5 per 1,000 employees (F2010: 7.81). As a result, our focus is on promotion, prevention and treatment, as well as the provision of related support. Our integrated HIV/AIDS, Sexually Transmitted Infections and TB (HAST) strategy recognises the interrelationships between HIV/AIDS, other sexually transmitted diseases and TB.

1 UNAIDS, UNAIDS Report on the Global AIDS Epidemic 2010, www.unaids.org

Our approach to managing HIV/AIDS has been developed in cooperation with a number of stakeholders, including the South African HIV Clinicians Society. Acturial assessments forecast that we will spend R47 million on HIV/AIDS treatment in C2011. Spending on HIV/AIDS and TB affected individuals is forecast at an additional R14 million (US$2 million). Over the same period, we are expected to spend R25 million (US$3 million) on treatment of TB-only affected individuals.

It is the policy of Gold Fields to ensure that employees with HIV/AIDS are not discriminated against. We are continuing to address the de-stigmatisation of HIV/AIDS through the integration of its management into our chronic disease health management processes, instead of treating it as a standalone disease. This is vital for the long-term success of our management of HIV/AIDS and the eradication of new HIV and TB infections. Integration is achieved through the inclusion of Voluntary Counselling and Testing (VCT) into our holistic wellbeing assessments (p151), confidentiality assurance, treatment access through our on-site network of medical clinics and our 24/7 employee assistance programme. Our management programme is supported by our workplace HIV/AIDS education and awareness raising programmes, poster campaigns, guidance documents and condom distribution at all of our South African workplaces.

Although it is our policy to provide free VCT to all of our employees in South Africa, we still have much work to do to before we achieve our target of 100% annual workforce participation. We are in the process of trying to increase our current participation rate from 13% (C2009: 14%) through ongoing awareness raising campaigns, as well as a potential partnership with the government to achieve the national goal of testing 15 million people by June 2011.

We provide free Highly Active Anti-Retroviral Treatment (HAART) to HIV infected employees through our network of on-site, doctor-based clinics. All employees also have the option to join the contribution-based in-house medical scheme. Through this scheme, they can provide their dependents with access to relevant healthcare services. During C2010, a total of 1,036 employees in South Africa joined our HAART programme (C2009: 976), taking the number of active participants to 2,991 (C2009: 2,504).Our five-year retention rate on the HAART programme is 60%. Approximately 4% of employees who leave the programme do so as a result of non-adherence to the HAART regime.

Those infected with HIV are provided with support through our 24 Hours in the Life of a Gold Fields Employee programme (p154), including doctor-based primary healthcare, nutritional support, psychological counselling and social services. Former employees continue receiving treatment at their place of residence through government-funded public health facilities. In addition, we provide care and support for ill health retired employees through our home-based care programmes in labour-sending areas.

Although the national adult HIV/AIDS prevalence rate in Ghana is much lower than in South Africa at 1.8%,[2] we run an active HIV/AIDS programme in the country. This includes health risk assessments and VCT provision. In C2010, a total of 68% of our employees at our Tarkwa mine participated in VCT, which is also extended to our contractors. Employees found to be HIV positive are provided with free HAART, as are their families and dependants.

2 UNAIDS, UNAIDS Report on the Global AIDS Epidemic 2010, www.unaids.org

Malaria

In Ghana, we have a comprehensive malaria strategy based on education, prevention, prophylaxis and treatment. Specific actions carried out in C2010 include:

- Education and training for local community members
- Indoor residual spraying
- Distribution of insecticide-treated nets in partnership with the Ministry of Health
- Provision of anti-malarial drugs
- Monitoring, measurement and evaluation of affected individuals

Auxiliary nurse at Gold Fields Leslie Williams Hospital, South Africa

5.2.3 Supporting employee wellbeing

As noted above, Gold Fields takes a holistic view of employee care. This means looking beyond traditional measures of health and safety to take into account employees' social, psychological and emotional wellbeing. This provides advantages in two respects, as employee wellbeing can:

- Directly impact motivation and productivity
- Indirectly impact health and safety

As a result, our 24 Hours in the Life of a Gold Fields Employee programme (p154) covers a broad range of measures that go beyond occupational health and workplace safety. It aims to ensure our employees:

- Receive market-related compensation
- Have competitive incentive and bonus schemes in place to increase their output and achieve greater efficiency
- Are well housed
- Work safely and effectively
- Have access to recreational activities, including sport
- Enjoy a healthy lifestyle, including decent nutrition

Although pioneered in South Africa, the philosophy behind this programme is being rolled out to our other operations, having been adapted to local circumstances. In Ghana, for example, our Wellness Programme covers our employees' and contractors' physical, emotional, financial, spiritual, occupational and social wellbeing.

Gold Fields provides a range of healthcare services to employees. In South Africa, for example, this includes access to two hospitals, as well as primary healthcare clinics and emergency medical services provided by the mines.

Visiting family accommodation at KDC, South Africa

Accommodation

The quality of accommodation is a key determinant of employee wellbeing. As a result, we are in the process of increasing the proportion of our employees who live in formal mining accommodation in South Africa. This is of a better quality than much of the informal, off-mine accommodation currently used by a significant proportion of our workforce.

We are upgrading our high density accommodation, in which 44% of our South African workers live. This is in order to achieve our Social and Labour Plan commitments. We are unlikely to meet the Mining Charter requirement of one occupant per room by 2014 and will be making representations to the Department of Mineral Resources on this issue. Nonetheless, we are making good progress in this respect and are likely to achieve an occupancy rate of 1.7 per room by 2012. Between C2010 and C2014, we have committed R550 million (US$75.1 million) to this programme.

All other employees are either housed in family accommodation or receive a living out allowance of R1,300 (US$177.6) a month. Approximately 14,000 of our employees have taken up the allowance. We plan to assess the overall impact of the living out allowance on employee wellbeing. In many cases, these are workers without families or whose families live far away. As a result, some prefer to live in informal settlements, so that they can save their living out allowance and raise their disposable income. Conditions in the informal settlements are often far from ideal – with potential implications in terms of fatigue, motivation, health, safety and absenteeism. As a result, we are planning a major study on how we can improve the circumstances of this group by, for example, helping upgrade living conditions in such settlements. During C2010, we spent R120 million (US$16.4 million) in this respect.

Employees at KDC, South Africa

24 HOURS IN THE LIFE OF A GOLD FIELDS EMPLOYEE PROGRAMME

At Gold Fields, we believe that the wellbeing of our employees extends beyond their working day. It is this belief that underpins our 24 Hours in the Life of a Gold Fields Employee programme (the 24 Hours Programme). This not only relates to 'conventional' health and safety issues, but encompasses a concept of 'total-wellbeing' based on six key elements (outlined below). Through this holistic approach, we aim to improve the lives and safety of our employees, and increase the productivity of our mines.

The 24 Hours Programme was first launched in the South Africa Region in F2009, and was further entrenched during C2010. The details below set out some of the key initiatives implemented under the programme in South Africa.

Learning

In C2010, we spent a total of R175 million (US$24 million) on training through the Gold Fields Business and Leadership Academy. The Academy offers employees a wide range of accredited education and training opportunities. In addition, we have a 'portable skills' programme, which provides exiting employees with practical training that will help them generate income post-mining. These include, for example, construction and plumbing skills.

Nutrition

We are standardising our meal plans to ensure our employees have access to a nutritious and balanced diet. As part of our efforts, which exceed government health guidelines, we are encouraging employees to stick to the Council for Scientific and Industrial Research (CSIR) recommended energy intake of 15,000KJ a day. This will help prevent a range of 'lifestyle' diseases caused by excessive calorie intake.

Employee Wellbeing

Health care

Our employees are subject to Health Risk Assessments (HRAs), which proactively evaluate a range of health risks, including HIV status, lifestyle related diseases and mental health. As a result, they provide a 'predictive' picture of employee health. Over the last two years, we have completed more than 10,000 HRAs. It is our aim for as many employees as possible to receive HRAs. This will help reduce sick leave, which in F2010 reached an average of 13.3 days per employee (F2009: 12.0).

"If we cannot mine safely, we will not mine"

Through the ongoing integration of our Safe Production Rules, as well as our 'Stop, Think, Fix, Verify and Continue' safety campaign, we have made great strides in improving safety. Our focus on safety helps maintain strong levels of production and, in C2010, we did not experience any unplanned, mine wide safety closures in South Africa. It is our goal to reduce all accident types by a further 25% as we move towards our ultimate target of Zero Harm.

Sport and recreation

Sports and recreation are critical to our employees' mental and physical health, which is why in F2010 we spent R17.9 million (US$2.4 million) on mass employee participation in running and soccer. Approximately 2,379 employees, or 5.4% of our South African workforce, currently participate in formal sport. This exceeds our target of 5% participation. In C2011, we will continue to focus investment on further increasing participation.

Accommodation and living conditions

We have significantly reduced room density in our hostels to an average of just over two per room. This compares to an average of eight per room in 2006. This has been due to a major, five-year housing investment programme. Further initiatives include the distribution of over 24,000 mattresses under our Sleep Deprivation Project.

The unintended consequences of the Living Out Allowance (LOA)

We offer our employees in South Africa a Living Out Allowance (LOA) as an alternative to living in company accommodation. This measure was taken in response to demands from the Department of Mineral Resources to significantly reduce the density of our high-density mining hostel accommodation.

Approximately 14,000 employees choose to receive the LOA, which is currently R1,300 (US$177.6) per month. Rather than use this money to rent quality accommodation, some have instead moved into informal settlements in the vicinity of our mines. The largest of these informal settlements, which has a population of approximately 7,000, is adjacent to our Driefontein mine.

Inhabitants often have limited access to nutritious diets and do not enjoy conditions conducive to proper rest and sleep. Both issues have significant implications for health, safety and productivity. This is demonstrated by the fact that absenteeism rates are higher at operations with significant LOA uptake.

Gold Fields has taken a number of steps to improve conditions within the informal settlements. At the Driefontein settlement, these include improvements to:

- Waste collection
- Road conditions
- Lighting

In addition, we are in the initial stages of exploring a two-pronged strategy aimed at addressing the issue. This is based on:

- Reducing the number of employees living in informal settlements by placing conditions on the allocation of LOAs, as well as measures to encourage and facilitate proper home ownership
- Collaborative approaches to improving living conditions in the informal settlements, for example through the creation of 'sustainable villages' that are conducive to employee wellbeing

Modern Gold Fields accommodation near KDC

5.3 Maintaining our social licence to operate

Gold Fields ultimately requires the support and cooperation of its host governments and local communities in order to be able to operate effectively. Given the long-term nature of many of our operations, it remains important that we demonstrate clear social and economic benefits to the people amongst whom we work in order to:

- Maintain a productive operating environment
- Access opportunities for future expansion and licences
- Demonstrate that we are living our Values, including our commitment to act with responsibility

5.3.1 Engaging our communities

Constructive and transparent engagement with local stakeholders is a critical prerequisite for the sustainability of our operations. As a result, we spend considerable time and resources on the establishment and maintenance of constructive, consultative and cooperative stakeholder relations. This includes regular and proactive engagement with:

- Local government officials
- Elected community leaders
- Informal community groups
- Non-Governmental Organisations (NGOs)
- Environmental focus groups
- Organised labour
- Local enterprises

Our engagement with each of these groups is guided by our Communities and Indigenous People Policy, the requirements of our Social and Labour Plans, as well as the AA 1000 Stakeholder Engagement Standard. This requires the establishment of regular and formalised engagement platforms with all relevant stakeholders.

These are used to address relevant and material issues as identified both by Gold Fields and by the groups being engaged.

In Australia, relationships with local communities mainly focus on the rights of indigenous people under the Native Title Act 1993 (p170). These include issues around native title, land access and cultural heritage.

Our operations in Ghana enjoy a particularly strong and well-established community engagement framework. This plays an important role in the effective and constructive management of our community relationships and the development of a stable operating environment in what could otherwise be a challenging socio-economic context. It is based on five different levels of engagement, as described on p157.

In addition, our mines in Ghana hold regular mine tours for a range of stakeholders, and operate an ‘open door’ policy with respect to members of the community who wish to raise issues of concern. Collectively, these structures have proven particularly effective in ensuring that we continue to enjoy positive relations in the area.

In Peru, we engage with the communities within our direct area of influence through systematic meetings held under a formalised community engagement framework. These follow a pre-established schedule aligned with the priorities of each of the communities involved. This continuous channel of dialogue has been essential to build trust and enables us to address community concerns in a proactive manner. We also work through the “Mesa de Dialogo y Concertacion de Hualgayoc”, a community forum led by the Mayor of Hualgayoc, to discuss development projects for the region. It is attended by over 40 representatives from local communities, as well as local authorities and NGOs.

In addition to our ‘routine’ community engagement processes, all of our Environmental Impact Assessments (EIAs) include a significant public engagement element throughout the Group. This includes processes to inform stakeholders about relevant aspects of our projects, as well as likely impacts and mitigation measures. It also requires us to respond to all written comments and to address the issues raised. During C2010, this process was particularly relevant in relation to the development of our:

- Combined Tailings Storage Facility in West Wits, South Africa (p80)
- Advanced stage Chucapaca project in Peru (p122)
- Advanced stage Far South East project in the Philippines (p120)

Social-economic development spend

Gold Fields measures its socio-economic development spend using a holistic approach that recognises its broad, positive socio-economic impacts in the communities in which it operates. This replaces traditional measures of corporate social investment, which uses a narrower definition. In particular, we define socio-economic development spending as spending that:

- Falls outside our core business needs
- Helps uplift the communities in which we work
- Lays the ground for longer-term development

Relevant categories of spending that fall under our definition include, for example, spending on: Social and Labour Plans in South Africa, enterprise development, local procurement, investment in on-site accommodation, mining-related education, infrastructure development, certain categories of internal training, community training, conservation, culture, health, sports and charity.

A multi-layered approach to community engagement at our Tarkwa mine in Ghana

Gold Fields regularly engages with nine communities near its Tarkwa mine through a multi-layered framework that incorporates an understanding of the local context and traditional power structures. This 'bottom-up' framework allows the Community Affairs team to closely tailor socio-economic development initiatives to address community needs and has been instrumental in securing and maintaining Gold Fields social licence to operate.

1. Tarkwa Mine Consultative Committee

Every quarter, the Tarkwa Mine Consultative Committee meets to set policy and coordinate Gold Fields development projects with relevant stakeholders. This guides the work of our Community Affairs team, which works through the Community Committees. The Mine Consultative Committees consists of:

- The Tarkwa mine general manager, who chairs the committee
- The head of the municipal and district assemblies
- The heads of relevant departments of the municipal and district assemblies
- Traditional leaders from all nine communities
- Relevant NGOs
- Local media representatives

Gold Fields provides updates to the committee on Gold Fields Ghana Foundation projects, and their suggestions are then incorporated into future plans where possible. It is particularly important to coordinate initiatives with the municipal and district assemblies, since Gold Fields hands over projects to municipalities and districts for their day-to-day management once it has developed and implemented them.

2. Engagement with chiefs

The Community Affairs team collectively engages community chiefs once every quarter. Additional meetings are organised on an ad hoc basis as needed. The aim of these meetings is to reach consensus amongst the chiefs on issues affecting their respective communities. This process informs the allocation of the annual budget for the Gold Fields Ghana Foundation. It also provides a forum for Gold Fields to manage expectations regarding the availability of resources.

3. Community Committees

Once every two months, the Community Affairs team meets with a Community Committee made up of eight people, including:

- The local chief, who chairs the committee
- An Elder
- A women's representative (decided on by the committee)
- A youth representative (decided on by the committee)
- Local assembly members

As these committees represent various stakeholders, they provide a thorough insight into the full spectrum of issues affecting local communities.

4. Community forums

Gold Fields holds community forums on a quarterly basis to give community members direct access to its Community Affairs representatives. These 'open-door' forums allow Gold Fields to clarify issues that community members feel were not sufficiently covered during the Community Committee meetings.

5. Continuous informal engagement

All community members are welcome to visit the mine's Community Affairs department at any time. The Community Affairs team will then investigate and resolve any complaints made, or refer the complaint on to the relevant Gold Fields department. A log book of all complaints is kept and monitored to ensure timely resolution. In certain cases, however, more complex issues are resolved with the assistance of the traditional and official authorities.

Engagement with local chief in Tarkwa, Ghana

Soccer World Cup celebrations at Gold Fields

During the 2010 FIFA World Cup, Gold Fields organised a wide range of related events in response to strong enthusiasm amongst employees. This enthusiasm was particularly strong in host-country South Africa, and in Ghana, whose national football team (the 'Black Stars') reached the quarter-finals with the help of Gold Fields longstanding sponsorship.

The events, which were carried out as part of our 24 Hours in the Life of a Gold Fields Employee wellbeing programme (p154), included:

- Our own Gold Fields Mini World Cup tournament, held at our South African mines and involving 32 employee teams
- The distribution of 56,000 Bafana Bafana (as the South African national team is known) t-shirts amongst employees and contractors
- The provision of community school coaching clinics aimed at improving football skills amongst 45 boys in local schools, whilst also providing life skills training.

We arranged a total of 14,000 visits to World Cup matches. This included:

- Employees from all our operations and from all levels. Selection was based on criteria developed by the regions
- Diverse stakeholders representing host communities, including indigenous leaders from Australia
- Business partners
- Social and political leaders from all countries

Other events included signings of a giant Adidas Bafana t-shirt, the provision of 'TV Fan Parks' at all of our mines in South Africa and Ghana, the installation of more than 1,200 televisions in on-site accommodation, as well as the upgrading of beer gardens, television halls and recreation clubs across the Group.

'Black Stars' supporter

5.3.2 Promoting socio-economic development

We believe that it is in our clear business interest to promote local socio-economic development in the communities in which we operate. As noted earlier in the report, our primary means of doing so is through our economic contributions to our host countries. We also have extensive socio-economic development programmes that directly address some of the specific challenges faced by our local communities.

Australia

We invest in community development projects around the St Ives and Agnew mines through the Gold Fields Australia Foundation. The six organisations currently receiving the most significant beneficiaries of the Foundation include:

- Starlight Children's Foundation, which supports children living with illness or injury (A$50,000)
- Royal Flying Doctor Service (A$50,000)
- The Leinster Primary School (A$36,000)
- Australian Red Cross (A$30,000)
- Grass Roots Holiday Haven (A$25,000)
- Indigenous scholarships (A$24,750)

Ghana

During C2010, Gold Fields invested US$2.3 million in socio-economic development projects at the Damang and Tarkwa mines. Our socio-economic development programmes are funded through the Gold Fields Ghana Foundation, to which we contribute US$1 per ounce of gold produced in Ghana and 0.5% of our pre-tax profits. Relevant projects entered into during the year included:

- The provision of 35 new, four-year community scholarships and 124 new bursaries, in addition to existing educational sponsorship programmes aimed at secondary schools and tertiary institutions linked to the mining industry
- Initiation of our Small Town Water Supply programme, through which we are constructing pilot boreholes and overhead tanks in communities around our Tarkwa mine. This programme, to which we have allocated a total of US$260,000, is aimed at improving water quality and security of supply
- A range of innovative agricultural programmes to promote local entrepreneurship and best agricultural practice to boost local incomes
- Construction of a clinic at Damang to serve local and satellite communities
- Ongoing support of the Nana Amoakwa model school, including financial support to increase teachers' salaries by 50%, to attract the highest quality teachers and improve educational standards

Promoting alternative livelihoods through agribusiness initiatives at Tarkwa

Gold Fields is building community capacity and creating sustainable employment opportunities in Ghana, by funding and managing a number of agribusiness initiatives near its Tarkwa mine. Revenues from the projects are channelled into other socio-economic development ventures in the area. The key projects include:

- Awuada Oil Palm Project: This was established by Gold Fields in March 2008 to support local farmers through the cultivation of oil palms. Project participants include 42 people from the Awuada community (the traditional capital of Tarkwa), 10 of whom are women. Each participant is provided with 4 ha of land to cultivate on the Tarkwa concession, as well as training from the Ministry of Food and Agriculture in advanced farming methods and environmental management. For the first 25 years of the project, 70% of proceeds will go to the farmers, with the rest directed towards the Gold Fields Ghana Foundation to cover project expenses. After 25 years, farmers will take full ownership of the land. The long-term goal is to set up an oil mill, which can be used to process palm oil on an industrial scale. This mill could also be used by over 2,000 community members under Gold Fields various agribusiness initiatives, including the Abekoase Agribusiness Project (see below). To date, Gold Fields has invested US$100,000 in the project, through which 78 ha of oil palms (11,700 seedlings) have already been cultivated
- Abekoase Agribusiness Project: This is a sustainable farming project established by Gold Fields in October 2008 on 17 ha within the Tarkwa concession. The farm is currently intercropped with plantain, vegetables, maize and pineapples to generate revenue in the short-term. It also includes eight fish ponds stocked with fingerlings and a piggery that holds over 75 pigs. The medium-term goal is to produce and sell palm oil harvested over the next two years. This will initially be processed at a nearby small-scale mill, with plans to ramp up processing through a planned industrial scale mill to service the Tarkwa area (see above). Produce from the farm is sold to the Tarkwa mine's catering services, which cook meals for more than 4,000 employees each day. To date, Gold Fields has invested US$330,000 in the project, which provides full-time employment and training in advanced farming methods to 40 members of the local community
- Cage Culture Project: This is an innovative fish farming project set up by Gold Fields in November 2009 on a small lake located 600 meters from the Tarkwa mine. The project consists of eight state-of-the-art floating cages stocked with 50,000 tilapia fingerlings. The project provides a sustainable source of fish for local businesses and the mine's catering services. This also serves as an active demonstration to local communities of the excellent water quality maintained on the Tarkwa concession. Our maintenance of water quality is supported through regular testing by the Water Research Institute (WRI) of Ghana's Council for Scientific and Industrial Research. Plans are in place to improve cultivation methods in light of advice received from the WRI and to construct eight more cages in C2011


The community of Cajamarca near Cerro Corona, Peru

Peru

The remote location of our Cerro Corona mine means local communities are particularly reliant on Gold Fields for socio-economic development, as well as basic infrastructure, such as roads and telecommunications. During C2010, we invested US$4.48 million in support of related projects (p161-162).

A key example of this spending can be found in our milk supply chain project. This focuses on increasing cattle resilience through veterinary treatment and artificial insemination, the maintenance of a successful 'cattle bank' for husbandry and improvements to pastures.

This has resulted in an almost threefold increase in the yield of pasture land, a near doubling of pasture land area and a significant increase in milk production amongst local farmers. The final phase of the programme in C2010 saw the construction of a US$400,000 dairy plant, which has the capacity to process 4,000 liters of milk per day.

In addition, we completed the first phase of a major rural electrification programme in C2010, covering our direct area of influence and the town of Hualgayoc. In late C2010, we initiated a US$900,000 project to develop a secondary power transmission network that will provide electricity to local households.

Other programmes carried out at Cerro Corona include:

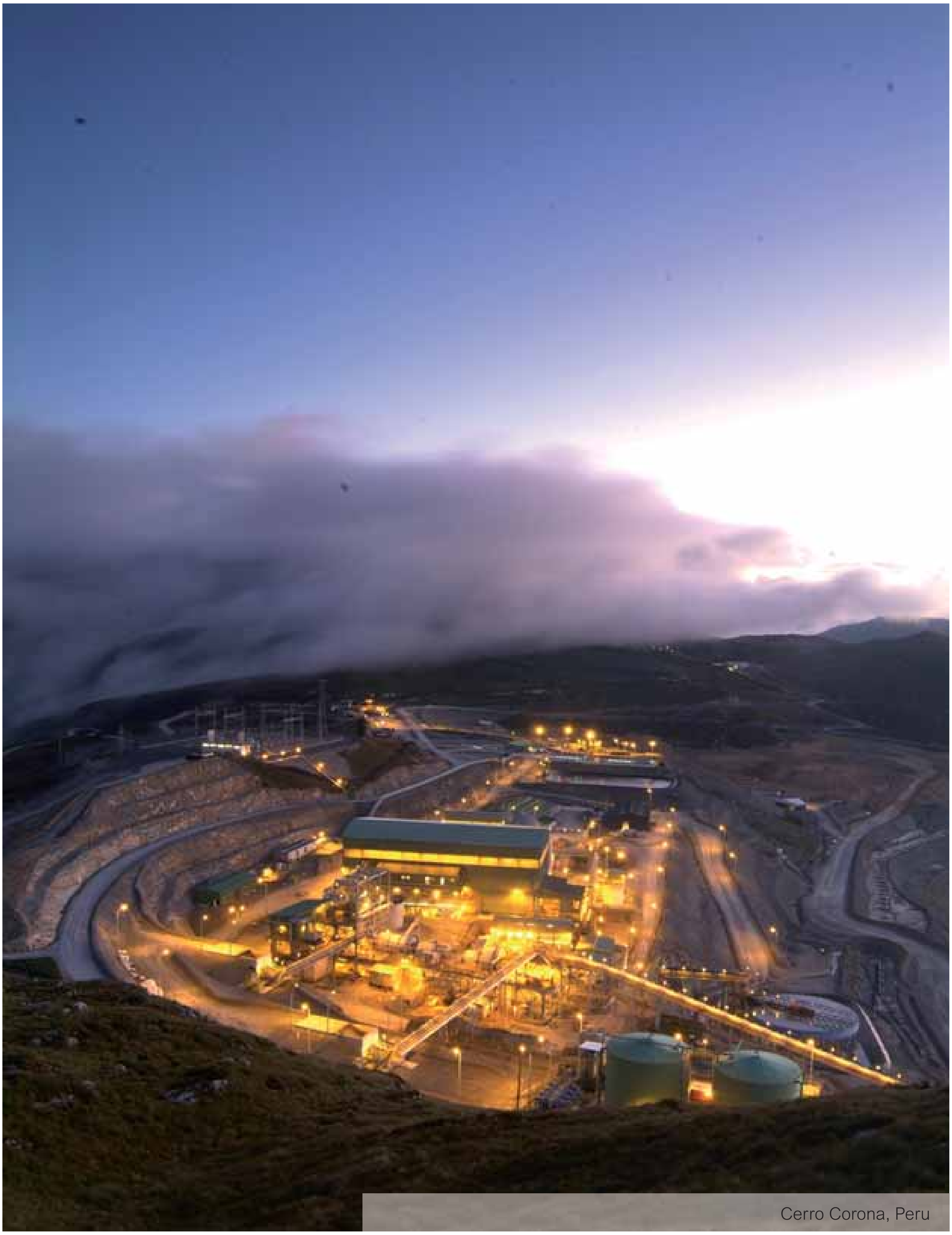
- A textile craft training programme for local people
- Provision of nutrition to local children
- Paving of the road between Yanacocha and Hualgayoc

At Chucapaca we have carried out construction of community centres at Antajahua and Maycunaca in the Oyo Oyo community.

These measures, as well as our extensive stakeholder engagement programme, have helped establish strong relations with our local communities. This has been – and will continue to be – important given the Peruvian political context, where particular focus is placed on the social, economic and environmental impacts of mining.

"As mining companies move into regions ever more remote, they find themselves cast in the role of providers of such basic community services as water, electricity, health and education"

Deloitte, Tracking the Trends 2011: The Top 10 Issues Mining Companies Will Face in the Coming Year



Cerro Corona, Peru

CERRO CORONA – AN INTEGRATED APPROACH TO SUSTAINABLE LOCAL DEVELOPMENT

As part of our Vision to become the world leader in sustainable gold mining, we have established an integrated approach to managing our operations in Cerro Corona. We recognise the often close relationship between social, environmental and economic issues, and the need to manage these issues together to create lasting value for the surrounding region. Through this approach we have established and maintained a strong social licence to operate in a region that has traditionally had challenging relationships with other mining companies.

Cerro Corona

Cerro Corona is an open pit gold and copper mine, which is expected to be in production until at least 2023. The mine is located in the District of Hualgayoc, 80km north of Cajamarca in northern Peru. It sits between 3,600 and 4,000 meters above sea-level in a remote, rural area.

Hualgayoc has been an important mining region for centuries. The legacy of at least 22 current and historical operations has impacted both the landscape and the quality of local water in some areas. A total of 2,651 people live in Cerro Corona's direct area of influence. Of these, approximately 39.1% live in extreme poverty. These factors have historically contributed to low-levels of trust and high expectations amongst local community members. In the past, this has created challenges for some mining companies operating in the region.

Social capital

Most social indicators in the region – including life expectancy and literacy – are lower than national averages. To address this we engage in strategic partnerships with local and regional authorities to implement health and education initiatives. This includes US$753,700 investment in health and education infrastructure in C2010, as well as support for improvements to local services through capacity building and the donation of educational resources. Infant malnutrition is a further challenge, which we address through our community capacity building programmes, including dietary education initiatives, as well as technical support for breeding guinea pigs and planting vegetables.

19.4%
Economically active local population working for the mine

0
Number of incidents resulting in a mine closure

Environmental capital

Water quality and access have traditionally been major concerns for local communities. We have addressed these concerns by upholding our commitment not to use water from local rivers, instead using rain and subterranean water. We have also implemented a closed circuit system to recycle our water and launched several internal campaigns to reduce water waste. Deforestation has also traditionally been a major environmental issue in the region. However, we have increased local coverage from 22 ha in C2005 to 463 ha in C2010, through our reforestation projects. As well as protecting local flora and fauna, this helps offset CO_2 emissions from our operations.

Environmental capital

Water treatment and re-use programmes

Campaigns against water waste

Tingo River Participatory Monitoring

Reforestation programme

ISO 14001 certified since 2009

Local construction company supported by Gold Fields

Economic capital

We have a targeted local employment policy to address a previous lack of job opportunities. We currently employ over 470 community members, either directly or through contractors; well above our initial commitment of 150. We further strengthen the local economy through a capacity building and financial subsidies programme for local companies. Thanks to the programme, 65 local companies currently work with Gold Fields and its peers in the region. We also support economic opportunities that are independent from Cerro Corona and relevant to the local context. For example, building on the local tradition of cattle farming, our 'milk production chain' projects have improved pastures, and increased cattle populations through artificial insemination and improved veterinary care.

South Africa

Our socio-economic development programmes in South Africa are primarily implemented by our mines through the statutory Social and Labour Plan (SLP) framework. Under South Africa's Mineral and Petroleum Resources Development Act 2002, applicants must submit an SLP prior to the granting of mining rights.

We also implement a range of additional initiatives that go beyond the requirements of our SLPs.

SLP spend

Each SLP includes both a Skills Development budget for employees, local community members and labour sending areas, as well as a Local Economic Development (LED) budget. We implement LED initiatives at all of our South African mines – and in major labour sending areas – in line with plans agreed with the Department of Mineral Resources. Our SLPs are also closely aligned with local municipalities' integrated development plans – as well as relevant and material issues identified during our community engagement activities. During C2010, our SLP spending amounted to a total of R75.6 million (US$10.3 million).

Notable near-mine projects supported by Gold Fields include, amongst others:

- The Alien Vegetation Project at our Kloof-Driefontein Complex (KDC), which aims to create jobs and conserve local biodiversity through the clearing of alien vegetation and the production of charcoal. The project's 45 participants have produced 500 tonnes of timber since it started in November 2010
- The Living Gold rose farm on the West Rand, which has provided training for over 650 people in the skills of growing, harvesting, sorting and packaging world class quality roses for export. The project has already produced over 60 million roses. It is accredited by the Global Gap and as a result is audited for performance with regards to both rose production, and environmental and social issues
- A sewing project involving 22 local women, which has received LED funding for equipment and training. The project produces a range of safety attire and equipment. The sewing project is based in the Eden Village Community and Spiritual Centre, which was established to serve as a hub for independent community businesses
- The Futyana bakery, which is based at our Driefontein mine and is run by an ex-Gold Fields employee. The bakery, which employs 22 local people, supplies the mine with more than 2,000 loaves of bread every working day. Gold Fields supplied loan finance to the enterprise, as well as indefinite rent-free accommodation in an old hostel building

Plans have also been approved for a major LED project at South Deep, including a five-year, R1.5 million (US$204,918) project to provide funding to local farmers in need of 'seed capital'.

Following the issuing of the South Deep mining licence in May 2010, we established a joint task team to undertake further engagement with external stakeholders, including local municipalities and communities.

We also consult with our employees, organised labour and the Department of Labour in order to ensure that our SLP programmes help benefit workers who are exiting Gold Fields. These include, for example, the Paragon 'Stitchwise' initiative, which provides employment to injured ex-employees through the production of safety apparel. Our internal portable skills training programmes and Adult Basic Education and Training programmes also help employees generate alternative livelihoods after leaving Gold Fields. Our labour sending area projects, on which we directly spent a total of R3.1 million (US$423,497) in C2010, are particularly pertinent to exiting employees. They include rural development programmes in the Eastern Cape and KwaZulu-Natal provinces – home to approximately 31% of Gold Fields staff in South Africa.

Ex-employee Monde Boyce at Futyana Bakery, South Africa

The Living Gold rose farm, South Africa

Our projects in the labour sending areas are coordinated via TEBA Development – a well established South African organisation with a long history of working with the mining industry. For example, our Abalimi Phambili farming project provides over 1,800 emerging local farmers in more than 150 villages with training, mentorship, technical support and advice, access to funding and links to viable markets. This includes 45 former Gold Fields employees who have been medically boarded due to workplace injuries.

Our farming project has also created 175 jobs, improved crop yields and is supplying an increasing number of local stores and supermarkets. We also support an associated livestock development project, which has reached more than 7,800 farmers. The project has contributed to a significant increase in livestock numbers, as well as a reduction in livestock fatality rates and an increase in crop yields. It is based on a successful pilot programme first initiated by Gold Fields in Ghana.

In addition, TEBA Development coordinates Gold Fields funded programmes in labour sending areas outside of South Africa, in the wider Southern African Development Community area.

Additional socio-economic development spend

Additional projects that benefit our employees, their family members and local communities outside of the SLP framework include:

- A five-year, R550 million (US$75.1 million) housing programme
- Regular investment in schools that serve local communities and the children of our employees (p166)
- A three-year, R28 million (US$3.8 million) sponsorship programme of Wits University and the University of Johannesburg
- About R175 million (US$23.9 million) on training in South Africa through the Gold Fields Business and Leadership Academy, on-mine training and bursaries

In addition, all our operations in South Africa contribute towards the Business Trust and the National Business Initiative, both of which support economic development across the country.

- http://www.teba.co.za/
- http://www.btrust.org.za/
- http://www.nbi.org.za/

5.3.3 Local employment and capacity building

One of the most common and pressing challenges facing the diverse communities in which we operate is unemployment. We place particular emphasis on the use of local labour, where it is operationally and commercially viable.

The nature of our operations, which are increasingly mechanised and often require highly specialised skills that are not always locally available, means the number of positions we can offer local community members is sometimes limited. As a result, we also promote alternative income generation opportunities and skills development to help establish viable futures for local community members and their families.

Local employment

As well as providing important benefits to local communities, the employment and development of people around our mines also helps bolster our own skills pipeline. This ensures that we have ready access to necessary skills and competencies, and are increasingly able to employ local citizens. This has become even more important in light of global competition for mining specialists, as well as our commitment to ensure that our workforce reflects the demographics of our host countries.

Our efforts in this regard are most apparent in Ghana and Peru. Cerro Corona, for example, is already outperforming a commitment we made to employ 150 people from local communities during its operational phase. The mine employs (both directly and through contractors) 523 people drawn from its neighbouring communities. It is estimated that around 20% of the local economically active population in the mine's direct area of influence works at the mine either as Gold Fields employees or contractors.

In addition, C2010 saw the full implementation of a programme to promote local employment at our Tarkwa mine in Ghana. Under this programme, which was first implemented in 2009, vacancies for Gold Fields employees or contractors are communicated to the Community Affairs department. These are then cross-checked against a database containing details of the skills and qualifications of local people. If viable candidates are available, they will be shortlisted and interviewed on a fair and transparent basis by the mine's Employment Committee, which is chaired by a local chief nominated by his peers. Other initiatives at Tarkwa include:

- A programme to draw potential technical employees from our local communities and sponsor them through the Tarkwa Technical Institute before commencing employment as engineers and geologists. In C2010, 10 local community members went through this process
- An Employees' Children's Programme, through which we provide US$1,000 individual bursaries for 60 pupils a year to pursue studies and training that will benefit our operations
- A targeted programme to fill unskilled positions from local communities. In C2010, approximately 20 people gained employment via this route

We have requested our contractors to adopt a similar approach to local employment – multiplying the impact of our efforts. In Ghana, for example, all contractors sourcing unskilled labour are required to do so through our Community Affairs department.

Local capacity building

In addition to our employment of local people, we also place emphasis on the training and development of local community members. This is in order to improve our local skills base and to promote broader socio-economic development.

At Cerro Corona, for example, we offer in-house operator and electro-mechanical skills training to 60 members of the local community each year through our human resources department. This programme is aimed at improving their employability within the broader Peruvian mining sector. During C2010, we also started construction of two educational facilities.

In C2010, Gold Fields had a total of 106 university bursaries, 546 technical learnerships and 74 postgraduates in training in South Africa. Although it will take time for participants in our external education and training programme to fully develop, the programme is establishing a solid pipeline of highly skilled HDSAs who will help us transform our future leadership and provide a base from which the wider South African mining industry can draw skills.

In addition, we entered into new sponsorship agreements with the mining faculties of the University of the Witwatersrand (Wits) and the University of Johannesburg (UJ), with a combined value of R26 million (US$4 million) for three years.

Supporting South African engineering through sponsorship of the Universities of Johannesburg and Witwatersrand

In early C2010, Gold Fields formally committed to a R26 million (US$3.6 million), three-year sponsorship deal with the mining engineering faculties of the University of Johannesburg (UJ) and the University of the Witwatersrand (Wits). UJ and Wits will receive a combined one-off capital injection of R8 million (US$1.1 million) and a combined R6 million (US$819,672) a year for three years. This is in addition to traditional funding that Gold Fields has channelled for decades to UJ, Wits and the University of Pretoria.

The new sponsorship aims to strengthen the alliance between Gold Fields and the universities to promote the study of mining engineering and technology. These are core disciplines that will not only sustain Gold Fields own operations, but also the South African mining industry as a whole. The money will be used to pay for the construction of new mining design laboratories, the upgrading of laboratory equipment and other facilities, as well as the salaries of senior lecturers. Gold Fields will be given naming rights to the mining laboratories and associated infrastructure.

At present, the number of engineers graduating from South Africa's universities is not sufficient to maintain a healthy skills pipeline. Indeed, in 2009 only around 90 mining engineering students graduated in South Africa. This compares to an intake of around 200 students four years earlier. There are currently only four universities in South Africa that offer mining engineering qualifications. As a result, building capacity at both UJ and Wits will play a pivotal role in addressing the skills crisis facing the national industry.

South Africa's mining engineers are also in great demand across the globe and skills flight is further compounding this shortage. A March 2010 survey by the Landelahni Business Leaders recruitment firm found that only around 15% of South Africa's mining engineers remain in the national industry for a long-term career. This compares to 75% in the US and 80% in Australia.

Gold Fields is adopting a leadership position in proactively addressing the South African skills gap. This will give the company a competitive advantage in terms of accessing skilled mining engineers, and will greatly enhance the sustainability of Gold Fields operations in South Africa.

- http://www.uj.ac.za/
- http://web.wits.ac.za
- http://www.landelahni.co.za

> "The industry is currently facing a skills gap crisis which is proving to be a serious challenge for the mining industry. We are pleased to be partnering with Wits University and the University of Johannesburg to help ensure that we create a pipeline of qualified engineers who can benefit Gold Fields and the industry in general"

Nick Holland,
Chief Executive Officer of Gold Fields

5.3.4 Local procurement

It is Gold Fields policy to make use, where possible, of local suppliers in all of the regions in which we operate. In addition, we provide assistance to potential and active suppliers to help them improve their business and management processes. As with our socio-economic development programmes, local procurement plays a key role in helping us secure and maintain our social licence to operate.

The often remote location of many of our operations, where there may be little other infrastructure or economic activity, means local procurement can have a particularly positive impact in terms of our community relations. It also offers significant long term operational advantages with respect to the development of reliable local industries that will enhance our long-term security and flexibility of supply.

In Ghana, we are playing a leading role within the Chamber of Mines and in partnership with the Mineral Commission of Ghana, to drive the import substitution agenda. This aims to increase the local content of the materials and goods that we use – and so ensure more value is added locally. We are also engaging closely with the government in order to help inform the development of commercially viable future policy on local procurement. Local procurement offers particular advantages in Ghana, due to the often substantial transport costs involved in importation.

For example, four years ago we entered into a strategic partnership with Tema Steel Limited, a Ghanaian company that manufactures steel milling balls. We worked collaboratively with Tema to improve production quality and expand its operations to a level where it was a viable supplier – both for our own operations and other large mining companies. This support helped Tema cope with the global downturn, whilst also ensuring security of supply for our own operations.


Tarkwa and surrounding area, Ghana

Other notable procurement partnerships include a US$28 million contract for the construction of our Tarkwa TSF3 tailings dam, which was awarded to Ghanaian company, Engineers & Planners, in July 2010. We have also diversified our fuel supply to include a Ghanaian provider (p69).

In Peru, we and other companies are legally required to give priority to local suppliers, provided they meet the necessary standards. We currently spend approximately 15% of our South America Region procurement budget on suppliers in the vicinity of our Cerro Corona mine. This includes the provision of heavy equipment, light transport and general services. These contracts – as well as our proactive commercial support of local business during the construction phase of the mine – have played a key role in the development of commercially viable medium-sized businesses in the area.

In South Africa, local procurement is an important component of our SLPs. In light of this, and our broader transformation commitment (p164), it is our policy to make use of HDSA-owned companies where possible.

During C2010, we spent a total of R2.6 billion (US$355 million), or 41% of our total procurement budget for the South Africa Region, with such suppliers.

Despite our efforts, there are certain latent issues that limit our short-term ability to take local procurement as far as we would wish. In many cases, local suppliers are currently unable to meet all of our required operational and contractual standards. Where we can, we work with such suppliers to help them address relevant issues around, for example, product specifications so they can achieve preferred supplier status. In Peru, our managers meet with local suppliers every two months and offer ongoing training to help them reach our procurement standards.

5.3.5 Respecting the rights of local and indigenous people

Wherever possible, we engage with local people through traditional decision-making structures and processes. We do so before any substantive exploration activities take place and ensure that information is presented in an accessible form.

The management of relations with indigenous people is particularly pertinent in Australia, which has a well defined legal framework governing cultural heritage and other related issues. This includes the Commonwealth Native Title Act, as well as the Aboriginal Heritage Act 1972, under which it is an offence to damage or destroy indigenous heritage.

During C2010, we engaged with a number of indigenous groups near our Agnew mine in order to establish the exact extent of indigenous sites under the Act in five of our concession areas – and to gain approval to drill in the Crusader South area. This included consultation with the following groups:

- Ngalia
- Wutha
- Koara (Evans)
- Koara (Hogarth)
- Wanmulla
- Tjupan (Elliot-Scgehi)
- Tjupan (Harris)[1]

Our engagement is based on an innovative risk-based ethnographical and archaeological programme to identify relevant heritage sites. It includes comprehensive community consultations, predictive modelling and site identification surveys. The programme goes beyond the conventional assessment of registered claims of Native Title and is conducted by our own in-house experts.

1 The Wongatha are also consulted regarding the southern part of the Agnew tenement

St Ives, Australia

If culturally sensitive sites are identified, they must be registered with the Department of Indigenous Affairs and cannot be drilled on without formal permission from the minister. In C2010, we took this process to its final stage for the Crusader South area, but ultimately decided not to drill in the area in the short-term (p170).

At our St Ives mine, we continued dialogue with the Nagdju and Widji Native Title Claimants to secure on-going access to mine development areas. In addition, we have signed heritage agreements with the Ngadju Native Title Claimants over a number of exploration leases and are currently finalising a new heritage agreement covering exploration leases with Widji.

In Canada, our exploration team carries out early and ongoing consultation with relevant First Nation communities when operating in their traditional territories. In addition, we conduct archaeological investigations before disturbing the land to ensure we respect sites of cultural significance.

Where appropriate, we employ First Nation members as environmental monitors. By doing so, we deliver transferable skills to First Nation youths, ensure transparency around our exploration activities and offer additional assurance that we are not impacting on sensitive sites.

In C2010, there were no incidents involving the violation of indigenous peoples' rights by Gold Fields. The only areas in which our operations take place in or adjacent to indigenous peoples' territories are at our Agnew and St Ives mines in Australia. There have been no significant disputes relating to land use, customary rights of local communities and indigenous peoples in C2010.

Gold Fields has formal agreements in place with the following indigenous communities:

- Wutha (renewal in negotiation)
- Wanmulla
- Ngalia (renewal in negotiation)

Protecting indigenous culture through heritage surveys in Australia

The nature of the land and communities around the Agnew mine in Australia means Gold Fields needs to pay particular attention to the engagement of indigenous communities. This is not only to maintain a 'social licence' to operate, but also to comply with the Commonwealth Native Title Act and the Western Australian Aboriginal Heritage Act 1972. Gold Fields, however, endeavours to operate beyond a strictly compliance-based approach to develop a best practice approach to stakeholder relations and land management.

In particular, focus is placed on the identification and protection of sites of indigenous cultural significance in the planning of drilling activities to support the expansion and flexibility of the Agnew mine. Heritage surveys are conducted as a preliminary land clearance process, prior to exploration. Simultaneously, Gold Fields engages with local indigenous groups to support the development of cultural knowledge and protection of heritage information.

The first stage of this process is called an Area Avoidance Survey, which defines areas that contain known or likely heritage sites. This method covers large tracts of land whilst at the same time identifying cultural sites. Site Identification Surveys subsequently revisit these avoided areas in more detail, defining the actual extent of sites and protecting specific locations.

In C2010, Gold Fields carried out site identification surveys in five areas around Agnew: Mount White Hinge, Miranda Central, Crusader South, Miranda North and Mount White South. The surveys consist of:

- An archaeological assessment carried out by external consultants. The consultants perform preliminary desktop studies, which then progress onto project area field surveys. Indigenous field monitors from local groups assist the consultants. Specific articles of interest include stone tools, stone tool making quarries and other evidence of habitation dating back 20,000 years
- An ethnographic engagement process implemented by internal personnel, who rely on external anthropological consultants to liaise with indigenous stakeholders and record sensitive cultural information. Overlapping interests of different indigenous communities means that different cultural stories may exist over the same area of land. To record this, the consultants speak separately with community elders, maintaining discretion with each group's information

The reports provide Gold Fields with data around the extent and location of the heritage site, which is then entered into a spatial data system to assist with land access planning for mineral exploration. This information is also sent to the Western Australian Department for Indigenous Affairs' registry of sites.

Efforts are made to avoid disturbing heritage sites. Nonetheless, if drilling still needs to go ahead, an application under the Aboriginal Heritage Act 1972 allows for formal permission for specified site disturbance from the Minister for Indigenous Affairs. In C2010, Gold Fields went through the full extent of this process in the Crusader South area. Although permission was ultimately granted, it was decided not to pursue drilling for operational reasons.

Resettlement

Our use of the open pit mining method, as well as the presence of numerous farming communities around our mines, makes community resettlement particularly pertinent in Ghana. A small number of resettlements took place in C2010, including:

- The relocation of one household as part of the Volta Region Authority Relocation Project, which saw the construction of a new power sub-station at Tarkwa
- Resettlement of around 50 people from the Kofi Sah village at the Damang mine, due to expansion of the mine areas
- Resettlement of more than 90 people from the Rex pit area at the Damang mine, due to expansion of the mine areas

In each case, resettled people were provided with adequate compensation and/or housing and, where relevant, with the means to generate alternative livelihoods. Under our Livelihood Restoration Programme, which started two years ago, resettled people can purchase agricultural land using their compensation money – while Gold Fields will also provide them with the means to successfully cultivate it. This includes the provision of palm seedlings, as well as livestock.

This programme is integrated with our broader agricultural development projects in the area (p159). It was put in place well in advance of a draft amendment to the local Minerals and Mining Act, which contains livelihood restoration requirements. It also helps ensure the productive use of compensation payments.

Land impacts

As with resettlement, our surface operations in Ghana will often impact upon local land use and crops. This is a key risk that requires careful management. It includes differentiation between the majority of cases that are legitimate, and a number of 'speculative' cases whereby planting and/or settlement takes place in the expectation of future compensation.

Community members are able to contact our Community Relations teams at any time to raise concerns and register a formal complaint. All such complaints, which can be made anonymously, are recorded, investigated, tracked and resolved as appropriate.

In addition, a formal system is in place to engage with farmers who are likely to be affected by our activities. This includes the identification of stakeholders, including farmers, district assembly members and NGOs, as well as the provision of information around relevant activities and their likely impacts. We then form – along with local community members – multi-stakeholder committees aimed at addressing negotiation procedures and compensation packages. During this process, the committee meets with farmer representatives, traditional local authorities, representatives of the local district assembly and the Environmental Protection Agency.

Once packages are signed off, project activities can progress with the assurance that all major compensation issues have already been addressed. This process also ensures that all related procedures, including grievance procedures, have been pre-defined and enjoy broad community consensus.

Artisanal mine, Ghana

This engagement procedure was used in two key cases at Damang. Plans to establish a new tailings storage facility, for example, were predicted to impact up to 220 ha of land and affect more than 400 farmers. Compensation payments were successfully settled with all those affected. Likewise, the development of the Huni waste dump affected more than 70 farmers, all of whom were successfully engaged without incident. The procedure was also used twice in C2010 at Tarkwa.

Where new mining activities are likely to displace illegal miners (p178), proactive efforts are made to avoid boycotts and conflicts. This includes programmes to inform illegal miners of the status of the land, as well as the schedule of work. This allows illegal miners the opportunity to plan alternative arrangements and move out of the area. Representatives from the district assembly, as well as the police, military and immigration authorities are also involved in the process. Although there were no significant movements of illegal miners in C2010, our established engagement process has proven to be reliable and successful in previous years.

5.3.6 Addressing artisanal mining

Informal artisanal mining represents an ongoing challenge for the gold mining sector in a range of countries. Issues that have the potential to impact on the reputation of gold mining, as well as companies operations, include:

- A sometimes close relationship with illegal mining activities (p178)
- Poor health and safety standards
- Pollution as a result of improper environmental practices
- Incidents of child labour

Where artisanal mining takes place on our concessions illegally, we will address this using our relevant security procedures (p178). Otherwise, we are committed to playing a positive role in improving the working conditions, environmental performance and socio-economic conditions of those engaged in artisanal gold mining. This includes ongoing engagement with the International Council on Mining and Metals on issues surrounding artisanal mining.

In the forthcoming year, we plan to investigate potential ways in which we can collaborate with artisanal miners in the vicinity of our mines – as well as other interested stakeholders – to our mutual advantage. This is a particular issue in Ghana, where a significant amount of artisanal mining takes place in the vicinity of our Damang and Tarkwa mines.

5.4 Business ethics

Our Values commit us to the implementation of the highest ethical standards – both in our own actions and in the promotion of ethical practices in our external environment. We aim to go beyond legal compliance so that we can continue to enjoy the full and unreserved confidence of our shareholders, business partners and other stakeholders. Our approach enhances our share value, our reputation and our ability to secure new licences. It also ensures we maximise the development impact of the economic contributions we make in our host countries – and thus our social licence to operate.

http://www.goldfields.co.za

5.4.1 Complying with the law

We will not engage in any activities that undermine the legitimate business environment, including bribery or corruption in any form. We will honour this commitment whether legally required to or not.

All of our directors and employees are bound to uphold the company's core values of honesty, transparency and integrity, which underpin our Code of Ethics. The Code requires all directors and employees of Gold Fields, or its owned and controlled subsidiaries, to maintain the ethical standards set by the company. This means they must conduct themselves with integrity, in accordance with all applicable laws and in a manner that is beyond reproach. The Code of Ethics also articulates Gold Fields policy with respect to:

- Anti-corruption
- Confidentiality
- Insider trading
- Conflicts of interest
- Fair dealing
- Human rights

Pouring gold at Agnew, Australia

Under the Code of Ethics, employees are forbidden from giving, authorising or accepting on behalf of the company or any subsidiary or affiliate – whether directly or indirectly – anything of value for the purpose of obtaining an improper personal or business advantage, or any action that might create the appearance of impropriety.

The Code of Ethics is supported by an implementation framework, with defined responsibilities and reporting processes. Employees found to violate the Code of Conduct will be subject to disciplinary procedures ranging, depending on the severity of the violation, from a warning to dismissal.

An appropriate protocol is in place to ensure that all employees are trained in this regard – including on anti-corruption. Employees in 'high-risk' roles, such as procurement, are given additional support in this respect. The Code is available on our website and is communicated to all new and current employees. Likewise, all of our operations and business units are monitored for corruption risks by Gold Fields Protection Services (GFPS), as well as our normal internal audit systems.

We operate a 'closed period' prior to the publication of our quarterly and annual financial results during which employees and directors may not deal in Gold Fields shares.

This is also extended to periods when Gold Fields is trading under a cautionary announcement or when employees or directors are in possession of unpublished price-sensitive information.

We have contracted the services of Tip-Offs Anonymous, an independent hotline service provider, to facilitate the confidential reporting of Code violations, fraud and other inappropriate behaviour. Employees found guilty of ethical breaches are disciplined in accordance with the company's disciplinary code. Should the breach be criminal, we will pursue prosecution of the employee concerned.

During C2010, there were:

- No material transgressions of our ethics policy reported via our dedicated hotline, or any other means
- No significant incidents of corruption at management level. When incidents of corruption are identified, these are investigated internally and, where relevant, referred to disciplinary procedures or, in more serious cases, to law enforcement authorities
- No legal actions against Gold Fields for anti-competitive behaviour, anti-trust, and monopoly practices
- No significant fines or non-monetary sanctions for non-compliance with laws and regulations

5.4.2 Maintaining strong government relations

Gold Fields relations with its host governments are amongst its most important. As a result, this is a key area of focus for our stakeholder engagement activities. In most cases, we carry out such engagements through the national Chambers of Mines, due to the efficiencies and legitimate influence offered by collective sectoral action. In other cases, our engagement has been of a more bilateral nature. Gold Fields does not make financial contributions to any political parties nor does it receive financial assistance from any of its host governments.

Black Economic Empowerment

Bilateral engagement has been particularly important in South Africa, due to the government's ongoing Black Economic Empowerment (BEE) agenda. This is implemented through the Mineral and Petroleum Resources Development Act of 2002, as well as the associated Mining Charter, which was revised in September 2010. In C2010, we have made some major advances in our contribution to the substantive transformation of the South African mining industry.

In May 2010, for example, the Department of Mineral Resources approved the conversion of our South Deep old order mining right into a new-order mining right – marking a key step in our development of this major mine. Given our existing new-order mining rights at KDC and Beatrix, all of our South African mines have now been successfully converted.

In addition to a previous BEE transaction between Mvelaphanda Gold and Gold Fields, the company developed three BEE deals in C2010 to meet its 2014 Mining Charter ownership target.

Employee at KDC, South Africa

These are:

- An Employee Share Option Plan for 10.75% of GFI Mining South Africa Limited (GFIMSA), a Gold Fields subsidiary that owns and operates our South African gold mining assets
- A broad-based BEE transaction for 10% of the South Deep mine
- A broad-based BEE transaction for a further 1% of GFIMSA (excluding South Deep)

The value of these three transactions is approximately R2.1 billion (US$298 million) and they diluted existing shareholdings by between 2% and 3%. Nonetheless, they mark an important milestone in meeting our 2014 BEE equity ownership requirements, as well as our maintenance of a stable political and social licence to operate.

The introduction of the revised Mining Charter has clarified some elements of the previous version – but some uncertainties remain. As a result, it provides a concrete benchmark against which our performance can be gauged.

Given that non-compliance with the Revised Mining Charter can potentially lead to the cancellation of mining licences, we are in the process of carrying out a full gap analysis of our compliance with the updated terms. In addition to meeting our formal BEE requirements, Gold Fields has – through the South African Chamber of Mines – been an active participant in the Mining Industry Growth, Development and Employment Task Team (MIGDETT). It is through this vehicle that the Department of Mineral Resources (DMR), companies and the trade unions are seeking to promote sustainable growth and meaningful transformation of the mining sector. We are already making strong progress in the transformation of Gold Fields into a fully 'empowered' company. In those areas where our progress is more limited, we will proactively engage with the DMR to seek a mutually acceptable solution.

http://www.info.gov.za
http://www.bullion.org.za/

Gold Fields makes strong progress against new Mining Charter targets in South Africa

During C2010, the South African Department of Mineral Resources (DMR) unveiled the revised Mining Charter 2010. The revised Mining Charter updates a set of empowerment targets (originally set in the original Mining Charter 2002) that mining companies in South Africa are required to comply with by March 2015. There are a number of matters that still require clarification and future discussion in respect of interpretations of the requirements are in progress with the DMR. Details of Gold Fields progress are set out below:

- Minimum 26% HDSA ownership by 2014: In 2009 Mvelaphanda Gold subscribed for 15% of Gold Fields South African assets (GFIMSA) representing an effective 15% HDSA ownership interest. MvelaGold subsequently sold its holdings. During C2010 Gold Fields concluded an agreement with the DMR in terms of which the company implemented three Black Economic Empowerment (BEE) transactions (p173). Taken together these transactions enabled Gold Fields to achieve its 2014 Mining Charter HDSA ownership target. (p173)
- Procurement of a minimum 40% of capital goods, 50% of consumer goods and 70% of services from BEE entities by 2014: By C2010 Gold Fields had achieved an overall HDSA procurement rate of 41% across all categories. HDSA procurement is broken down as follows: 44% of capital goods; 46% of consumer goods; and 37% of services
- Minimum 40% HDSA representation amongst management and technical skills: At our South African operations we have achieved; 43% HDSA representation amongst junior management, 40% amongst middle management and 32% amongst senior management. At Board level the representation is 36%
- Invest 3% of annual payroll in skills training: Apart from our South Deep mine, which is still undergoing construction and development, all operations have met and exceeded the interim 2010 target of 3%, and have already met the March 2015 target of 5%
- Investment in community development: As part of their Social and Labour Plans, our operations are involved in a number of community development projects focused on infrastructure development, job creation and poverty alleviation – with particular support for enterprise development (p164). The projects that qualify under these plans are listed on our website. Projects are specified on our website and referenced (www.goldfields.co.za)
- Attain an occupancy rate of one person per room (in on-site accommodation): We have completed more than 79% of planned hostel upgrades and made significant progress in terms of the establishment of family accommodation. At the end of C2010 our occupancy rate averaged 1.8 people per room, a ratio that is set to improve to 1.7 by C2012. We are unlikely to achieve the March 2015 target and are in ongoing discussions with the DMR on this issue

Royalties and revenues

In Australia, a Resource Super-Profit Tax was proposed in May 2010, which had the potential to impose levies of up to 40% on all mining operators by 2020. In July 2010, and in the face of strong opposition from the mining sector, this was abandoned. Instead, focus shifted on to a less onerous Minerals Resource Rent Tax that only applies to iron ore and coal mining companies and comes into effect in 2012.

In Ghana, we and other mining companies are facing a hardening fiscal regime. This includes an increase in mining royalty rates from 3% to 5%, effective from March 2011. In addition, we continue to be subject to the temporary National Stabilisation Levy of 5% of pre-tax profits, which was implemented in July 2009. The burden of these and other impositions on the Ghanaian mining industry are considerable. This is particularly the case given the substantial pressures facing the industry as a result of rising energy, commodity and labour costs. We are urging the government to act with caution, in order to maintain Ghana's status as an attractive mining investment environment. Nonetheless, the relatively strong cost profile of the West Africa Region within the Group means that we are in a good position to weather these pressures.

We continue to play a key role as a major contributor to national revenues in Ghana. During C2010, our two mines in the country paid a total of US$160 million in the form of corporate taxes, royalties, dividends, income taxes and contributions to the National Stabilisation Levy. According to a report prepared for the Extractive Industries Transparency Initiative, between 2006 and 2008, Gold Fields was the largest contributor to government revenues in the Ghanaian mining sector. During these years, our contributions amounted to 65%, 49% and 54% of total mining revenues for the country – reflecting the fiscal size and importance of our operations there.

"We want to put on record what you have done for Ghana"

Dr. Kwabena Duffuor,
Finance and Economic Planning Minister, Ghana

In Peru, we are actively working with the Sociedad Nacional de Industrias to engage with the government over early proposals to amend legislation that would considerably increase royalty payments by mining companies. This could have a particularly significant impact on producers of copper and gold, both of which are currently enjoying high prices. The proposed changes contemplate an increase in percentage, as well as a new calculation methodology. In addition, we are coordinating with our peers with respect to the 'Voluntary Mining Contribution', through which mining companies contribute 3% of their taxed profits to a fund used to finance community projects. These projects are jointly approved by the company, civil society and local authorities. The mining sector has proposed the scheme be extended for a further five years from C2010, and the government is currently evaluating this proposal.

In South Africa, the government has introduced a new Mineral and Petroleum Resources Royalty Act, which came into force in March 2010. Under the Act, royalty charges are calculated on a gross basis with the rate increasing or decreasing depending on company profitability. In the six months ended 31 December 2010, our royalty payments in South Africa totalled R101 million (US$14 million).

http://www.mofep.gov.gh/
http://eiti.org/

5.4.3 Managing an ethical and effective supply chain

Supply chain management at Gold Fields extends beyond ensuring a commercially advantageous and reliable supply pipeline. We also aim to ensure our supply activities contribute to local economic development and reflect our own commitment to sustainable and responsible business.

As with other large organisations, we are in a strong position to promote good business practices in our supply chain. This means requiring our suppliers to not only accept and adopt our operational and commercial requirements, but also our social, environmental and ethical standards.

We require all contractors to meet our occupational health and safety and environmental management standards, including the OHSAS 18001 and ISO 14001:2004 standards. We monitor adherence through the pre-screening of suppliers, as well as regular compliance audits – whether by our own specialists or independent experts. In certain circumstances, for example in relation to strategic and/or critical projects, vendors and contractors are required to report regularly on a defined set of compliance requirements. Where incidents of non-compliance are identified, we will develop joint corrective action plans, unless non-compliance is of a sufficiently serious nature to justify termination.

In South Africa, we have approximately 5,000 active vendors. We take a risk-based approach by auditing those who represent the top 80% by value of our procurement spend. These selected vendors must submit a self assessment check list with any tender and are then subject to subsequent auditing for issues ranging from their BEE status to child labour.

We plan to roll out our Human Rights Toolkit to suppliers and contractors in order to raise awareness about the risk of human rights abuses.

Although we do not currently have a specific human rights screening programme for suppliers, our general selection audits for new suppliers include human rights components. Similarly, suppliers are required to meet our own human rights standards. Any failure to do so will result in immediate contract termination.

In future, we plan to examine opportunities for the further enhancement of our ethical supply chain management programme, including (where relevant and/or appropriate):

- Country- and sector-based supplier screening
- Self-assessment and/or auditing of high risk suppliers
- Ongoing monitoring and proactive management of supplier performance to encourage continuous improvement

http://www.bsigroup.com
http://www.iso.org

Removing conflict gold from the value chain through the Responsible Gold initiative

In January 2010, the World Gold Council (WGC) and its members – including Gold Fields – established the 'Responsible Gold' initiative, which is being road-tested from January 2011 on a 12-month trial basis. Under the initiative, the WGC plans to establish a series of standards that will help differentiate responsibly-produced gold in the market place. It will provide a means for responsible companies producing, transporting and refining gold to obtain third-party assurance that their product is 'Responsible Gold'. We intend to build on these standards through the ongoing development of our own policies and management systems.

Initially, the initiative is focusing on the development of standards relating to:

- Chain of custody (to identify the origin of gold)
- Conflict gold (to ensure the exclusion of conflict-related gold from global supply chains)

As a result, current efforts are focused on ensuring all gold which "enables, fuels or maintains conflict" is excluded from the value-chain. Plans are in place for the development of additional standards relating to:

- Environment
- Health and safety
- Socio-economic development

The initiative is being developed alongside broader international guidelines aimed at addressing conflict minerals. These include:

- The Organisation for Economic Development and Cooperation (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
- The Dodd–Frank Wall Street Reform and Consumer Protection Act in the United States, under which certain publicly traded manufacturing companies will be required to confirm that their input minerals did not originate from the Great Lakes region of Africa

The WGC is exploring opportunities to align the Responsible Gold initiative with these two wider initiatives in order to streamline value-chain management and reporting processes for its members.

Gold Fields role through the Rand Refinery

The success of the initiative will be contingent on high-levels of cooperation between gold producers and refineries, in order to ensure that chain of custody is sufficiently assured. Gold Fields 34.9% ownership of the Rand Refinery puts it in a strong position to play a major role in the success of the WGC initiative and standards.

The Rand Refinery plays an important role in the global gold value-chain, as it refines approximately 75% of all gold produced in Africa. Like Gold Fields, the Rand Refinery has pledged its commitment to the Responsible Gold initiative. Given its prominent status in the global value-chain – and Africa in particular – this commitment will be pivotal to the success of the scheme. The Rand Refinery is set to take a leading role by engaging a range of leading NGOs, in order to keep them informed of developments. Gold Fields also plans to provide information resources for Responsible Gold stakeholders.

Under the initial application of the Responsible Gold initiative, gold producers are requested to include a warranty on all waybills and pro-forma invoices to warrant that their gold has been produced in a responsible manner. Gold Fields has already started this process, and on 14 January 2011 authorised its first waybill in compliance with the WGC standards for nine bullion bars processed through the Rand Refinery.

http://www.gold.org
http://www.randrefinery.com
http://www.oecd.org
http://www.sec.gov

Gold Stamping at the Rand Refinery, South Africa

5.4.4 Securing people and assets whilst respecting human rights

Gold Fields Protection Services (GFPS) is responsible for the effective and responsible protection of our people and assets. All GFPS personnel receive human rights training during induction to guide them in carrying out their duties. This training is based on local legal requirements, the terms of the Mining Charter and human rights best practice. We are now taking steps to implement an annual refresher programme with the help of external security experts, in order to ensure that their knowledge remains current.

The primary duties of the GFPS are to address:

- Illegal internal activity, including gold theft, fraud and other illicit activities carried out by employees
- Illegal external activity, including illegal gold mining (p178), cable theft and other illicit activities carried out by third parties

Our security personnel also help to 'police' good safety practices on our sites by observing, recording and rectifying examples of poor practice. This ensures that our employees remain conscious of their safety responsibilities, both to themselves and others. GFPS personnel also participate in emergency response activities where needed.

Key initiatives to address illegal activity within our organisation include:

- Pre-employment screening and qualification verification for all new employees
- Hand-held or static metal detection systems
- Comprehensive access card systems to regulate access to those areas of our sites necessary for each employee's role
- Advanced biometric access control systems at all of our plants and some of our mines (p179)

Employees at Tarkwa, Ghana

- Introduction of an advanced 'SecureBase' security data system at our Tarkwa mine, to improve access and movement control;
- CCTV monitoring in sensitive spots (including centralised monitoring)
- Use of an anonymous, independently managed whistle-blowing hotline

In addition, we are looking at the potential employment of advanced low dosage X-ray machines in our processing plant areas and shafts. These are currently used within the diamond industry, allowing for very accurate detection at no risk to the subject.

We maintain close links with local law enforcement officials. At Cerro Corona, we have an agreement with the local police force to keep a small number of officers onsite in return for financial support. Like other gold mining companies in Ghana, we also have a small detachment of soldiers located onsite at our Tarkwa mine, for which we provide financial support. This detachment was put in place on the instructions of the government, and is used to assist us with our bullion transfers.

Plans are in place to carry out human rights screening and training for all on-site soldiers.

In addition, in South Africa we are working with the Chamber of Mines, the Rand Refinery, the police and peer companies to investigate technology to geologically 'fingerprint' gold. This will help identify the provenance of potentially illicit gold and will aid in the prosecution of gold theft.

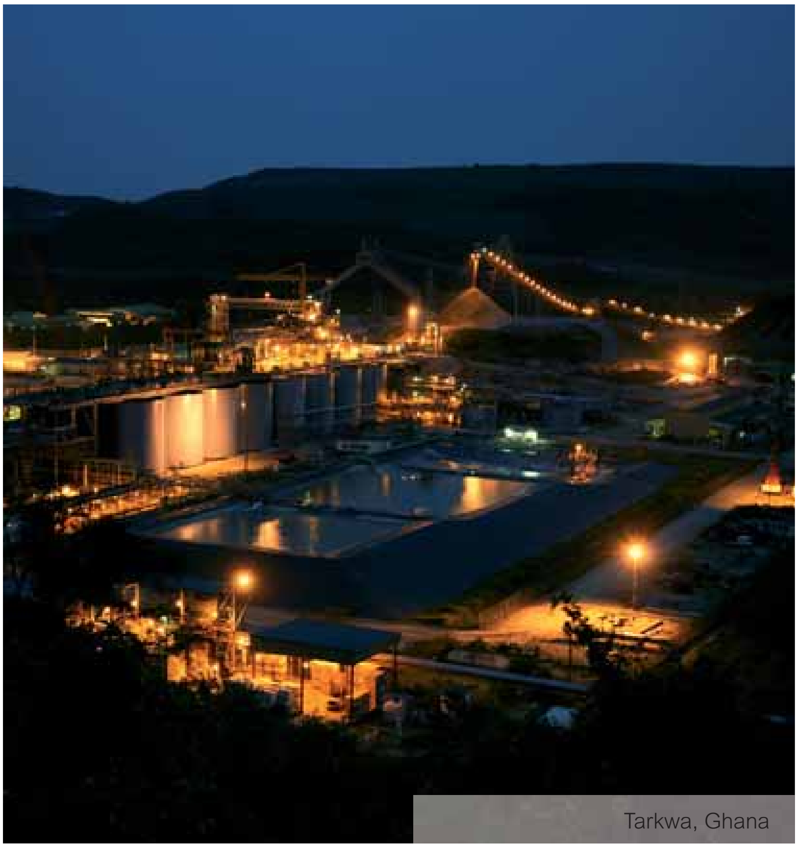
5.4.5 Addressing illegal mining

The geographical and social contexts of our mines in Ghana and South Africa means illegal mining is an issue that requires ongoing management and attention.

Although our targeted socio-economic development and community engagement programmes help mitigate some of the conditions that lead to illegal mining in the first place, we also implement a range of external security programmes. In part, this is because of the organised nature of illegal mining activity, the fact that many illegal miners are not from local communities and the considerable illicit profits offered by current high gold prices. Our 'firm but fair', non-antagonistic and prosecution-based approach helps ensure we do not experience the kind of violence seen at some mines operated by other producers, whilst at the same time addressing the issue directly.

Once apprehended, illegal miners are removed from our operation in a non-confrontational way and transferred to local police officers, after their details have been recorded. As a sign of our commitment to securing our people and assets in a way that respects human rights, GFPS became a signatory of the International Code of Conduct for Private Security Providers. This Swiss-backed initiative commits all signatories to respect human rights and humanitarian law in their operations. GFPS personnel tasked with addressing illegal mining do not, as a rule, carry out armed security operations. In certain situations, however, one or two members of a team will be armed during an operation for defensive purposes only. Should GFPS personnel face attack, our security teams will withdraw and regroup to address the situation in line with relevant legal and human rights requirements. GFPS personnel are fully armed during bullion despatches and cash escorts.

http://www.eisf.eu/



Tarkwa, Ghana

Ghana

During C2010, illegal mining activity in Ghana tended to be of a relatively sporadic and small-scale nature. This is in large part due to our innovative use of community task forces and cooperation with the authorities at Damang and Tarkwa (p157). This has proven highly effective at addressing illegal mining before it becomes a significant issue at these operations.

We have also worked actively to assist local law enforcement agencies in their efforts to address the issue. This included our hosting in July 2010 of a conference on illegal mining at our Tarkwa mine. Discussions focused on how judicial officials, the police and the Chamber of Mines could help the industry to address the issue. This included a seminar on minerals and mining law that we organised to highlight the legal options available to police and prosecutors.

This, as well as our ongoing engagement with law enforcement officials, has helped promote prosecutions based on more robust illegal mining laws rather than trespass laws.

As an additional measure, we coordinate our security activities with peer companies in the region. This is in order to provide a collectively more effective response and to manage challenges caused by the displacement of illegal miners from one location to another.

Community Task Forces: Enhancing community relations and mine security

The Community Task Forces (CTFs) are dedicated teams established by Gold Fields at Damang and Tarkwa to help prevent illegal mining on its properties.

CTF applicants are first selected by local chiefs and then interviewed by Gold Fields Community Affairs representatives to assess their suitability. They keep Gold Fields Community Affairs and Security departments appraised of any suspicious activities in and around mine areas, thus helping our operations respond to illegal activity at the earliest possible stage. Following successful service in the CTFs, several members have been taken on as full-time members of our security teams.

In addition to their formal security duties, members of our CTFs:

- Report environmental threats, including instances of cyanide mismanagement by illegal miners
- Identify potential threats to our operational efficiency, including instances of external community unrest
- Report on issues that are likely to affect our relationships with local communities
- Act as Gold Fields ambassadors within the local communities from which they are drawn

The CTF in Tarkwa was founded eight years ago and today has 157 full-time members drawn from 15 local communities. Our Damang mine formed its own CTF following an incursion of approximately 3,500 illegal miners at the Rex pit in November 2009. Almost all of the illegal miners came from outside the local area. While the incursion was quickly resolved through peaceful negotiation, the incident highlighted the need for a strategic response to prevent such an occurrence happening again. Today, a total of 144 full-time CTF members, drawn from four local villages, work in the Damang mine's CTF team.

The close ties between the CTFs and our local communities help to foster a collaborative and proactive approach to security. Further incentives driving this collaboration include the employment opportunities created through the CTFs, and the fact that illegal miners are generally from outside the area. As a result, these illegal miners are often perceived as a threat to security and economic development by the local communities themselves.

Security issues relating to illegal miners at Tarkwa and Damang are extremely rare, in large part due to the CTF system. Since the November 2009 Rex pit incident, there have been no large scale incursions. Gold Fields innovative approach has proven so successful that the Ghanaian Chamber of Mines' Security Committee is currently advising some of Gold Fields peers on similar initiatives.

South Africa

The nature of our underground mines in South Africa means that our management of illegal mining is focused on the entry and exit of illegal miners from our shaft heads.

During C2009, GFPS instituted an innovative programme to fit advanced bio-metric (i.e. facial recognition) access control systems at five of our South African shafts. This process was completed in C2010. The aim is to roll out this system to all of our shafts in the country. In combination with enhanced physical access controls, these have greatly enhanced the security of our underground mines. Furthermore, we are looking to better record and analyse sightings of illegal miners by our underground personnel.

At a more strategic level, we are working with peer companies and the police via the National Precious Metals Forum to push for a more robust legislative response to the issue. We are also working with the UK Department for International Development on a programme examining potential opportunities to help illegal miners acquire legitimate mining concessions elsewhere.

We are also working through GFPS with peer companies in the West Wits area to finalise and deliver a joint strategy to address illegal mining activities.

6.1 Internal Audit Statement

Gold Fields Internal Audit (GFIA) is an independent, objective assurance and consulting service designed to add value and improve the Gold Fields business. GFIA evaluates the adequacy and effectiveness of controls in responding to risks within Gold Fields operations and information systems. The Board Audit Committee of Gold Fields has mandated GFIA to provide the necessary assurances on the major risks facing the company and has clearly spelt out GFIA's responsibilities in the Internal Audit Charter. GFIA submits an annual report to the Board Audit Committee on the status of governance, risk management and internal control.

The Internal Audit activities performed during this period were identified through the risk based methodologies adopted by the Gold Fields Internal Audit function. Many of the areas of assurance were derived from the Gold Fields Enterprise-Wide Risk Management system. These activities generally appraise the value chain of the Gold Fields business and have been executed at a process, operational, business and entity level. Audit activities also aim to assess the robustness and efficiency of processes in place to support the achievement of strategic, operational, compliance, financial and sustainability business objectives.

Internal Audit assurance is provided through the application of the International Standards for the Professional Practice of Internal Auditing, as prescribed by the Institute of Internal Auditors and the Code of Ethics of the Institute of Internal Auditors (IIA). GFIA's Quality Assurance programme has been assessed as 'generally compliant' with the IIA standards, this is the highest rating of the degree of conformity.

The annual assessment

GFIA submits an annual report to the Board Audit Committee on the status of governance, risk management and internal control. This report included the following statements:

In terms of the work performed by Internal Audit, it would appear that Gold Fields:

1. Achieves its business objectives,
2. Generates reliable financial and operational information,
3. Substantially complies with the laws and regulations that apply to it.
4. Operations are efficiently and effectively functioning, and
5. Adequately safeguards its assets.

Annually, Internal Audit reviews the Risk Management process within Gold Fields and comments on the compliance to the Corporate Governance code and the efficiency and effectiveness of this process. Internal Audit has satisfied itself that the Risk Management process followed at Gold Fields is complaint to good corporate governance and its process is efficient and effective.

Based on Internal Audit's review of the Sarbanes Oxley controls, implemented at Gold Fields, and its corresponding test results, there is good indication that the financial controls are operating as management intended. The combined results of the Gold Fields Group have continuously achieved adequate results, which have been reported to the audit committee on a quarterly basis.

Further, based on the operational work performed no significant issues have been identified or brought to Internal Audits attention.

Therefore, it is Internal Audits opinion that Gold Fields

- Information produced is reliable,
- Complies to policies, procedures, laws and regulations,
- Manages its operations efficiently and effectively, and
- Safeguards its assets appropriately.

To this end, the Internal Control environment and Risk Management process is adequate within the Gold Field business and provides reasonable, not absolute, assurance that the objectives of Gold Fields will be met.

Project M

The South African operations embarked on various cost and revenue optimisation initiatives under the 'M project' portfolio. The audit objectives set for assurance provision on these projects aimed to determine whether these activities complied with the respective Project Charters and whether these projects would accomplish their goals and objectives. No significant issues were raised, nor had any been brought to GFIA's attention. Generally, the projects were found to be satisfactorily executed and managed. Further, it is envisaged that these initiatives will contribute to the Gold Fields objectives of 'optimising our operations', 'growing Gold Fields' and 'securing our future responsibly'.

Employee verification

At the request of the Chief Executive Officer, we performed a verification of the number of employees on the respective Gold Fields RSA Payrolls, with the objective of identifying 'ghost' employees. The verification was based on full-time employees on the June 2010 payroll and contract staff were excluded from this review.

Approximately 46,902 employees on the June 2010 payroll had to be verified, of which Internal Audit physically verified 43,212 (92%) employees, whilst 3,690 or 8% of employees were verified through alternative processes such as:

- Supporting documentation (including leave and termination records)
- Human Resources and management representations
- Other investigative techniques (including reviews of past records of clockings, personnel records etc.)

GFIA concluded that for 'ghost' employees to exist within Gold Fields, it would require significant collusion and management override by a number of employees and senior managers from different business units. GFIA believes the likelihood of this is low, due to the robust systems and controls currently in place. Therefore, we have satisfied ourselves, based on the information obtained as well as the work executed and the resources available to us that no ghost employees were identified during the employee verification project.

Shyam Jagwanth
Senior Manager: Internal Audit
Gold Fields
23 March 2011

maplecroft™

6.2 Second party assurance on reporting

Background

This is the first year of collaboration between Gold Fields and Maplecroft. Our work focuses on the joint development of an integrated annual report and the development of a leading strategy for sustainable gold. Maplecroft recognises that while it is a third party, it is not an independent party. The Maplecroft team includes experienced experts in social and environmental auditing, reporting, consultancy and design.

This statement provides commentary on our work with Gold Fields, recommendations in respect of Gold Field's sustainable gold strategy and is an account of our experience in respect of:

- Undertaking fieldwork and site visits to collect data and develop case studies; analysing and processing data; verifying and checking substantive issues; drafting text including detailed case studies in collaboration with sustainability managers and senior executives in Gold Fields; compiling content; writing, designing and implementing this report in alignment with relevant global and industry standards; ensuring compliance with the King III integrated reporting guidelines.
- Our engagement with more than 80 senior managers, discipline experts and other relevant Gold Fields employees both in person at Gold Fields facilities worldwide and its head office in South Africa and through telephone interviews and communications, with strict adherence to social auditing best practice in respect of inspection (of relevant and material documents), enquiry (interviewing key informants) and observation (fieldwork and site visits to see Gold Fields in action).

Methodology

Maplecroft worked closely with relevant Gold Fields discipline experts in the compilation, analysis and review of information and data across a range of areas, including operational performance, health and safety, environment, socio-economic issues and business ethics.

The validity of original data was not checked at source by Maplecroft although we did follow up and check to ensure consistency and to understand trends and reasons for improvements or changes. We completed a rigorous peer review of all data and documentation within Maplecroft to ensure the accurate and comprehensive representation of original data, any anomalies or gaps in data that could not be resolved by Maplecroft were referred back to relevant employees within Gold Fields for clarification and later audit by an independent third party organisation.

Maplecroft supplemented primary data with:

- Extensive fieldwork and face to face interviews in Ghana, Peru and South Africa
- Visits to company facilities and operations in Ghana, Peru and South Africa
- Further telephone interviews with employees in Australia and the United States
- The review of articles, agendas, minutes, presentations and other relevant and material documents

Maplecroft was given a high level of access to discipline experts from across Gold Fields for the purpose of information gathering, clarification, review and feedback. Our engagements covered all of the Gold Fields regions, and cut across operational, sustainability and financial disciplines. We also prepared drafts of all text and worked closely with discipline experts in the refinement of report content to ensure the information presented is fair, accurate and in line with the expectations of stakeholders.

All work completed by Maplecroft is informed by best practice initiatives and standards. These include the integrated reporting guidance included in the King III Code. We are also informed by the United Nations Global Compact, the United Nations Millennium Development Goals, the Global Reporting Initiative (GRI) G3 Guidelines, the GRI Mining and Metals Sector Supplement, the ICMM principles and World Gold Council Responsible Gold criteria as well as the AA 1000 assurance standard.

AA 1000 principles

We believe Gold Fields has achieved broad compliance with the AA 1000 principles of materiality, completeness and responsiveness.

Materiality

In line with the recommendations made in the King III Code around integrated reporting this report discloses and explains an integrated and coherent framework for the analysis of Gold Fields strategy, risks, performance and sustainability. In our view, this report directly and transparently addresses Gold Fields top 10 risks, including:

- Safety and production stoppages (p71-77)
- Operational delivery (p54-69, 92-109)
- Erosion of NCE margin (p56)
- Social and political demands (p17-18)
- Skill shortages (p145, 167)
- Project delivery (p112-125)
- Gold price and currency volatility (p10-11, 18)
- Energy security (p67-69)
- Negative perceptions of host countries (p9, 16-19)
- Potential loss of social licence to operate (p156-170)

The Gold Fields Annual Report also discloses and examines relevant and material stakeholder issues, including effective risk management, mineral royalties and taxes, the granting of a new mining right at South Deep, productivity in South Africa, ethical value chain management, Acid Mine Drainage and water management, carbon management, HIV/AIDS, the promotion of local socio-economic development and indigenous peoples.

The report provides a comprehensive overview of all that Gold Fields is doing to manage proficiently and responsibly these and other issues.

Examples include: business re-engineering in South Africa (p62), implementation of the Employee Share Ownership Plan in South Africa (p173), enhancements around recruitment and retention (p144-146), promotion of a safe production mentality (p72-74) and enhanced mine development and mechanisation in South Africa (p54-56).

Completeness

Our inspection of documents, as well as our engagement with and enquiry of discipline experts did not identify any material shortfalls with respect to completeness of reporting. Indeed, Gold Fields has proactively sought to identify and report on potentially challenging and sensitive dilemmas, risks and responsibilities in respect of the following relevant and material issues:

- Unintended consequences of the provision of Living Out Allowances, including the apparent encouragement of informal settlements (p71-77)
- The strategic need to address sub-optimal NCE margins in South Africa (p56-58, 61-63)
- Ongoing challenges around the ‘war for talent’ in the mining sector (p144)
- Acid Mine Drainage in the Wits Water Basin (p91)
- High labour turnover in Australia’s flexible ‘fly-in, fly-out’ mining sector (p55, 93)
- Challenges around energy security in Australia, Ghana and South Africa (p67-69)
- Community sensitivity around water quality and access at Cerro Corona (p162-163)
- Hardening, or potentially hardening, fiscal regimes in Ghana, Peru and South Africa (p18)
- Management of illegal mining and theft of gold (p177-179)

Responsiveness

Gold Fields carries out a wide range of stakeholder engagement activity, both at strategic (i.e. head office) and operational (i.e. mine, project or exploration camp) levels. It is our view that these interactions have done much to inform the content and form of this report. This includes, for example, increased emphasis on:

- Integrated operational, sustainability and financial reporting
- Risk identification, management and mitigation
- Forward looking scenario planning and the identification of challenges and dilemmas
- The understanding of concerns relevant and material to investors as stakeholders

Recommendations

Key areas for further improvement:

Sustainability data

There were some challenges in relation to data-gathering. This appears to be partly due to the maintenance of separate reporting systems in each regional business unit and a devolved data-gathering structure. In addition, were data collection and analysis to be completed earlier, this would enhance the potential for enhanced identification of relationships between quantitative and qualitative content. It is recommended that Gold Fields investigate opportunities to enhance the coordination and standardisation of data gathering to support the external reporting process. Nonetheless, data gathering was found to be meticulous and those responsible to be well trained and committed to the reporting process.

Internal sustainability reporting structures
It is recommended that each region has an appointed coordinator to act as the main contact point for all reporting activity. This will help ensure that each region is able to deliver a complete and contextualised picture of risks, opportunities and performance – and that all relevant relationships between the company's operational and financial performance are identified from the ground-up. This will also help in the identification of shared relevant and material issues, as well as solutions to dilemmas and challenges.

A more direct relationship between stakeholder engagement and reporting
It is recommended that Gold Fields seeks expert and independent stakeholder opinion on the specific issues being reported on, as well as how they are reported on. This might include, for example, targeted focus groups, round-table discussions or external opinions around the disclosures in this report – including potential gap analysis. The outcomes of these interactions should be recorded, considered for action, or reported on as relevant – for example in the form of quotes, articles, testimonials and opinion-pieces in the annual report.

Greater detail around local engagement
Similarly, Gold Fields should consider opportunities to directly address specific issues raised by local stakeholders. Whilst the report currently provides a good overview of 'group-level' stakeholder engagement, it would benefit from greater detail around specific incidences of local-level engagement, as well as examination in future reporting of the efficacy of relevant outcomes and responses.

Enhanced reporting around the total socio-economic development spend
We believe Gold Fields is making progress in providing a more accurate assessment of its total socio-economic development spend. Nonetheless, we also believe that enhanced reporting mechanisms would give a truer picture, as we believe this spending to be greater than that captured by current accounting methods. This is partly due to the need for a comprehensive definition of social investment that can be used by each of the regional teams. This would help with the identification of spending that benefits local communities, but which does not necessarily fall within each region's formal socio-economic development budget. This might include, for example, the provision of medical and educational services to local community members via mine clinics and schools (i.e. spending that forms part of Gold Fields everyday running of the business).

Prioritisation and tailoring of content
The report is a substantial document, with considerable breadth and depth of information. We believe this will be particularly helpful to investors at a time when the world is fast recognising the importance of an integrated understanding of risk and responsibility. This includes the need for business to invest in the shaping of its own growth environment to ensure it can flourish – particularly when operating in emerging economies and less developed countries.

As integrated reporting becomes further embedded within Gold Fields, it is recommended that increased use is made of supportive online content so that hard copy content can be more closely prioritised and tailored in line with the precise reporting requirements of investors and other stakeholders. Generic' material (including, for example, certain GRI indicators, formal Mineral Resource and Reserve statements, 'static' corporate governance information, illustrative case studies etc) might be reported on separately online and/or in multimedia format.

We believe this report represents a relevant and complete statement of the integrated performance of Gold Fields. In our view, the Gold Fields statement that it has applied the GRI G3 guidelines at level A+ is also fairly stated.

Professor Alyson Warhurst
Dr Kevin Franklin
Gus Mcfarlane
Maplecroft, United Kingdom

23 March 2011
www.maplecroft.com

6.3 Third party assurance on reporting
Report of the Independent Assurance Provider to the Directors of Gold Fields Limited

Limited Assurance Report on Selected Sustainability Information

We have undertaken an assurance engagement on selected sustainability information, as described below, and presented in the 2010 Annual Report of Gold Fields Limited (Gold Fields) for the period 1 July 2010 to 31 December 2010 (the Report), as set out on the pages indicated below.

Subject Matter
The subject matter of our limited assurance engagement and related assurance is as follows:

1) In compliance with the International Council of Mining and Metals' (ICMM) Sustainable Development Framework Assurance Procedure (ICMM Assurance Procedure):

   (a) Limited assurance on Subject Matter 4 on page 189 of the Report:

   - Social and Labour Indicators - Percentage of women in mining (WIM), HDSA (percentage in management), Total HDSA Procurement Spend and Social Economic Development spend (SED) in ZAR.
   - Health and Safety – Number of cases of Silicosis diagnosed and compensatable (rate per 1000 employees), Number of cases of noise induced hearing loss diagnosed and compensatable (NIHL), Number of Tuberculosis cases diagnosed and treated, Number of respiratory diseases cases reported and treated, Number of employees in HAART programme (active), Percentage of workforce on the voluntary counselling and testing (VCT) programme), Lost time injury frequency rate (LTIFR), Medical treatment incident frequency rate (MTIFR), Number of fatalities and number of cases of Malaria tested positive.
   - Environmental Indicators – Number of environmental incidents (level 2 and above) reported, CO_2 Equivalent Emissions (in Tonnes), Average quality of water discharged in milli-Siemens/metre (MS/m), Electricity (MWh), total water consumption from all sources (in Ml) and diesel (TJ).

   (b) Limited assurance on Gold Fields' self-declaration of the GRI A+ application level (pg. 3) – Subject Matter 5.

2) In compliance with the Broad-Based Socio-Economic Empowerment Charter (BBSEEC) for the South African Mining Industry (2010):

   (c) Limited assurance on the following selected mining charter elements on page 174 of the Report:

   - HDSA Ownership.
   - Housing and living conditions - Percentage reduction of occupancy rate towards 2014 target;
   - Procurement and Enterprise Development - Procurement spent from BEE entity on capital goods, services and consumable goods.
   - Employment Equity - Top Management (Board level); Senior Management (ExCo); Middle Management; Junior Management.
   - Mine Community Development - Implement approved community projects.

Directors' Responsibilities
The Directors are responsible for the selection, preparation and presentation of the selected sustainability information, the identification of stakeholders and stakeholder requirements, material issues, for commitments with respect to sustainability performance, and establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived. The Directors are also responsible for the selection and application of the following reporting criteria used in the evaluation of the subject matter:

- The Global Reporting Initiative (GRI) G3 Guidelines;
- The GRI G3 guidelines for the A+ application level;
- Subject matters of the ICMM sustainable development framework:
  - Gold Fields reported performance during the given reporting period for the identified material SD risks and opportunities (ICMM Subject Matter 4)
  - Gold Fields self declared A+ application level of the GRI G3 Guidelines in relation to subject matter 5 of the ICMM Assurance Procedure (ICMM Subject Matter 5)
- Scorecard for the Broad-Based Socio-Economic Empowerment Charter (BBSEEC) for the South African Mining Industry (2010).

Our Responsibility
Our responsibility is to express limited assurance conclusions on the subject matter in (a), (b) and (c), based on our work performed.

We conducted our engagement in accordance with the International Standard on Assurance Information (ISAE) 3000, Assurance Engagements other than the Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected information is free from material misstatement.

A limited assurance engagement involves performing procedures to obtain evidence about the identified subject matter. Our procedures selected depend on our judgment including the risks of material misstatement of the selected sustainability information in the Report, whether due to fraud or error. In making our risk assessments, we considered internal controls relevant to Gold Fields' preparation of the Report. We believe that the evidence obtained from our work performed provides an appropriate basis for the conclusions expressed in this Report. In a limited assurance engagement, the evidence gathering procedures are less than where reasonable assurance is expressed.

Summary of work performed
Our work included the following evidence-gathering procedures:

- Interviewing management and senior executives at group level to evaluate the application of the GRI G3 principles and to obtain an understanding of the internal control environment relative to the reported sustainability information.
- Inspecting documentation at corporate level to corroborate the statements of management and senior executives in our interviews.
- Understanding the risk assessment process and the information systems which include the related sustainability reporting processes.
- Testing the processes and systems at group level and site level which generate, collate, aggregate, monitor and report the selected sustainability information.
- Visiting the following Mining Operations:
  - Driefontein Mine;
  - Kloof Mine;
  - South Deep Mine;
  - Damang Mine;
  - Tarkwa Mine;
  - St Ives Mine; and
  - Cerro Corona Mine.
- Conducting an application level check on the Report to evaluate whether all disclosure requirements of the GRI A+ application level have been adhered to.
- Evaluating whether the information presented in the Report is consistent with our findings, overall knowledge and experience of sustainability management and performance at Gold Fields.

Conclusions
(a) On the selected performance data

Based on our work performed, nothing has come to our attention that causes us to believe that the selected performance data set out in (a) above for the period ended 31 December 2010 is not fairly stated, in all material respects, in accordance with the Global Reporting Initiative (GRI) G3 Guidelines.

(b) On Gold Fields self-declaration on GRI G3 A+ application level

Based on our work performed, nothing has come to our attention that causes us to believe that Gold Fields' self-declaration of an A+ application level is not fairly stated, in all material respects, on the basis of the GRI G3 Guidelines.

(c) On the Scorecard for the Broad-Based Socio-Economic Empowerment Charter (BBSEEC) for the South African Mining Industry

Based on our work performed, nothing has come to our attention that causes us to believe that the selected mining charter elements set out in (c) above have not been prepared, in all material respects, in compliance with the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (2010).

Emphasis of matter
We draw attention to pg 3, which indicates that Gold Fields has changed its financial year end from end-June to end-December, and the period covered by the Report and the comparatives presented in these circumstances.

Report on the ICMM Assurance Procedure

We are required to report our findings on the International Council of Mining and Metals' (ICMM) Sustainable Development Framework: Assurance Procedure (ICMM Assurance Procedure) in respect of:

1 The alignment of Gold Fields' sustainability policies to the ICMM 10 Sustainable Development (SD) Principles and any mandatory requirements set out in ICMM Position Statements (ICMM Subject Matter 1).

2 The reporting of Gold Fields' material sustainable development risks and opportunities based on the review of its business and the views and expectations of its stakeholders (ICMM Subject Matter 2).

3 The implementation of systems and approaches that Gold Fields is using to manage its safety risks (ICMM Subject Matter 3).

Directors' Responsibilities
The Directors are responsible for:

- The alignment of Gold Fields' sustainability policies to the International Council of Mining and Metals' (ICMM) 10 Sustainable Development (SD) Principles and any mandatory requirements set out in ICMM Position Statements.
- The reporting of Gold Fields' material sustainable development risks and opportunities based on the review of its business and the views and expectations of its stakeholders
- The implementation of systems and approaches that Gold Fields is using to manage its safety risks.

Our Responsibility
Our engagement included reporting on the ICMM Assurance Procedure in respect of 1, 2 and 3 (ICMM Subject Matter 1-3) based on the knowledge obtained in our evidence gathering procedures in our assurance engagement on the subject matter in (a) and (b) set out in our Limited Assurance Report on Selected Sustainability Information.

Findings
Based on our evidence gathering procedures in our assurance engagement on the subject matter in (a) and (b) set out in our Limited Assurance Report on Selected Sustainability Information, nothing has come to our attention that causes us to believe that:

1. Gold Fields' sustainability policies are not aligned with the ICMM 10 Sustainable Development (SD) Principles and any mandatory requirements set out in ICMM Position Statements.

2. Gold Fields has not reported material sustainable development risks and opportunities based on the review of its business and the views and expectations of its stakeholders.

3. Gold Fields has not implemented systems and approaches to manage its safety risks.

Independence, Expertise and Limitation of Liability

Our work has been undertaken to enable us to express the assurance conclusions on the subject matter in (a), (b) and (c) in our Report on Selected Sustainability Information together with findings on 1, 2 and 3 in our Report on the ICMM Assurance Procedure to the Directors of Gold Fields in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Gold Fields, for our work, for this report, or for the conclusions we have reached.

We comply with the appropriate requirements of the International Federation of Accountants (IFAC) Code of Ethics for Professional Accounts and have systems and processes in place to monitor compliance with the code and to prevent conflicts regarding independence.

Our work was carried out by a multi-disciplinary team of health, safety, social, environmental and assurance specialists with extensive experience in sustainability reporting.

KPMG Services (Pty) Limited

Per PD Naidoo
Director
Johannesburg

23 March 2011

KPMG Services (Pty) Limited

Per I Kramer
Director
Johannesburg

23 March 2011

The table below contains the selected sustainability information over which limited assurance was provided by KPMG. The period covered is from 1 July 2010 to 31 December 2010.

	Parameter	Unit	Data
Environment	Average quality of water discharged	mS/m	79
	CO_2 equivalent emissions	Tonnes CO_2-e	2,753,885
	Electricity	MWh	2,781,826
	Environmental incidents - Level 2 and above	Number	50
	Total water consumption from all sources	Ml	39,053
	Diesel	TJ	2,527
Health	Tuberculosis	Cases diagnosed and treated (number)	654
	Silicosis	Cases diagnosed and compensatable (rate per 1,000 employees)	1.63
	Noise Induced Hearing Loss	Cases diagnosed and compensatable (number)	44
	Malaria	Cases tested positive (number)	155
	Respiratory diseases	Cases reported and treated (number)	1,887
	HAART - Active	Number of employees	2,991
	VCT	% of workforce on VCT programme	5.39
Safety	LTIFR	Number	4.20
	MTIFR	Number	6.45
	Fatalities	Number	12
Social	SED Spend	Rand	227,349,166
Labour	HDSA Procurement spend	Rand	1,467,460,917
	Women in Mining	%	3.00
	HDSA in Management (DL - FL)	%	41.30

7. Financial Statements

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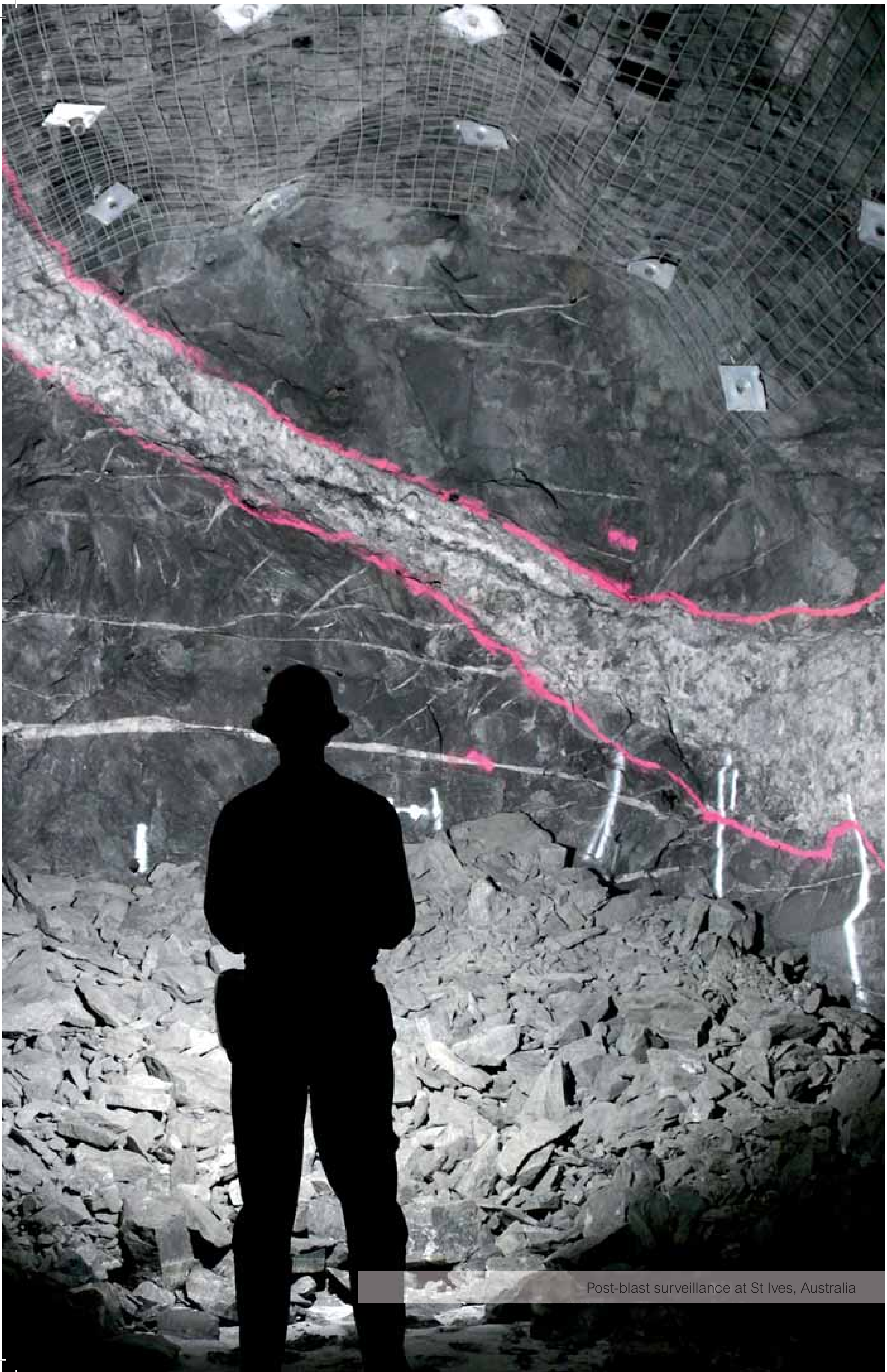
"Gold Fields is committed to achieving the best possible financial performance and our commitment to Integrated Reporting, as recommended by the King Code of Governance Principles for South Africa, supports that goal by transparently combining financial and non-financial information and data in one inclusive report. This section presents our financial accounts for the six months ended December 2010, which we believe can be viewed all the more usefully for being presented alongside both our operational and sustainability performance."

Paul A Schmidt, Chief Financial Officer, Gold Fields



Post-blast surveillance at St Ives, Australia

Statement of responsibility by the board of directors

The directors are responsible for the preparation, integrity and fair presentation of the financial statements of the Company and of the Group. The financial statements presented on pages 218 to 315 have been prepared in accordance with International Financial Reporting Standards (IFRS) and in a manner required by the Companies Act in South Africa, and include amounts based on judgements and estimates made by management.

The directors consider that, in preparing the financial statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRS Standards that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the Group at year end. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the companies to enable the directors to ensure that the financial statements comply with the relevant legislation.

The Company and the Group operated in a well-established controlled environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable assurance that assets are safeguarded and the material risks facing the business are being controlled.

The going-concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group or any Company within the Group will not be going concerns in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the company and the Group.

Gold Fields has adopted a Code of Ethics which is available on the Gold Fields website and which is adhered to by the Group. The Group's external auditors, KPMG Incorporated, audited the financial statements, and their report is presented on page 193.

The financial statements were approved by the Board of Directors on 23 March 2011 and are signed on its behalf by:

NJ Holland

Chief Executive Officer

PA Schmidt

Financial Director

Corporate secretary's confirmation

In terms of section 268G(d) of the Companies Act, 1973, as amended, I certify that the company has lodged with the Companies and Intellectual Property Registration Office all such returns as are required to be lodged by a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.

C Farrel

Corporate Secretary

23 March 2011

Audit Committee statement

The Audit Committee considers that this Annual Report complies in all material respects with the statutory requirements of the various regulations governing disclosure and reporting in the annual financial statements and that they comply in all material respects with the requirements of the Companies Act and IFRS. The committee has recommended to the Board that the annual financial statements be adopted and approved by the Board.

G Wilson

Chair, Audit Committee

23 March 2011

Independent auditor's report

To the members of Gold Fields Limited

We have audited the Group annual financial statements and the annual financial statements of Gold Fields Limited, which comprise the statements of financial position at 31 December 2010, and the income statements, statements of comprehensive income, changes in equity and cash flows for the period then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 218 to 315.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Gold Fields Limited at 31 December 2010, and its consolidated and separate financial performance and consolidated and separate cash flows for the period then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditor

Per I Kramer

Chartered Accountant (SA)
Registered Auditor
Director
23 March 2011

85 Empire Road
Parktown
2193
Gauteng
South Africa

Management's discussion and analysis of the financial statements

The Group changed its financial year end from June to December to align the Group reporting with peers in the mining Industry. This resulted in a six month period ended 31 December 2010 which will be followed by a full financial year ended 31 December 2011. The financial statements presented on page 248 to page 298 compare the six month period ended 31 December 2010 to the year ended 30 June 2010, which represents the latest set of audited results.

For comparability purposes, however, the management discussion and analysis that follows, discusses comparable periods, being the six month period ended 31 December 2010 (referred to as financial 2010) and the six month period ended 31 December 2009 (referred to as financial 2009) for the income statement and the statement of cash flows. In terms of the balance sheet, 31 December 2010 has been compared to 30 June 2010.

CONSOLIDATED INCOME STATEMENT

Figures in millions unless otherwise stated

UNITED STATES DOLLAR			SOUTH AFRICAN RAND	
For the 6 month period ended 31 December 2009	For the 6 month period ended 31 December 2010		For the 6 month period ended 31 December 2010	For the 6 month period ended 31 December 2009
Unaudited				Unaudited
2,023.9	**2,564.2**	Revenue	**18,308.1**	15,482.7
(1,509.4)	**(1,810.0)**	Cost of sales	**(12,923.4)**	(11,547.4)
514.5	**754.2**	Net operating profit	**5,384.7**	3,935.3
19.2	**12.9**	Investment income	**91.9**	146.5
(31.1)	**(35.0)**	Finance expense	**(249.5)**	(237.5)
28.2	**1.0**	Gain on financial instruments	**6.9**	215.6
(7.2)	**(1.4)**	Loss on foreign exchange	**(9.7)**	(55.0)
(1.7)	**(14.5)**	Other costs	**(103.7)**	(12.0)
(31.5)	**(27.0)**	Share-based payments	**(192.9)**	(241.2)
(39.3)	**(48.6)**	Exploration expense	**(346.7)**	(300.5)
-	**(9.3)**	Feasibility and evaluation costs	**(66.4)**	-
3.7	**(28.9)**	Share of results of associates after taxation	**(206.6)**	28.0
-	**(297.6)**	Share-based payments on BEE transaction	**(2,124.8)**	-
-	**(171.9)**	- ESOP	**(1,227.3)**	-
-	**(115.5)**	- South Deep transaction	**(824.8)**	-
-	**(10.2)**	- GFIMSA transaction	**(72.7)**	-
(0.4)	**(45.0)**	Restructuring costs	**(321.2)**	(3.2)
(7.8)	**-**	Impairment of investments	**-**	(59.9)
99.2	**(0.4)**	(Loss)/profit on disposal of investments	**(2.5)**	758.7
0.1	**0.7**	Profit on disposal of property, plant and equipment	**4.9**	1.1
545.9	**261.1**	Profit before royalties and taxation	**1,864.4**	4,175.9
(26.8)	**(43.3)**	Royalties	**(309.4)**	(205.0)
519.1	**217.8**	Profit before taxation	**1,555.0**	3,970.9
(165.3)	**(167.0)**	Mining and income tax	**(1,192.1)**	(1,264.5)
353.8	**50.8**	Profit for the period	**362.9**	2,706.4
		(Loss)/profit attributable to:		
315.8	**(10.7)**	- Owners of the parent	**(76.3)**	2,415.8
38.0	**61.5**	- Non-controlling interest holders	**439.2**	290.6
353.8	**50.8**		**362.9**	2,706.4
		(Loss)/profit per share attributable to ordinary shareholders of the company:		
45	**(2)**	Basic (loss)/earnings per share – cents	**(11)**	343

CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in millions unless otherwise stated

UNITED STATES DOLLAR			SOUTH AFRICAN RAND	
For the 6 month period ended 31 December 2009	For the 6 month period ended 31 December 2010		For the 6 month period ended 31 December 2010	For the 6 month period ended 31 December 2009
Unaudited				Unaudited
444.5	**865.0**	Cash flows from operating activities	**6,140.0**	3,368.1
402.3	**606.7**	Profit before royalties, tax and non-recurring items	**4,331.6**	3,077.1
143.6	**(345.6)**	Non-recurring items	**(2,467.2)**	1,098.8
304.5	**388.8**	Amortisation and depreciation	**2,776.0**	2,329.8
(190.3)	**6.8**	Change in working capital	**48.7**	(1,455.8)
(21.3)	**(44.4)**	Royalties paid	**(331.9)**	(165.9)
(82.7)	**(106.6)**	Taxation paid	**(782.6)**	(662.1)
(111.6)	**359.3**	Other non-cash items	**2,565.4**	(853.8)
(72.6)	**(87.6)**	Dividends paid	**(642.9)**	(564.1)
(72.6)	**(67.4)**	Ordinary shareholders	**(494.4)**	(564.1)
-	**(20.2)**	Non-controlling interest holders	**(148.5)**	-
(486.9)	**(723.4)**	Cash flows from investing activities	**(5,149.4)**	(3,790.0)
(485.4)	**(649.8)**	Capital expenditure – additions	**(4,639.8)**	(3,713.6)
0.7	**5.3**	Capital expenditure – proceeds on disposal	**37.6**	5.5
-	**(54.0)**	Payment for FSE	**(371.0)**	-
(257.1)	**-**	Royalty termination	**-**	(1,998.9)
(6.6)	**(9.4)**	Purchase of investments	**(65.5)**	(46.4)
(43.0)	**-**	Purchase of Glencar asset	**-**	(340.0)
306.5	**0.4**	Proceeds on disposal of investments	**3.0**	2,319.0
(2.0)	**(15.9)**	Environmental and post-retirement health care payments	**(113.7)**	(15.6)
(15.0)	**224.8**	Cash flows from financing activities	**1,546.8**	12.8
942.1	**1,543.8**	Loans received	**10,789.4**	7,169.4
(962.1)	**(1,330.8)**	Loans repaid	**(9,323.0)**	(7,194.5)
-	**9.3**	Loans received from non-controlling interest holders	**62.7**	-
-	**(2.9)**	Loans repaid to non-controlling interest holders	**(20.5)**	-
5.0	**5.4**	Shares issued	**38.2**	37.9
(130.0)	**278.8**	Net cash inflow/(outflow)	**1,894.5**	(973.2)
21.1	**30.0**	Translation adjustment	**(221.2)**	(2.5)
347.9	**500.7**	Cash at beginning of period	**3,790.5**	2,803.9
239.0	**809.5**	Cash at end of period	**5,463.8**	1,828.2

The financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Group accounting policies which is consistent with the previous year.

Gold Fields

Management's discussion and analysis of the financial statements (continued)

RESULTS FOR THE PERIOD

Net loss attributable to ordinary shareholders in financial 2010 was R76 million (or 11 cents per share), compared with earnings of R2,416 million (or 343 cents per share) achieved in financial 2009. The reasons for this decrease are discussed below.

Headline loss excluding the after-tax effect of asset impairments and profits on the sale of investments and property, plant and equipment amounted to R77 million or 11 cents per share in financial 2010, compared with earnings of R1,833 million or 260 cents per share in the comparable period.

These results are analysed as follows:

REVENUE

Revenue increased by 18% from R15,483 million in financial 2009 to R18,308 million in financial 2010. The increase in revenue of R2,825 million was due to an increase in the average rand gold price for the period from R252,464 per kilogram to R296,545 per kilogram and a marginal increase in gold sales. The rand gold price increase was due to a 26% increase in the US dollar gold price from an average of US$1,026 per ounce to US$1,292 per ounce, partially offset by a stronger rand, which strengthened 7% from an average of 7.65 to 7.14 to the US dollar.

Gold sales increased by 1% from 1,972,200 ounces in financial 2009 to 1,984,900 ounces in financial 2010. Gold sales at the South African operations decreased by 6% from 1,049,500 ounces to 982,200 ounces, while gold sales at the West African operations increased by 8% from 444,600 ounces to 478,900 ounces. Gold sales at the South American operation (Cerro Corona) increased by 6% from 189,000 equivalent ounces to 201,200 equivalent ounces while at the Australasian operations, gold sales increased by 12% from 289,100 ounces to 322,600 ounces.

Gold sales at KDC decreased by 9% from 695,400 ounces to 634,000 ounces as a result of lower mining volumes at lower grades. At Beatrix, gold output decreased by 7% from 217,200 ounces to 202,000 ounces due to health and safety stoppages by management. At South Deep, gold sales increased by 7% from 136,900 ounces to 146,200 ounces in line with the production build-up.

At the West African operations, gold sales at Tarkwa increased by 4% from 347,900 ounces to 362,000 ounces mainly due to the commissioning of the high pressure grinding roller (HPGR) at the South heap leach and an increase in CIL throughput. Damang's gold sales increased by 21% from 96,700 ounces to 116,900 ounces due to a plant shutdown for 13 days during financial 2009 and the commissioning of the secondary crusher during financial 2010, which improved throughput and grades.

At Cerro Corona in South America, gold equivalent sales increased by 6% from 189,000 ounces to 201,200 ounces due to higher gold produced as a result of higher gold grades.

At the Australasian operations, production at St Ives increased by 24% from 196,300 ounces to 243,000 ounces due to an increase in underground tonnes processed and higher head grades from underground and surface operations. At Agnew, gold sales decreased by 14% from 92,800 ounces to 79,600 ounces due to restricted underground stope access at Kim South as a result of poor ground conditions.

COST OF SALES

Cost of sales, which consists of operating costs, changes in gold inventories and amortisation and depreciation, increased from R11,547 million in financial 2009 to R12,923 million in financial 2010.

The table below presents the analysis of cost of sales:

Analysis of cost of sales		Financial 2010 R million	Financial 2009 R million
Total cash cost		**10,089**	9,045
Add/(deduct):	General and administration	**337**	345
	Rehabilitation	**57**	60
	Gold inventory change – cash portion	**47**	64
	Royalties*	**(309)**	(205)
Operating costs		**10,221**	9,309
(Deduct)/add:	Gold inventory change – total	**(74)**	(92)
	Amortisation and depreciation	**2,776**	2,330
Cost of sales per income statement		**12,923**	11,547

* Royalties are deducted as they are included as part of total cash cost but are reflected below operating profit in the income statement.

The analysis that follows provides a more detailed comparison of cost of sales together with total cash cost and Notional Cash Expenditure (NCE) per ounce.

Operating costs – cost of sales less gold inventory change, and amortisation and depreciation

Operating costs increased by 10% from R9,309 million in financial 2009 to R10,221 million in financial 2010.

The increase at the South African operations was 8%, from R5,567 million to R6,039 million.

This increase of R472 million was mainly due to the above-inflation all-in annual wage increases of around 12%, a 27% increase in electricity tariffs and an increase in raw material input costs.

This was partially offset by the lower production levels resulting in lower consumable usage and benefits achieved through the business process re-engineering initiatives which offset around 4% of the total increase. For financial 2010, the South African region achieved realised savings of R173 million comprising labour of R151 million and contractors of R22 million.

At the West African operations, operating costs increased by US$43 million due to the associated cost of the increased production and an increase in power costs. At Tarkwa, operating costs increased from US$177 million to US$205 million due to the 4% increase in production, increased fuel consumption, increased milling costs due to a higher throughput and an increase in power costs resulting from a 56% tariff increase from 9.50 US cents per kilowatt hour to 14.82 US cents per kilowatt hour. At Damang, operating costs increased from US$59 million to US$74 million due to the 21% increase in production, a 45% increase in power tariffs from 10.20 US cents per kilowatt hour to 14.82 US cents per kilowatt hour and commissioning costs relating to the secondary crusher.

At the Cerro Corona operation in Peru, operating costs increased by 15% from US$67 million to US$77 million, mainly due to an increase in statutory workers participation in line with the higher profit and higher freight charges due to increased concentrate shipped.

At the Australasian operations, operating costs increased by A$29 million from A$215 million to A$244 million. At St Ives, operating costs increased by 16% from A$164 million to A$190 million due to increased production, an increase in deferred waste charges and an increase in grade control drilling. At Agnew, costs were A$3 million higher at A$54 million, mainly due to additional costs incurred on rehabilitation of poor ground conditions at Kim South.

Management's discussion and analysis of the financial statements (continued)

The following table sets out for each operation and the Group, total gold sales in ounces and total cash cost in US$/oz and R/kg in financial 2010 and financial 2009:

	Financial 2010			Financial 2009		
	Gold sold ('000 oz)	Total cash cost[4] (US$/oz)	Total cash cost[4] (R/kg)	Gold sold ('000 oz)	Total cash cost[4] (US$/oz)	Total cash cost[4] (R/kg)
KDC	**634.0**	**832**	**190,973**	695.4	650	159,795
Beatrix	**202.0**	**837**	**192,104**	217.2	678	166,795
South Deep	**146.2**	**939**	**215,659**	136.9	739	181,874
South African operations	**982.2**	**849**	**194,880**	1,049.5	667	164,124
Tarkwa[1]	**362.0**	**562**	**128,914**	347.9	487	119,769
Damang[2]	**116.9**	**636**	**146,082**	96.7	633	155,992
West African operations	**478.9**	**580**	**133,105**	444.6	519	127,643
Cerro Corona	**201.2**	**395**	**90,716**	189.0	364	89,437
South American operation[3]	**201.2**	**395**	**90,716**	189.0	364	89,437
St Ives	**243.0**	**710**	**163,041**	196.3	711	174,922
Agnew	**79.6**	**621**	**142,511**	92.8	466	114,736
Australasian operations	**322.6**	**688**	**157,973**	289.1	632	155,604
Total operations	**1,984.9**			1,972.2		
Weighted average unit cost		**712**	**163,416**		600	147,495

1 For the six months ended 31 December 2010 and 2009, 257,400 ounces and 247,400 ounces respectively were attributable to Gold Fields.
2 For the six months ended 31 December 2010 and 2009, 83,100 ounces and 68,800 ounces respectively were attributable to Gold Fields.
3 For the six months ended 31 December 2010 and 2009, 162,400 equivalent ounces and 152,500 equivalent ounces respectively were attributable to Gold Fields.
4 Total cash cost is calculated in accordance with the Gold Industry standard.

The weighted average total cash cost per kilogram increased by 11% from R147,495 per kilogram (US$600 per ounce) in financial 2009 to R163,416 per kilogram (US$712 per ounce) in financial 2010.

The weighted average total cash cost at the South African operations increased by 19% from R164,124 per kilogram (US$667 per ounce) in financial 2009 to R194,880 per kilogram (US$849 per ounce) in financial 2010. This increase was as a result of the decrease in gold production and the increase in costs described earlier.

At the West African operations, total cash cost increased by 12% from US$519 per ounce to US$580 per ounce. This increase was a result of the increase in operating costs as described earlier and the utilisation of inventory built-up in prior periods. Refer to the Gold inventory change detailed below.

At Cerro Corona in South America, total cash costs increased by 9% from US$364 per ounce to US$395 per ounce. This was due to the increase in operating costs partially offset by the increase in equivalent gold production.

At the Australasian operations, total cash cost increased marginally from A$729 per ounce (US$632 per ounce) to A$733 per ounce (US$688 per ounce).

General and administration (G&A) costs

Net general and administration costs, which are included in operating costs, amounted to R337 million in financial 2010 compared with R345 million in financial 2009.

Costs falling under the definition of general and administration costs include the following:

- Recovered corporate expenditure, including the corporate office in Sandton and the South African regional office at Constantia, in financial 2010 was R148 million compared with R180 million in financial 2009 due to restructuring that took place towards the end of financial 2009;
- Management fee charge in Ghana accounted for R70 million, compared with R46 million in financial 2009, mainly as a result of the higher revenue generated by the two West African operations. Management fees is calculated as a percentage of revenue - therefore the increase in management fees;
- The cost of regional offices in Australasia, West Africa and South America increased by R3 million from R49 million in financial 2009 to R52 million in financial 2010. This was in line with our regionalisation strategy to increase and strengthen the knowledge base at the offshore regional offices;
- World Gold Council fees amounted to R26 million in financial 2010, charged at an average of US$2.00 per ounce of attributable gold production. The financial 2009 charge was R25 million at an average of US$1.85 per ounce of attributable gold production;
- Off-site training amounted to R31 million in financial 2010 compared with R36 million in financial 2009. Certain functions have been relocated to the operations and there is a re-focus on on-mine training; and
- Other costs mainly relating to Chamber of Mines and special technical projects was similar at R10 million.

Gold inventory change

Gold inventory change in financial 2010 was a R74 million credit to costs, compared with a credit to costs of R92 million in financial 2009.

At Tarkwa, there was a charge to costs in financial 2010 of US$3 million compared with a credit of US$12 million in financial 2009. The US$3 million charge was due to an inventory release from the stockpiles. The US$12 million credit in financial 2009 was mainly due to a build-up at the North heap leach and increased stockpiles.

At Damang, there was a credit to costs of US$1 million in financial 2010 compared with a charge of US$1 million in financial 2009, which were both due to the movements in stockpiles.

At Cerro Corona, the credit to costs increased from US$1 million at the end of December 2009 to US$2 million at the end of December 2010. In both years, the level of the unsold stock was driven by sales and shipping schedules.

At St Ives, the credit to costs in financial 2010 amounted to A$11 million compared with a credit of A$2 million in financial 2009. The increase in the credit to costs was mainly as a result of inventory increases in heap leach stock as well as increases in mill stockpiles and gold-in-circuit at Lefroy due to the strategy to build-up low grade stockpiles from the open pits.

At Agnew, the credit to costs in financial 2010 of A$1 million compared with the credit to costs of A$1 million in financial 2009. Both amounts were due to movements of gold-in-circuit inventory at the mill.

Amortisation and depreciation

Amortisation and depreciation increased by R446 million, from R2,330 million in financial 2009 to R2,776 million in financial 2010.

At the South African operations, amortisation increased from R1,219 million in financial 2009 to R1,408 million in financial 2010, an increase of R189 million. KDC increased from R717 million to R875 million due to increased amortisation on ore reserve development and additions to plant and machinery. Beatrix decreased from R287 million to R263 million due to a reduction in short-life ore reserve development and lower production. South Deep increased from R216 million to R270 million mainly due to the increase in production in line with the build-up as well as additions to property, plant and equipment.

GOLD FIELDS

Management's discussion and analysis of the financial statements (continued)

At the West African operations, amortisation decreased from US$58 million in financial 2009 to US$56 million in financial 2010. Tarkwa decreased from US$50 million to US$44 million due to an estimate adjustment on the capital waste stripping assets. Damang increased from US$8 million to US$13 million due to an increase in production from the Damang pit which carries a higher amortisation charge and additional charges on the new secondary crusher.

In South America, amortisation at Cerro Corona increased from US$27 million in financial 2009 to US$29 million in financial 2010 as a result of an increase in volumes mined and processed.

At the Australasian operations, amortisation increased from A$58 million in financial 2009 to A$102 million in financial 2010. This increase was mainly at St Ives, due to an increase in underground production which comes at a higher charge and an increase in underground amortisation rates due to limited reserve increases at June 2010, as well as amortisation on the Apollo open pit which came into production during the six months ended December 2010. The Morgan Stanley royalty was amortised for the full six month period, at higher ounces in 2010 compared to only four months in 2009. At Agnew, amortisation was flat period-on-period.

Notional cash expenditure (NCE)

Notional cash expenditure is defined as operating costs (including general and administration costs) plus capital expenditure, which includes near-mine exploration, and is reported on a per kilogram and per ounce basis. The objective is to provide the all-in cost for the Group, and for each operation. NCE per ounce influences how much free cash flow is available in order to pay taxation, interest, greenfields exploration and dividends. NCE margin is defined as the difference between revenue per ounce and NCE per ounce expressed as a percentage. NCE margin was 19% and 16% for financial 2010 and financial 2009 respectively.

	Financial 2010					Financial 2009				
	Gold produced ('000 oz)	Operating costs US$ million	Capital expenditure US$ million	NCE US$/oz	NCE R/kg	Gold produced ('000 oz)	Operating costs US$ million	Capital expenditure US$ million	NCE US$/oz	NCE R/kg
KDC	**634.0**	**533.6**	**177.3**	**1,121**	**257,391**	695.4	470.5	140.0	878	215,895
Beatrix	**202.0**	**172.8**	**42.7**	**1,067**	**244,842**	217.2	152.6	40.0	887	218,135
South Deep	**146.2**	**139.5**	**140.5**	**1,915**	**439,675**	136.9	104.6	105.9	1,537	378,117
South African operations	**982.2**	**845.9**	**360.5**	**1,228**	**281,943**	1,049.5	727.7	285.9	966	237,524
Tarkwa	**362.0**	**205.4**	**116.6**	**889**	**204,147**	347.9	177.4	69.2	709	174,387
Damang	**116.9**	**73.9**	**56.3**	**1,113**	**255,595**	96.7	58.6	9.9	709	174,368
West African operations	**478.9**	**279.3**	**172.9**	**944**	**216,707**	444.6	236.0	79.1	709	174,383
Cerro Corona (Peru)	**199.5**	**77.4**	**31.4**	**545**	**125,185**	186.9	66.7	46.9	608	149,518
South American operation	**199.5**	**77.4**	**31.4**	**545**	**125,185**	186.9	66.7	46.9	608	149,518
St Ives	**243.0**	**178.2**	**55.5**	**962**	**220,815**	196.3	142.7	47.5	970	238,551
Agnew	**79.6**	**50.7**	**25.0**	**951**	**218,208**	92.8	43.8	23.7	728	179,022
Australian operations	**322.6**	**228.9**	**80.5**	**959**	**220,171**	289.1	186.5	71.2	892	219,444
Corporate/other	**-**	**-**	**4.6**	**-**	**-**	-	-	2.4	-	-
Group operations/projects	**1,983.3**	**1,431.5**	**649.8**	**1,049**	**240,910**	1,970.1	1,216.9	485.5	864	212,584

The above calculation is based on the average rand to the US dollar exchange rate for the period of 7.14 and 7.65 in financial 2010 and financial 2009 respectively.

The NCE in financial 2010 of US$1,049 per ounce was higher than the US$864 per ounce achieved in financial 2009 because of the higher operating costs and capital expenditure (as discussed under additions to property, plant and equipment) together with the stronger rand, partially offset by the higher production.

NET OPERATING PROFIT

Net operating profit increased by 37% from R3,935 million in financial 2009 to R5,385 million in financial 2010.

This is due to the increased revenue as a result of the increased gold sales and a higher average gold price received, partially offset by the higher cost of sales.

INVESTMENT INCOME

Income from investments decreased 37% from R147 million in financial 2009 to R92 million in financial 2010. The decrease was mainly due to lower interest rates in financial 2010 compared with financial 2009.

The interest received in financial 2010 of R92 million comprises R30 million on monies invested in the South African environmental rehabilitation trust funds and R62 million on other cash and cash equivalent balances.

The interest received in financial 2009 of R147 million comprised R1 million in dividend income, R35 million on monies invested in the South African environmental rehabilitation trust funds and R111 million on other cash and cash equivalent balances.

Interest received on the funds invested in rehabilitation trust funds decreased from R35 million in financial 2009 to R30 million in financial 2010 due to lower interest rates in financial 2010 compared with financial 2009.

Interest on other cash balances decreased from R111 million in financial 2009 to R62 million in financial 2010 mainly due to lower interest rates.

FINANCE EXPENSE

Finance expense increased from R238 million in financial 2009 to R250 million in financial 2010.

The finance expense of R250 million in financial 2010 comprised R22 million interest payable on the preference shares, R23 million relating to the accretion of the environmental rehabilitation liability and R239 million on various Group borrowings, partially offset by interest capitalised of R34 million.

The finance expense of R238 million in financial 2009 comprised R22 million interest charges on the preference shares, R19 million relating to the accretion of the environmental rehabilitation liability and R237 million in respect of other interest charges, partially offset by interest capitalised of R40 million.

Below is an analysis of the components making up other interest, stated on a comparative basis:

	Financial 2010 R million	Financial 2009 R million
Interest on Commercial Paper	**98**	77
Interest on borrowings to fund capital expenditure and operating costs at the South African operations	**19**	69
Interest on US$1 billion notes issue	**77**	-
Forward cover costs on the foreign exchange contract taken out on the revolving credit facility	**-**	41
Interest on project finance loan – Gold Fields La Cima	**8**	21
Interest on non-revolving senior secured term loan - Gold Fields La Cima	**25**	-
Interest on revolving credit facility	**5**	26
Other interest charges	**7**	3
	239	237

During financial 2010, R34 million (financial 2009: R40 million) of interest was capitalised in terms of IAS 21 Borrowing Cost. IAS 21 requires capitalisation of borrowing costs whenever general borrowings are used to finance qualifying projects. The qualifying project during financial 2009 and 2010 was South Deep.

Interest payable on the preference shares and environmental rehabilitation interest were flat year-on-year at R22 million and R23 million respectively.

Management's discussion and analysis of the financial statements (continued)

REALISED GAIN ON FINANCIAL INSTRUMENTS

Currency forward contracts

During financial 2010, the Group had two different currency forward contracts, being a South African rand/US dollar forward cover contract with an initial value of US$4 million, of which US$2 million was outstanding at the end of the financial period.

The second instrument was a South African rand/Australian dollar forward cover contract with an initial value of A$9.3 million which was delivered into during the period.

During financial 2009, the Group had three different currency forward contracts. They were:

Western Areas US dollar/rand forward purchases – As a result of the draw-down under the bridge loan facility to settle the close-out of the gold derivative structure, US dollar/rand forward cover was purchased during the March 2007 quarter for the amount of US$551 million for settlement on 6 August 2007, at an average forward rate of R7.3279/US$. Subsequent to this date, the cover was extended for periods of between one and three months throughout financial years ended 30 June 2008, 2009 and 2010. The forward cover was also reduced with the partial repayments of US$61 million, US$172 million and US$44 million against the loan on 6 December 2007, 31 December 2007 and 15 June 2009 respectively.

The balance of US$274 million forward cover was extended to 15 July 2009, 17 August 2009 and 17 September 2009 at average forward rates of R8.0893/US$, R8.3839/US$ and R8.0387/US$ respectively.

On 17 September 2009 the forward cover of US$274 million was settled. The realised foreign exchange loss on the settlement was exactly offset by R34 million cumulative positive gains on the forward cover purchased at an original rate of R7.3279.

For accounting purposes, this forward cover was designated as a hedging instrument, resulting in the gains and losses on the forward cover being accounted for under gain/(loss) on foreign exchange along with gains and losses on the underlying loan that was hedged. The forward cover points were accounted for as part of interest.

South Africa – During financial 2009, forward cover contracts were taken out to cover commitments of the operations in various currencies:

- A South African rand/US dollar forward contract with a value of US$11 million at the beginning of the period was delivered into during financial 2009; and
- A US dollar/South African rand forward contract with a value of US$2 million at the beginning of the period was delivered into during financial 2009.

International Petroleum Exchange gasoil call option

The Ghanaian operations purchased four monthly Asian-style Intercontinental Exchange ("ICE") gasoil call options with strike prices ranging from US$0.90 per litre to US$1.11 per litre, which equated to a Brent crude price of between US$92 and US$142 per barrel, with final expiry on 28 February 2010. The call options resulted in an upfront premium of US$10.4 million.

The Australasian operations purchased two monthly Asian-style Singapore 0.5 gasoil call options with strike prices ranging from US$0.9128 per litre to US$1.0950 per litre with a final expiry on 28 February 2010. The call options resulted in an upfront premium of A$4.4 million.

Copper financial instruments

During June 2009, 8,705 tonnes of Cerro Corona's expected copper production in financial year ended 30 June 2010 was sold forward for monthly deliveries, from 24 June 2009 to 23 June 2010. The average forward price for the monthly deliveries was US$5,001 per tonne. An additional 8,705 tonnes of Cerro Corona's expected copper production in financial year ended 30 June 2010 was hedged by means of a zero cost collar, guaranteeing a minimum price of US$4,600 per tonne with full participation up to a maximum price of US$5,400 per tonne.

During financial 2009, 4,415 forward tonnes and 4,415 tonnes under the zero cost collar were delivered into on the respective required dates. As at 31 December 2009, 4,290 tonnes sold forward and 4,290 tonnes under the zero cost collar were outstanding. The remaining contracts were delivered into before June 2010.

The R191 million loss in financial 2009 relates to losses made on the forward and zero cost collar financial instruments at Cerro Corona.

The financial instruments discussed below decreased from a gain of R216 million in financial 2009 to a gain of R7 million in financial 2010. The breakdown of these numbers is given below:

	Financial 2010 R million	Financial 2009 R million
South African rand/US dollar forward contract	**(3)**	7
Positive marked to market valuation of an exploration junior warrants	**10**	-
International Petroleum Exchange gasoil call option	**-**	(2)
Gain on receipt of four million top-up shares in Eldorado Gold Corporation	**-**	402
Copper financial instruments	**-**	(191)
	7	216

The R10 million in financial 2010 relates to a positive marked to market valuation of warrants in Atacama Pacific Gold Corporation, an exploration junior with a portfolio of exploration projects in Chile.

The R402 million in financial 2009 arose as a result of Gold Fields receiving an additional 4,057,762 Eldorado shares valued at R402 million as a result of the Group exercising its top-up right in Eldorado Gold Corporation due to the completion of an agreement between Eldorado and Sino Gold, whereby Eldorado acquired all of the outstanding issued shares of Sino Gold.

LOSS ON FOREIGN EXCHANGE

The loss on foreign exchange in financial 2010 was R10 million compared with a R55 million in financial 2009:

	Financial 2010 R million	Financial 2009 R million
Exchange losses on cash balances held in currencies other than the functional currencies of the Group's various subsidiary companies	**(10)**	(6)
Loss on repayment of Australian dollar-denominated intercompany loans	**-**	(49)
	(10)	(55)

The R49 million loss in financial 2009 relates to losses made on the repayment of an intercompany Australian dollar-denominated loan between Gold Fields Orogen Holdings and St Ives.

Management's discussion and analysis of the financial statements (continued)

OTHER COSTS

Other operating costs of R12 million in financial 2009 compared with R104 million in financial 2010.

The charge in financial 2010 is mainly made up of:

- Social contributions and sponsorships;
- New loan facility charges;
- Research and development costs;
- Legal fees paid as a result of a dispute with a mining contractor in Ghana; and
- Write-off of costs incurred on the Abosso Deeps feasibility study at Damang.

The charge in financial 2009 is mainly made up of:

- Social contributions and sponsorships;
- New loan facility charges; and
- Research and development costs into mechanised mining.

SHARE-BASED PAYMENTS

Gold Fields recognises the cost of share options granted (share-based payments) in terms of International Financial Reporting Standard (IFRS) 2.

Gold Fields has adopted appropriate valuation models (Black-Scholes and Monte Carlo simulation) to fair value share-based payments. The value of the share options is determined at the grant date of the options and expensed on a straight-line basis over the three-year vesting period, adjusted for forfeitures as appropriate.

Based on these models, R193 million was accounted for in financial 2010 compared with R241 million in financial 2009. The corresponding entry for the above adjustments was share-based payment reserve within shareholders' equity.

The reason for the decrease in share-based payments was mainly a forfeiture adjustment done in financial 2010 following the restructuring across the Group. No forfeiture adjustment was done in financial 2009 as the adjustment is only made at year end which was 30 June 2010.

GREENFIELDS EXPLORATION EXPENSE

Gold Fields spent R347 million (US$49 million) on exploration in financial 2010 compared with R301 million (US$39 million) in financial 2009. The bulk of the expenditure was incurred on a diversified pipeline of projects in Asia, Africa, Australia, China and North, South and Central America.

The increase in financial 2010 was due to increased spending on advanced stage exploration projects. During financial 2010, the following amounts were spent on advanced stage exploration projects: FSE in Philippines (US$6 million), Chucapaca in Peru (US$9 million) and Yanfolila in Mali (US$7 million).

Subject to continued exploration success, greenfields expenditure is expected to be US$100 million in financial 2011.

FEASIBILITY AND EVALUATION COSTS

Feasibility and evaluation costs of R66 million (US$9 million) were incurred during financial 2010 compared to Rnil million in financial 2009.

The charge in financial 2010 is made up of R43 million (US$6 million) incurred at the Chucupaca project in Peru and R23 million (US$3 million) at the Far South East project in the Philippines.

No feasibility and evaluation costs were incurred at these two projects in financial 2009 due to work programmes only beginning in financial 2010.

SHARE OF RESULTS OF ASSOCIATES AFTER TAXATION

Gold Fields equity accounts for two associates: Rand Refinery Limited and Rusoro Mining Limited.

The Group's 34.9% share of after-tax profits in Rand Refinery Limited was R42 million in financial 2009 compared with R22 million in financial 2010. The decrease in financial 2010 was due to higher Kruger Rand sales and an arc furnace clean-up in financial 2009 which resulted in higher profits.

The Group's 26.4% share of after-tax losses in Rusoro Mining Limited was R14 million in financial 2009 compared with R229 million in financial 2010. The share of Rusoro's financial 2010 loss takes into account R274 million translation loss as a result of applying hyperinflationary accounting to its investments in Venezuela, as well as an adjustment of R45 million to bring the investment to nil following a loss realised for the period which was higher than the investment carrying value. The Group does not have a legal or constructive obligation to participate in additional losses once the investment has been reduced to nil.

SHARE-BASED PAYMENTS ON BEE TRANSACTION

The South African Mining Charter requires mining entities to achieve a 26% HDSA ownership of mining assets by the year 2014.

In fiscal year ended 30 June 2004, Gold Fields implemented a 15% Black Economic Empowerment, or BEE, transaction for GFIMSA with Mvelaphanda, a BEE partner.

During the six months ended 31 December 2010, Gold Fields developed three further empowerment transactions which ensured that Gold Fields meets its 2014 BEE equity ownership targets. These transactions included an Employee Share Option Plan, or ESOP, for 10.75% of GFIMSA; a broad-based BEE transaction for 10.0% of South Deep; and a broad-based BEE transaction for a further 1% of GFIMSA, excluding South Deep. For accounting purposes, the three transactions qualify as share-based payments amounting to R2,125 million.

Under the ESOP transaction, 13.5 million shares were issued to approximately 47,000 Gold Fields employees. These shares were valued on the grant date using the Gold Fields closing share price of R122.79 on 22 December 2010, adjusted by a marketability discount of 26% to reflect the value of the restrictions placed on these shares. The employees may not dispose of the shares until after 15 years from grant date. The cost of the once-off share-based compensation was R1,227 million.

Under the GFIMSA transaction, 0.6 million shares were issued to broad-based BEE partners on 23 December 2010. The non-recurring share-based compensation, based on the closing price of R118.51, was R73 million. These shares were not adjusted by a marketability discount as they had no trading restrictions.

The South Deep transaction share-based payment amounted to R825 million and is made up of a preferred BEE dividend (R151 million) and an equity component (R674 million). Under the South Deep transaction, a wholly-owned subsidiary company of Gold Fields was created to acquire 100% of the South Deep net assets from GFIMSA. GFIMSA is a wholly-owned subsidiary of Gold Fields. The new company then issued 10 million Class B ordinary shares representing 10.0% of South Deep's net worth to a consortium of BEE partners. Class B ordinary shareholders are entitled to a dividend of R2 per share and can convert the Class B to Class A ordinary shares over a twenty year period from the effective date of the transaction, 6 December 2010. The Class B ordinary shares will convert one-third after ten years and a third thereafter on each fifth year anniversary. For accounting purposes, the preferred BEE dividend represents a liability of Gold Fields to the Class B ordinary shareholders and qualifies as a share-based payment. It has been valued at R151 million. The Rand based effective interest rate used to discount the future dividend payments is 9.55%.

The calculation of the disposal of 10% of South Deep was based on the cash flows over the life of the mine and was subject to valuation adjustments relating to minority discount (22%), liquidity discount (36%) and B share restriction discount (63%) which resulted in an overall once-off share-based payment expense of R674 million.

All but the dividend share-based compensation have been included within additional paid-in capital within shareholders' equity. The dividend liability component of the share-based compensation has been shown as other long-term provisions.

RESTRUCTURING COSTS

Restructuring costs increased from R3 million in financial 2009 to R321 million in financial 2010. The costs in financial 2010 include R214 million on voluntary separation packages, R88 million on business process re-engineering costs and other restructuring costs of R19 million.

The costs in financial 2009 relate to voluntary separation packages at the South African operations.

IMPAIRMENT OF INVESTMENTS

Impairment of investments was R60 million in financial 2009 compared to Rnil million in financial 2010.

The impairment charge in financial 2009 of R60 million related to a write-down of R60 million of sundry offshore listed exploration equity investments.

The Group assesses, at each reporting date, whether there are indicators of impairment for any of its assets.

If there are any indicators of impairment, the assets' recoverable amount needs to be estimated. The carrying value is compared with the higher of "value-in-use" or "fair value less costs to sell" as defined later in the accounting policies.

Various internal and external sources of information were considered and management has concluded that no indicators of impairment of assets existed at 30 December 2010.

Unlike assets, goodwill needs to be tested for impairment annually.

The following estimates and assumptions were used by management in reviewing the long-term assets and associated goodwill for impairment:

- A gold price of R290,000 per kilogram;
- Discount rate of 4.1% – 6.8%;
- The extraction of proved and probable reserves as per the most recent life-of-mine plan; and
- Operating costs and capital expenditure estimates as per the most recent life-of-mine plan.

At 31 December 2010, the application of the above estimates and assumptions did not result in an impairment charge to the Group's mining assets. No impairment testing was performed at 31 December 2009 as there were no impairment indicators at the time and the impairment tests were performed in June 2010, being practice of the Group to perform impairment testing at the end of the financial year unless impairment indicators are present. Following on the change in year end, the Group now performs the impairment tests at 31 December.

(LOSS)/PROFIT ON DISPOSAL OF INVESTMENTS

The loss on the sale of investments in financial 2010 amounted to R3 million compared with a profit of R759 million in financial 2009.

The loss on disposal of investments in financial 2010 comprises:

	Financial 2010 R million
Loss on sale of shares held by New Africa Mining Fund	**(4)**
Profit - other	**1**
	(3)

The profit on disposal of investments in financial 2009 comprises:

	Financial 2009 R million
Gain on exchange of 58 million Sino Gold shares for 28 million shares in Eldorado Gold Corporation	447
Gain on sale of 28 million Eldorado Gold Corporation shares acquired through the Sino Gold Inc. share exchange	282
Gain from sale of Troy Resources shares	30
	759

The gain of R447 million relates to a profit made on the exchange of 57,968,029 Sino Gold shares for 27,824,654 Eldorado Gold Corporation shares.

The R282 million profit relates to a gain realised on the sale of 27,824,654 Eldorado Gold Corporation shares following the abovementioned exchange.

PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Profit on disposal of property, plant and equipment increased from R1 million in financial 2009 to R5 million in financial 2010.

The major disposals in financial 2010 related to the sale of assets at South Deep, Kloof, Agnew and Cerro Corona, whereas in financial 2009, they related to the sale of assets at Driefontein, Beatrix and Cerro Corona.

ROYALTIES

Royalties increased from R205 million in financial 2009 to R309 million in financial 2010 in line with the increase in revenues and are made-up as follows:

	Financial 2010 R million	Financial 2009 R million
South Africa	**100**	-
Ghana	**85**	105
Peru	**52**	44
Australia	**72**	56
	309	205

The royalty in South Africa in financial 2010 of R100 million compares with Rnil million in financial 2009. The Mineral and Petroleum Resource Royalty Act, 2008 came into operation on 1 March 2010. Therefore, there was no charge in financial 2009.

The royalty in Ghana decreased from R105 million in financial 2009 to R85 million in financial 2010 due to a once-off credit adjustment.

The royalties in Peru and Australia increased in line with the increase in production.

MINING AND INCOME TAX

The table below indicates Gold Fields' effective tax expense rate in financial 2010 and financial 2009:

	Financial 2010 R million	Financial 2009 R million
Income and mining tax	**1,192**	1,265
Effective tax expense rate	**76.7%**	31.8%

In financial 2010, the effective tax expense rate of 77% was higher than the maximum South African mining statutory tax rate of 43% mainly due to the tax effect of the following:

- R531 million adjustment to reflect the actual realised company tax rates in South Africa and offshore;
- R75 million reduction relating to the South African mining tax formula rate adjustment; and
- R377 million deferred tax release on reduction of the long-term expected tax rate at the South African mining operations.

The above were offset by the following tax-effected charges:

- R1,174 million non-deductible charges comprising share-based payments (R996 million) and exploration expense (R178 million);
- R94 million of net non-deductible expenditure and non-taxable income;
- R89 million non-deductible results of associates after taxation; and
- R90 million National Stabilisation Levy in Ghana.

In financial 2009, the effective tax expense rate of 32% was lower than the maximum South African mining statutory tax rate of 43% mainly due to the tax effect of the following:

- R475 million adjustment to reflect the actual realised company tax rates in South Africa and offshore;
- R117 million reduction relating to the South African mining tax formula adjustment; and
- R210 million non-taxable profit on sale of investments.

The above were offset by the following tax-effected charges:

- R233 million non-deductable charges comprising share-based payments (R104 million) and exploration expense (R129 million);
- R89 million of net non-deductable expenditure and non-taxable income; and
- R30 million of capital gains tax.

(LOSS)/PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY

As a result of the factors discussed above, Gold Fields posted a loss attributable to ordinary shareholders of the company of R76 million in financial 2010 compared with a profit of R2,416 million in financial 2009.

PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTEREST

Profits attributable to non-controlling interest were R439 million in financial 2010 compared with R291 million in financial 2009. Profits attributable to non-controlling interest increased as a result of the increase in profits at Tarkwa, Damang and Cerro Corona. The non-controlling interest consists of Gold Fields Ghana (Tarkwa) and Abosso Goldfields (Damang) at 28.9%, Gold Fields La Cima (Cerro Corona) at 19.3%, Living Gold (Pty) Limited at 35.0% and Canteras del Hallazgo (entity that houses the Chucupaca project in Peru) at 49.0%.

The amount making up the non-controlling interest is shown below:

	Minority interest	Financial 2010 R million	Financial 2009 R million
Gold Fields Ghana Limited – Tarkwa	**28.9%**	**280**	203
Abosso Goldfields – Damang	**28.9%**	**81**	41
Gold Fields La Cima – Cerro Corona	**19.3%**	**129**	48
Living Gold (Pty) Limited	**35.0%**	**(2)**	(1)
Canteras del Hallazgo	**49.0%**	**(49)**	-
		439	291

LIQUIDITY AND CAPITAL RESOURCES

Cash resources

Cash flows from operating activities

Cash inflows from operating activities increased from R3,368 million in financial 2009 to R6,140 million in financial 2010. The increase of R2,772 million was due to:

	R million
Increase in cash generated from operations due to increased revenues arising from higher gold prices and increased gold sales	**1,554**
Swing in working capital from an investment in to a release from working capital arising mainly from trade receivables	**1,505**
Increase in royalties paid	**(166)**
Increase in taxes paid	**(121)**
	2,772

Management's discussion and analysis of the financial statements (continued)

Dividends paid

Dividends paid increased from R564 million in financial 2009 to R643 million in financial 2010.

The dividends paid in financial 2010 comprised dividends paid to ordinary shareholders of R494 million and non-controlling interest holders in Ghana and Peru of R149 million.

The dividends paid in financial 2009 comprised R564 million paid to ordinary shareholders.

Cash flows from investing activities

Cash outflows from investing activities increased from R3,790 million in financial 2009 to R5,149 million in financial 2010. The items comprising these numbers are discussed below.

Additions to property, plant and equipment

Capital expenditure increased from R3,714 million in financial 2009 to R4,640 million in financial 2010.

Capital expenditure at the South African operations increased from R2,187 million in financial 2009 to R2,574 million in financial 2010. The increase in capital expenditure of R387 million was due to:

- KDC increasing from R1,070 million to R1,266 million mainly due to increased expenditure on ORD and accelerated expenditure on an additional processing facility, partly offset by reduced spending on the uranium project;
- Beatrix was similar at R305 million; and
- South Deep increasing from R811 million to R1,003 million. This increase was due to expenditure on development, the ventilation shaft deepening, the new tailings facility and infrastructure as per the project plan build-up.

Capital expenditure at the West African operations increased from US$79 million in financial 2009 to US$173 million in financial 2010:

- Tarkwa increased from US$69 million to US$117 million mainly due to increased expenditure on pre-stripping and the new primary and ancillary fleet. The six months to December in 2010 also included expenditure on a tailings storage facility; and
- Damang increased from US$10 million to US$56 million. This included expenditure on the owner mining project of US$42 million and additional on-mine exploration.

Capital expenditure at Cerro Corona in Peru decreased from US$47 million in financial 2009 to US$31 million in financial 2010:

- This was mainly due to the construction of the second phase of the tailings management facility during financial 2009 which was completed in the June 2010 quarter.

Capital expenditure at the Australasian operations increased from A$82 million in financial 2009 to A$86 million in financial 2010:

- St Ives increased from A$55 million to A$59 million due to accelerated capital development at Athena underground mine; and
- Agnew was similar at A$27 million, with the majority of this expenditure on exploration and development.

Proceeds on the disposal of property, plant and equipment

Proceeds on the disposal of property, plant and equipment increased from R6 million in financial 2009 to R38 million in financial 2010. In both periods, this related to the disposal of various redundant assets at the South African and international mining operations.

Payment for FSE

During financial 2010, Gold Fields paid R69 million (US$10 million) in option fees to Lepanto Consolidated Mining Company and R302 million (US$44 million) as a non-refundable down payment to Liberty Express Assets in accordance with the agreement concluded in financial 2010 whereby the Group has the option to acquire 60% of FSE, resulting in a total cost of R371 million (US$54 million).

Royalty termination

On 27 August 2009, Gold Fields reached an agreement with Morgan Stanley Bank to terminate, for A$308 million (R1,999 million), the royalty agreement between St Ives Gold Mining Company (Pty) Limited and Morgan Stanley Bank's subsidiaries.

The terminated royalty agreement required St Ives to pay a 4% net smelter volume royalty on all of its revenues once total gold produced from 30 November 2001 exceeded 3.3 million ounces which was triggered early in financial 2009, and provided that if the gold price exceeded A$600 per ounce, to pay an additional 10% of the revenue difference between the spot gold price, in Australian dollars per ounce, and the price of A$600 per ounce.

Purchase of Glencar asset

During financial 2009, Gold Fields acquired, for cash, 100% of Glencar Mining Plc., a company whose principal asset, and only defined resource, is its Komana project in Southern Mali, West Africa. The cash consideration paid was R340 million (US$43 million).

Purchase of investments

Investment purchases increased from R46 million in financial 2009 to R66 million in financial 2010.

The purchase of investments in financial 2010 comprised:

	Financial 2010 R million
Purchase of a shareholding in Atacama Pacific Gold Corporation	**31**
Loans advanced to GBF Underground Mining Company	**31**
Other	**4**
	66

The purchase of investments in financial 2009 comprised:

	Financial 2009 R million
Loans advanced to GBF Underground Mining Company	46
	46

Management's discussion and analysis of the financial statements (continued)

Proceeds on the disposal of investments

Proceeds on the disposal of investments decreased from R2,319 million in financial 2009 to R3 million in financial 2010.

The proceeds on disposal of investments in financial 2010 comprised:

	Financial 2010 R million
Sale of shares in:	
South African Coal Mining Holdings held through New Africa Mining Fund	**2**
Other	**1**
	3

The proceeds on the disposal of investment in financial 2009 comprised:

	Financial 2009 R million
Sale of shares in:	
Eldorado Gold Corporation	2,266
Troy Resources NL	53
	2,319

The proceeds of R2,266 million relate to the disposal of 27,824,654 shares in Eldorado Gold Corporation.

Environmental trust funds and rehabilitation payments and post-retirement health care payments

The environmental and post-retirement health care payments increased from R16 million in financial 2009 to R114 million in financial 2010.

During financial 2010, Gold Fields paid R95 million into its South African environmental trust funds and spent R15 million on ongoing rehabilitation, as well as paid post-retirement health care payments of R4 million, resulting in a total cash outflow of R114 million for the period.

During financial 2009, Gold Fields spent R14 million on ongoing rehabilitation and paid R2 million in post-retirement health care payments, resulting in a total cash outflow of R16 million for the year. 31 December 2009 did not constitute a financial year end, therefore no payments were made into the South African environmental trust funds.

Cash flows from financing activities

Net cash generated by financing activities increased from R13 million in financial 2009 to R1,547 million in financial 2010. The items comprising these amounts are discussed below.

Loans raised

Loans raised increased from R7,169 million in financial 2009 to R10,789 million in financial 2010.

The R10,789 loans raised in financial 2010 comprised:

	Financial 2010 R million
Notes issued under the US$1 billion notes issue	**6,776**
Notes issued as Commercial Paper loans to refinance existing facilities	**1,825**
US$70 million raised under the split-tenor revolving credit facility	**492**
US$200 million raised under the senior secured loan facility for purposes of refinancing the project finance facility	**1,406**
Borrowings by GFIMSA from various local banks to fund short-term working capital requirements and capital expenditure	**290**
	10,789

The R7,169 million loans raised in financial 2009 comprised:

	Financial 2009 R million
Borrowings by GFIMSA from various local banks to fund short-term working capital requirements and capital expenditure	750
Notes issued as Commercial Paper loans to refinance existing facilities	3,230
US$221 million was raised under the split-tenor revolving credit facility to refinance more expensive debt under the US$311 million syndicated revolving loan facility	1,642
US$200 million was raised under the US$311 million syndicated revolving loan facility to partially fund the St Ives Royalty and the acquisition of Glencar Mining	1,547
	7,169

Management's discussion and analysis of the financial statements (continued)

Loans repaid

Loans repaid increased from R7,195 million in financial 2009 to R9,323 million in financial 2010.

The R9,323 loans repaid in financial 2010 comprised:

	Financial 2010 R million
Commercial Paper loans	**4,692**
Group committed and uncommitted facilities	**290**
Split-tenor revolving credit facility – US$500 million	**3,435**
Project finance facility at Cerro Corona – US$100 million	**705**
Senior secured loan facility - US$10 million	**68**
Interest on Preference shares	**133**
	9,323

The R7,195 loans repaid in financial 2009 comprised:

	Financial 2009 R million
Commercial Paper loans	1,713
Group committed and uncommitted facilities	950
Split-tenor revolving credit facility – US$271 million	2,008
Syndicated revolving loan facility – US$272 million	2,019
Project finance facility at Cerro Corona – US$50 million	383
Short-term facility - US$16 million	122
	7,195

Loans received from non-controlling interest holders

Non-controlling interest holders' loans received were R63 million in financial 2010 compared with Rnil million in financial 2009. The R63 million received in financial 2010 related to cash advanced by Buenaventura in accordance with their obligations of US$9 million under the Chucapaca agreement.

Loans repaid to non-controlling interest holders

Non-controlling interest holders' loans repaid were R21 million in financial 2010 compared with Rnil million in financial 2009. The R21 million repaid in financial 2010 related to loan repayments of US$3 million by Tarkwa to IAMGold.

Shares issued

Shares issued remained flat at R38 million in financial 2009 and financial 2010.

The R38 million in financial 2010 related to R31 million proceeds received from shares issued in terms of the Group's employee share scheme and R7 million received from the shares issued under the BEE transactions.

The R38 million in financial 2009 related to proceeds received from shares issued in terms of the Group's employee share scheme.

Net cash generated/(utilised)

As a result of the above, net cash generated in financial 2010 amounted to R1,895 million compared with net cash utilised of R973 million in financial 2009, a net movement of R2,868 million.

Total Group cash and cash equivalents amounted to R5,464 million at 31 December 2010, as compared with R1,828 million at the end of financial 2009.

STATEMENT OF FINANCIAL POSITION

Borrowings

Total debt (short- and long-term) increased from R8,487 million at 30 June 2010 to R9,438 million at 31 December 2010. Net debt (total debt less cash and cash equivalents) decreased from R4,697 million at 30 June 2010 to R3,974 million at 31 December 2010. This decrease is in line with management's intention of decreasing the net debt position in both the short- and long-term. During financial 2010, the debt maturity profile was further extended by the conclusion of the ten year US$1 billion Notes issue.

Long-term provisions

Long-term provisions at the end of 31 December 2010 were R2,422 million as compared with R2,318 million at 30 June 2010 and included a provision for post-retirement health care costs of R18 million (June 2010: R22 million), a provision for environmental rehabilitation costs of R2,271 million (June 2010: R2,296 million) and other long-term provisions of R133 million (June 2010: Rnil million).

Provision for post-retirement health care costs

The Group medical scheme, Medisense, provides benefits to employees and certain of its former employees. The Group remains liable for 50% of these retired employees' medical contributions to the medical scheme after retirement. This is applicable to employees of the Free State operations who retired on or before 31 August 1997 and members of the West Wits operations who retired on or before 1 January 1999. The provision decreased from R22 million to R18 million as a result of a buy-out of 22 members.

Provision for environmental rehabilitation costs

The amount provided for environmental rehabilitation costs decreased from R2,296 million at 30 June 2010 to R2,271 million at 31 December 2010. This provision represents the present value of closure, rehabilitation and other environmental obligations incurred up to 31 December 2010. This provision is updated annually to take account of inflation, the time value of money and any new environmental obligations incurred.

The inflation and range of discount rates applied in financial 2010 and year ended 30 June 2010 for each region are shown in the table below:

	South Africa	Ghana	Australia	Peru
Inflation rates				
Year ended 30 June 2010	7.0%	2.0%	2.5%	2.0%
Six months ended 31 December 2010	**3.6 – 5.9%**	**5.0%**	**3.0%**	**2.0%**
Discount rates				
Year ended 30 June 2010	7.0 – 8.3%	6.1 – 6.4%	5.7 – 5.9%	5.2%
Six months ended 31 December 2010	**5.5 – 7.9%**	**7.5%**	**6.2%**	**5.3%**

The inflation adjustment in financial 2010 was R57 million compared with R122 million in financial year ended 30 June 2010 and the interest adjustment in financial 2010 was R23 million compared with R38 million for the financial year ended 30 June 2010. A detailed reconciliation is provided in note 25.2 of the annual financial statements.

Adjustments for new disturbances and changes in environmental legislation during financial 2010 and financial year ended 30 June 2010, after applying the above inflation and discount rates were:

	Financial 2010 R million	Financial 2009 R million
South Africa	**(143)**	(19)
Ghana	**65**	(33)
Australia	**28**	29
Peru	**(3)**	(50)
Total	**(53)**	(73)

The South African operations contribute to dedicated environmental trust funds to provide financing for final closure and rehabilitation costs. The amount invested in the fund is shown as a non-current asset in the financial statements and increased from R1,013 million at 30 June 2010 to R1,138 million in financial 2010. The increase consists of contributions of R95 million and interest income of R30 million. The South African operations are required to contribute annually to the trust fund over the remaining lives of the mines, to ensure that sufficient funds are available to discharge commitments for future rehabilitation costs.

Other long-term provisions

Other long-term provisions were R133 million at 31 December 2010 compared to Rnil million at 30 June 2010. Under the South Deep transaction, a wholly owned subsidiary company of Gold Fields was created to acquire 100% of the South Deep net assets from GFIMSA. GFIMSA is a wholly-owned subsidiary of Gold Fields. The new company then issued 10 million Class B ordinary shares representing 10.0% of South Deep's net worth to a consortium of BEE partners. Class B ordinary shareholders are entitled to a dividend of R2 per share and can convert the Class B to Class A ordinary shares over a twenty year period from the effective date of the transaction, 6 December 2010. The Class B ordinary shares will convert one-third after ten years and a third thereafter on each fifth year anniversary. For accounting purposes, the dividend represents a liability of Gold Fields to the Class B ordinary shareholders and qualifies as a share-based compensation. It has been valued at R151 million, of which R18 million has been classified as a short-term portion under accounts payable and R133 million as long-term under long-term provisions. The Rand based effective interest rate used to discount the future dividend payments is 9.55%.

INFORMATION COMMUNICATION AND TECHNOLOGY (ICT)

ICT at Gold Fields has made great strides in supporting the Gold Fields Group in achieving its business strategy. The purpose of ICT at Gold Fields is to ensure the effective and efficient management of ICT resources to facilitate the achievement of Gold Fields objectives.

During the course of the year, the goals of ICT at Gold Fields were clearly articulated in the ICT Charter as follows:

- Ensure high availability and recoverability of all critical systems and information;
- Ensure continuous alignment of the ICT strategy to the Gold Fields business strategy;
- Ensure compliance with internal policies, selected industry standards, external laws and regulations;
- Maintain high performance of all business systems through service level adherence;
- Ensure that ICT resources are adequately secured;
- Monitor and evaluate ICT investment and expenditure;
- Manage ICT risks; and
- Innovate.

ICT service delivery is being standardised and over the course of the period, numerous strategic initiatives have been concluded. These include the transition of infrastructure services into a more robust and suitable contract, the standardisation of the Mineral Resource Management Processes at South Deep Gold Mine to improve the way data will be stored to ensure integrity, enable sufficient retrieval to support the business and comply with South African legislation requirements.

The reliance of many companies on successful ICT delivery has caused the King III Code of Corporate Governance to re-evaluate the role and governance of ICT. This has ensured that ICT governance is an important component of the overall management of ICT at Gold Fields. The governance structure adopted is based on the King III Code of Corporate Governance and is responsible for ICT delivering on its goals. This structure sees the regional ICT leaders reporting into the ICT management committee (Manco) monthly. The ICT Manco reports to the Chief Financial Officer quarterly and to the Executive Committee and Audit Committee annually.

The key programmes within ICT remain focused on the following themes:

- Safety;
- Information management and communications;
- Productivity;
- Cost management; and
- ICT operational and excellence delivery.

In order to deliver the key ICT strategic focus areas, the ICT operating model is being continuously reviewed for improvement. At this stage the ICT operating model is being reorganised to better align with the Gold Fields business. This model will see ICT at Gold Fields being organised according to the following areas:

- Commercial;
- Mining and MRM;
- Engineering and metallurgy;
- Environmental, health, safety, risk and medical;
- ICT infrastructure;
- Projects and vendor office; and
- Enterprise reporting.

The Gold Fields ICT operating model enables ICT to focus on business imperatives and business support, while the non-core services are outsourced i.e. infrastructure and applications support. This model allows the ICT team to engage with the business, service providers and vendors to implement new projects through the projects office and transition these projects into business as usual (BAU) through a core ICT team.

The oversight by this core team has been key to ensuring that projects are delivered to Gold Fields' standards and transitioned to BAU with the proper contracts and service level agreements in place that best support the business.

SARBANES-OXLEY

Gold Fields, being a foreign private issuer under US SEC rules, needs to comply with the requirements of the Sarbanes-Oxley Act, 2002. Management's compliance programme consists of self-assessments, focused walk-throughs and operating effectiveness testing executed throughout the year, on a quarterly basis.

At the time of reporting, management has completed control design and operating effectiveness testing for the Group across all significant locations, with the exception of the processes relating to preparation of US GAAP reporting (20F).

The results to date of said compliance programme indicate a very high level of compliance and no indication of a material breakdown in controls is noted.

PA Schmidt
Financial Director
23 March 2011

Directors' report

The directors have pleasure in submitting their report and the annual financial statements of Gold Fields Limited ("Gold Fields or the company") and its subsidiaries (together referred to as "the Group") for the six-month period ended 31 December 2010.

PROFILE

Business of the company

Gold Fields is one of the world's largest unhedged producers of gold with steady state production of approximately 3.6 million attributable ounces per annum from eight operating mines in South Africa, Peru, Ghana and Australia. Gold Fields also has an extensive growth pipeline with both greenfields and near-mine exploration projects at various stages of development. The company has total attributable gold equivalent Mineral Reserves of approximately 77 million ounces and Mineral Resources of 225 million ounces. Gold Fields is listed on the JSE Limited (primary listing), New York Stock Exchange (NYSE), NASDAQ Dubai Limited (NASDAQ Dubai), NYSE Euronext in Brussels (NYX) and the SIX Swiss Exchange (SWX).

REVIEW OF OPERATIONS

The activities of the various Gold Fields operations are detailed on pages 92 to 109 of this report.

FINANCIAL RESULTS

The information on the financial position of the Group for the period ended 31 December 2010 is set out in the financial statements on pages 194 to 315 of this annual report. The income statement for the Group shows a loss attributable to Gold Fields Limited shareholders of R76 million (US$11 million) for the six-month period ended 31 December 2010 compared with a profit of R3,631 million (US$479 million) for the financial year ended 30 June 2010.

COMPLIANCE WITH FINANCIAL REPORTING STANDARDS

The company and the consolidated Group annual financial statements comply with International Financial Reporting Standards, the AC500 series as published by the Accounting Practices Board, the South African Companies Act and JSE Limited Listings Requirements (JSE Listings Requirements).

REPORTING IN UNITED STATES DOLLARS

To assist international investors, the income statement, statement of comprehensive income, statement of financial position and statement of cash flow of the Group have been translated into United States dollars.

SHARE CAPTIAL

Authorised

The authorised share capital of the company is R500,000,010 divided into 1,000,000,000 ordinary par value shares of 50 cents each and 1,000 non-convertible redeemable preference par value shares of 1 cent each.

The following are the movements in the issued and listed ordinary share capital of the company:

	Six months ended 31 December 2010		Year ended 30 June 2010	
	No of shares	Rand	No of shares	Rand
At the beginning of the period	**705,903,511**	**352,951,755.50**	704,749,849	352,374,924.50
Exercise of options by participants in the Gold Fields incentive schemes	**751,630**	**375,815.00**	1,153,662	576,831.00
Shares issued to employees under the Employee Share Ownership Plan (ESOP) - (held via the Thusano Share Trust)	**13,525,394**	**6,762,697.00**	-	-
Shares Issued under the GFIMSA empowerment transaction	**616,352**	**308,176.00**	-	-
End of period	**720,796,887**	**360,398,443.50**	705,903,511	352,951,755.50

The non-convertible redeemable preference share capital is as follows:

	Six months ended 31 December 2010		Year ended 30 June 2010	
	No of shares	Rand	No of shares	Rand
At the beginning and end of the period	**50**	**0.50**	50	0.50

In terms of the specific authority granted by shareholders at the annual general meeting held on 2 November 2007, 100 of the non-convertible redeemable preference shares were issued to FirstRand Bank on 20 December 2007. The reason for issuing the non-convertible redeemable preference shares was to provide the company with a mechanism to raise cost-effective capital equivalent to debt finance as part of a general capital management programme which, in the opinion of the directors, was deemed appropriate for the activities of the company.

On 10 October 2008, the company elected to redeem 50 (fifty) preference shares from FirstRand Bank Limited for a consideration of R623,169,470.

On 15 December 2010, Gold Fields declared and paid R133.4 million of the attributable dividend. On the same date, the redemption date of 24 January 2011 was extended to 15 September 2011. The preference shares may be redeemed earlier on a date agreed between the holder and Gold Fields.

In terms of the general authority granted by shareholders at the annual general meeting held on 2 November 2010, the authorised but unissued ordinary share capital of the company representing not more than 20% of the issued share capital of the company from time to time and preference share capital at that date, after setting aside so many ordinary shares as may be required to be allotted and issued pursuant to the share incentive schemes, was placed under the control of the directors. This authority expires at the next annual general meeting where shareholders will be asked to place under the control of the directors the authorised but unissued ordinary share capital of the company representing not more than 10% of the issued share capital of the company from time to time.

In terms of JSE Listings Requirements, shareholders may, subject to certain conditions, authorise the directors to issue the shares held under their control for cash, other than by means of a rights offer, to shareholders. In order that the directors of the company may be placed in a position to take advantage of favourable circumstances which may arise for the issue of such shares for cash, without restriction, for the benefit of the company, shareholders will be asked to consider an ordinary resolution to this effect at the forthcoming annual general meeting.

Directors' report (continued)

Repurchase of shares

The company has not exercised the general authority granted to buy back shares from its issued ordinary share capital granted at the annual general meeting held on 2 November 2010. At the next annual general meeting, shareholders will be asked to renew the general authority for the acquisition by the company, or a subsidiary of the company, of its own shares.

Listings

The abbreviated name under which the company is listed on the JSE Limited (JSE) is "GFIELDS" and the short code is GFI. The company also has a secondary listing on the following stock exchanges:

New York Stock Exchange (NYSE); NASDAQ Dubai Limited (NASDAQ Dubai); NYSE Euronext in Brussels (NYX) and the SIX Swiss Exchange (SWX).

At 31 December 2010, the company had in issue, through The Bank of New York Mellon on the New York Stock Exchange (NYSE), 269,715,981 (F2010: 283,262,351) American Depository Receipts (ADRs). Each ADR is equal to one ordinary share.

The GF Management Incentive Scheme

At the annual general meeting on 10 November 1999, shareholders approved the adoption of the GF Management Incentive Scheme (the Scheme). This scheme was introduced to provide an incentive for certain officers and employees to acquire shares in the company. No further allocations of options under this scheme are being made in view of the introduction of the Gold Fields 2005 Share Plan (see below) and the scheme will be closed once all options have been exercised or forfeited. Currently, the last date of expiry is 3 March 2014.

The salient features of the scheme are that:

- It comprises only share options
- A third of the total share option grant vests upon the second, third and fourth anniversaries of the grant date
- Share options expire no later than seven years from the grant date

The directors were authorised to issue, allot and grant options to acquire up to a maximum of 22,791,830 ordinary shares in the unissued share capital of the company in terms of the incentive scheme. At 31 December 2010, this represented 3.16% of shares in issue. The unexercised options under the scheme represented 0.14% of shares in issue as at 31 December 2010.

Further details of the scheme are disclosed in note 5 of the financial statements on pages 254 to 256.

The GF Non-executive Director Share Plan

At the annual general meeting on 31 October 2001, shareholders approved a resolution to proceed with the allocation of options to non-executive directors. As a result, each non-executive director has been allocated the options detailed on page 224.

The salient features of the scheme are as follows:

- Share options vest one year after allocation
- An annual allocation of 10,000 share options were issued to non-executive directors provided the directors in question had attended at least 75% of the Board meetings
- A director will forfeit share options 30 days after a director leaves the Board

No further allocations of options under this plan are being made in view of the introduction of the Gold Fields Limited 2005 Non-executive Share Plan (see below) and the plan will be closed once all options have been exercised or forfeited. Currently, the last date of expiry is 13 August 2011.

Further details of the scheme are disclosed in note 5 of the financial statements on pages 254 to 256.

Gold Fields Limited 2005 Share Plan

At the annual general meeting on 17 November 2005, shareholders approved the adoption of the Gold Fields Limited 2005 Share Plan to replace the GF Management Incentive Scheme approved in 1999. The Plan provides for two methods of participation, namely the Performance Allocated Share Appreciation Rights Method (SARS) and the Performance Vesting Restricted Share Method (PVRS). This plan seeks to attract, retain, motivate and reward participating employees on a basis which seeks to align the interests of such employees with those of the company's share owners.

The salient features of the Plan are:

- PVRS and SARS are offered to participants annually during March. Quarterly allocations are also made in June, September and December on a pro rata basis to qualifying new employees. PVRS are performance-related shares, granted at zero cost (the shares are granted in exchange for the rendering of service by participants to the company during the three-year restricted period prior to the share vesting period).
- All PVRS allocations made from 1 March 2006 to 1 March 2008 were conditionally awarded to participants. Based on the rules of the Plan, the actual number of PVRS which would be settled to a participant three years after the original award date is determined by the company's performance measured against the performance of five other major gold mining companies (the peer group) based on the relative change in the Gold Fields share price compared to the basket of respective US dollar share prices of the peer group. From 1 June 2008, the rules were modified so that two performance measures apply: Firstly, the target performance criterion has been set at 85% of the company's expected gold production over the three-year measurement period as set out in the business plans of the company approved by the Board. In the event that the target performance criterion is met the full initial target award shall be settled on the settlement date. Secondly, the Remuneration Committee has determined that the number of PVRS to be settled may be increased by up to 300% of the number of the initial target PVRS conditionally awarded, depending on the performance of the company relative to the performance of the peer group based on the relative change in the Gold Fields share price compared to the basket of respective US dollar share prices of the peer group. The above amendments were effected under the ambit of the existing rules as previously approved by the shareholders at the annual general meeting.
- The performance of the company that will result in the settlement of shares is to be measured by the company's share price performance relative to the share price performance of the following peer gold mining companies over the three-year period:

  - AngloGold Ashanti
  - Barrick Gold
  - Goldcorp
  - Harmony Gold
  - Newmont Mining

  The performance of the company's shares against the shares of the peer group will be measured for the three-year period running from the first business day of the month preceding the relevant allocation and award date
- SARS are share options, granted at the weighted average price over the previous 20 trading days
- SARS will vest on the third anniversary of the grant date, but may be exercised between the third and sixth anniversary of the grant date by existing Gold Fields employees

The details of the executive directors' participation in the above scheme are listed on page 222.

Further details of the scheme are disclosed in note 5 of the financial statements on pages 254 to 256.

Gold Fields Limited 2005 Non-executive Share Plan

At the annual general meeting on 17 November 2005, shareholders approved the adoption of the Gold Fields Limited 2005 Non-executive Share Plan to replace the GF Non-executive Director Share Plan approved in 2001. The 2005 Non-executive Plan provides for the award of restricted shares (shares that have been awarded but cannot be exercised during the restricted three-year period) to non-executive directors that ordinarily vest after a period of three years from the award thereof.

Directors' report (continued)

The salient features of the plan are as follows:

- Restricted shares are to be granted annually
- Shares will vest and be settled on the third anniversary of the award date

Further details of the scheme are disclosed in note 5 of the financial statements on pages 254 to 256.

Consistent with the King III Report on Corporate Governance and the JSE Listings Requirements, the Board has recommended to the shareholders that the practice of awarding of rights under the Gold Fields Limited 2005 Non-executive Share Plan be immediately discontinued. Allocations awarded before 1 April 2010 will vest according to the rules of the Plan.

The directors were authorised to issue and allot all or any of such shares required for the plan, but in aggregate with the other schemes, may not exceed 35,309,563 of the total issued ordinary shares in the capital of the company. An individual participant may not be awarded an aggregate of shares from all or any such schemes, exceeding 3,530,956 of the company's total issued ordinary share capital. The unexercised options and shares under the schemes and plans represented 14,032,789 (1.94% of the total issued ordinary share capital) of shares in issue at 31 December 2010.

Consolidated table of all equity-settled instruments under all the schemes

	Number of equity securities
Outstanding at 1 July 2010	15,669,146[1]
Movement during the year	
Granted during the year	688,185
Exercised and released	(774,538)
Forfeited	(1,465,004)
Conditions for vesting not met	(85,000)
Outstanding at 31 December 2010	**14,032,789[2]**

1 Included in this number are 81,700 options and 132,578 restricted shares available to non-executive directors under the GF Non-executive Director Share Plan and the Gold Fields Limited 2005 Non-executive Share Plan, respectively

2 Included in this number are 36,700 options and 97,222 restricted shares available to non-executive directors under the GF Non-executive Director Share Plan and the Gold Fields Limited 2005 Non-executive Share Plan, respectively.

Due to the number of prohibited periods to which the company has been subjected as a result of various transactions, the expiry dates of options under the GF Management Incentive Scheme and the GF Non-executive Director Share Plan have been extended so as to not prejudice the individuals affected.

DIRECTORATE

Composition of the Board

The Board currently consists of two executive directors and twelve non-executive directors.

The following changes in directorate occurred during the period under review:

Director	Nature of change	Date of change
Mamphela Ramphele[1]	Appointed	1 July 2010
Alan Wright[2]	Retired	2 November 2010

Mamphela Ramphele joined the Board on 1 July 2010 as an independent non-executive director and Deputy Chair of the Board. She took over as Chair of the Board from Alan Wright who retired at the end of the company's annual general meeting held on 2 November 2010. Sello Moloko was appointed independent non-executive director on 24 February 2011.

1 Appointed independent non-executive on 1 July 2010 and Chair of the Board on 2 November 2010
2 A J Wright retired at the end of the Annual General Meeting held on 2 November 2010

Rotation of directors

Directors retiring in terms of the company's articles of association are Mr MS Moloko, Mr K Ansah, Mr DN Murray, Mr CI von Christierson and Ms GM Wilson. Mr von Christierson has indicated that he will not be available for re-election. The remaining directors are eligible and offer themselves for re-election.

The Board of Directors of various subsidiaries of Gold Fields comprise some of the executive officers and one or both of the executive directors, where appropriate.

Interest of directors

For the six-month period ended 31 December 2010, the directors' beneficial and associate interest in the issued and listed share capital of the company was 0.025% (June 2010: 0.026%) in aggregate. No one director individually exceeds 1% of the issued share capital or voting control of the company.

	Beneficial				Associates Interest	
	Direct		Indirect		Direct	
Director	31 December 2010	30 June 2010	31 December 2010	30 June 2010	31 December 2010	30 June 2010
Alan Wright[2]	**74,382**	71,582	**87,635**	87,635	**5,360**	5,360
Mamphela Ramphele[1]	**-**	-	**-**	-	**-**	-
Nicholas Holland	**2,788**	-	**-**	-	**-**	-
Paul Schmidt	**-**	-	**-**	-	**-**	-
Alan Hill	**-**	-	**-**	-	**-**	-
Kofi Ansah	**-**	-	**-**	-	**-**	-
Cheryl Carolus	**-**	-	**-**	-	**-**	-
Roberto Danino	**-**	-	**-**	-	**-**	-
John Hopwood[4]	**-**	15,000	**-**	-	**-**	-
Richard Menell	**-**	-	**-**	-	**-**	-
Sello Moloko[3]	**-**	-	**-**	-	**-**	-
David Murray	**-**	-	**-**	-	**-**	-
Donald Ncube	**-**	-	**2,118**	-	**-**	-
Rupert Pennant-Rea	**5,316**	2,030	**-**	-	**-**	-
Chris von Christierson	**-**	3,000	**-**	-	**-**	-
Gayle Wilson	**-**	-	**-**	-	**-**	-
Total	**82,486**	91,612	**89,753**	87,635	**5,360**	5,360

At the date that this Directors' Report was prepared, the following directors disposed, on market, some or all of the shares, which settled after 31 December 2010 and before 18 March 2011:

- Chris van Christierson – 10,000
- Nicholas Holland – 26,726
- Paul Schmidt – 18,545
- Rupert Pennant-Rea – 7,828

At the date that this Directors' Report was prepared, the following directors acquired, off market, additional shares, which settled after 31 December 2010 and before 18 March 2011:

- Paul Schmidt – 1,000
- Rupert Pennant-Rea – 2,172

The company has not entered into any contracts of service, other than the service contract with the executive directors of the company.

1 Appointed independent non-executive on 1 July 2010 and Chair of the Board on 2 November 2010
2 A J Wright retired at the end of the Annual General Meeting held on 2 November 2010
3 M S Moloko was appointed on 24 February 2011
4 J Hopwood deceased 19 March 2010

Directors' report (continued)

Directors' equity-settled instruments

The directors held the following equity-settled instruments at 31 December 2010.

Director	Equity-settled instruments at 1 July 2010 Number	Average strike price[1] (cents)	Equity-settled instruments granted during the year Number	Average strike price (cents)	Equity-settled instruments forfeited during the year Number	Average strike price (cents)	Conditions for vesting not met Number	Average strike price (cents)	Equity-settled instruments exercised during the year Number	Average strike price (cents)	Benefit arising (R million)	Equity-settled instruments at 31 December 2010 Number	Average strike price (cents)
Mamphela Ramphele[2]	-	-	-	-	-	-	-	-	-	-	-	**-**	
Alan Wright[3]	50,800	89.00	-	-	10,000	110.03	-	-	26,900	84.79	2.60	**13,900**	**-**
Nicholas Holland	463,290	89.92	139,800	89.76	-	-	8,912	-	2,788	98.93	0.30	**591,390**	**86.09**
Paul Schmidt	100,309	101.36	48,600	89.76	-	-	1,448	-	452	98.93	0.04	**147,009**	**90.55**
Kofi Ansah	18,500	68.59	-	-	-	-	-	-	2,700	117.13	0.30	**15,800**	**68.59**
Cheryl Carolus	4,100	-	-	-	-	-	-	-	-	-	-	**4,100**	**-**
Roberto Danino	4,100	-	-	-	-	-	-	-	-	-	-	**4,100**	**-**
John Hopwood[4]	12,600	-	-	-	-	-	-	-	12,600	90.48	1.10	**-**	**-**
Richard Menell	4,100	-	-	-	-	-	-	-	-	-	-	**4,100**	**-**
David Murray	9,100	-	-	-	-	-	-	-	-	-	-	**9,100**	**-**
Donald Ncube	11,800	-	-	-	-	-	-	-	2,700	119.50	0.30	**9,100**	**-**
Rupert Pennant-Rea	38,700	84.79	-	-	5,000	110.03	-	-	4,600	107.73	0.50	**29,100**	**78.49**
Chris von Christierson	31,800	99.21	-	-	10,000	110.03	-	-	2,700	110.50	0.30	**19,100**	**88.38**
Gayle Wilson	4,100	-	-	-	-	-	-	-	-	-	-	**4,100**	**-**
Alan Hill	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**
Three most highly paid employees who are not Directors													
Vishnu Pillay[5]	108,207	109.82	47,925	89.76	-	-	6,221	-	1,946	98.93	0.20	**147,965**	**107.04**
Michael Fleischer[6]	131,130	110.26	47,925	89.76	-	-	9,547	-	2,986	98.93	0.30	**166,522**	**107.04**
Tommy McKeith[6]	190,530	115.4	47,925	89.76	-	-	50,000	-	-	-	-	**188,455**	**106.56**

1 Average strike price is based on SARS granted during the period. PVRS issued at zero-cost

2 Appointed 1 July 2010

3 Retired 2 November 2010. Unvested shares will settle to the participant after the three-year restricted period i.e. 7,600 PVRS on 12 November 2011 and 6,300 PVRS on 04 November 2012

4 Deceased 19 March 2010. Shares held by Mr Hopwood's estate

5 Resigned 31 December 2010. All unvested shares have been forfeited, 8,000 vested SARS will expire on 31 December 2011

6 Post balance sheet dealings: Messrs Fleischer and McKeith disposed of 18,492 shares each between 31 December 2010 and 18 March 2011

A register of detailed equity-settled instruments outstanding by tranche is available for inspection at the company's registered office. The equity-settled instrument terms are detailed on pages 254 to 256.

Directors' fees

In terms of the articles of association, the fees for services as non-executive directors are determined by the company at a general meeting:

	Board fees								
Director	Directors fees	Committee fees	Travel allowance	Salary	Total bonus[1]	Pension scheme total contributions	Expense allowances	July to December 2010[2]	F2010
Executive									
Nicholas Holland	-	-	-	3,234,725.87	4,779,688.07	547,200.00	441,275.00	**9,002,888.94**	**14,442,797.95**
Paul Schmidt	-	-	-	1,624,351.00	1,367,428.80	191,445.30	110,763.33	**3,293,988.43**	**2,413,782.33**
Three most highly paid employees who are not Directors									
Michael Fleischer	-	-	-	1,985,445.96	2,572,850.28	322,240.02	-	**4,880,536.26**	**6,898,626.65**
Vishnu Pillay[5]	-	-	-	2,484,546.28	1,556,467.00	422,778.48	92,545.00	**4,556,336.76**	**6,624,615.75**
Tommy McKeith	-	-	-	1,964,153.48	1,242,922.50	83,645.19	-	**3,290,721.17**	**5,985,266.62**
Non-executive									
K Ansah	137,500.02	95,000.04	76,248.00	-	-	-	-	**308,748.06**	**651,800.00**
CA Carolus	137,500.02	47,500.02	-	-	-	-	-	**185,000.04**	**379,600.00**
R Danino	137,500.02	47,500.02	37,098.00	-	-	-	-	**222,098.04**	**682,919.86**
AR Hill	137,500.02	47,500.02	39,150.00	-	-	-	-	**224,150.04**	**693,642.03**
RP Menell	137,500.02	182,500.02	-	-	-	-	-	**320,000.04**	**624,200.00**
DN Murray	137,500.02	122,500.02	76,248.00	-	-	-	-	**336,248.04**	**673,350.00**
DMJ Ncube	137,500.02	107,500.02	-	-	-	-	-	**245,000.04**	**498,050.00**
M Ramphele[3]	308,004.94	96,137.01	-	-	-	-	-	**404,141.95**	**-**
RL Pennant-Rea	137,500.02	107,500.02	76,248.00	-	-	-	-	**321,248.04**	**716,650.00**
CI von Christierson	137,500.02	170,000.04	76,248.00	-	-	-	-	**383,748.06**	**793,950.00**
GM Wilson	137,500.02	192,500.04	-	-	-	-	-	**330,000.06**	**695,273.87**
AJ Wright[4]	446,957.48	-	-	-	-	-	-	**446,957.48**	**1,376,015.00**
	2,129,962.62	1,216,137.27	381,240.00	11,293,222.59	11,519,356.65	1,567,308.99	644,583.33	**28,751,811.45**	**44,150,540.06**

1 Bonuses are for F2010 performance, paid in the financial period July to December 2010

2 These amounts reflect the full directors' emoluments in rand for comparative purposes.
The portion of executive directors' emoluments payable in US dollars is paid in terms of agreements with the offshore subsidiaries for work done by directors offshore for offshore companies.
The total US dollar amounts paid for July to December 2010 were as follows:
NJ Holland US$322,992.00 and P Schmidt US$62,763.72

3 Appointed 1 July 2010

4 Retired 2 November 2010

5 Resigned 31 December 2010

Directors' report (continued)

Remuneration policy

The company's remuneration policy is determined by the Remuneration Committee of the Board. The policy has been aligned to and now complies with the guidelines of the King III Report on Corporate Governance. The remuneration policies and practices are reviewed regularly to align them with Gold Fields' strategic objectives. The aim is to ensure that executives create long-term value for the company in a sustainable manner.

Gold Fields' remuneration philosophy is aimed at attracting and retaining motivated, high-calibre executives aligned with the interests of shareholders. Such alignment is achieved through an appropriate mix of guaranteed and performance-based remuneration (variable pay), which provides for differentiation between high, average and low performers.

Gold Fields endeavours to reward its people fairly and consistently according to their role and individual contribution to the company. To achieve external equity and a competitive total remuneration position, Gold Fields surveys the relevant markets continuously. The benchmark for guaranteed remuneration is the market median. The company's intent is to position remuneration, including short-term incentives, at the 75th percentile of the market for exceptional performance.

The pay mix of guaranteed and variable remuneration differs according to the level of the individual in the company. Generally, more senior employees' remuneration will consist of a higher portion of variable pay as a percentage of their total package. Executives are paid guaranteed remuneration packages (GRP), which include all fixed elements of remuneration and 24 working days' leave per annum, with the company having no contingent retirement or medical liabilities. A portion of the fixed remuneration of executives with international responsibilities is paid in US dollars. Increases are determined, usually effective January each year, by the Remuneration Committee informed by remuneration surveys, to which the company subscribes, and, where necessary, independent advice.

The Short Term incentive is an annual incentive bonus in terms of which the executive directors are able to earn bonuses of 50% of their GRPs for on-target performance. This incentive bonus could increase above 50% due to stretch target achievement. Incentive bonuses are based on targets approved in advance by the Remuneration Committee, comprising of a combination of safety, corporate, operational and personal objectives. In the case of the Chief Executive Officer 70% of the incentive is based on corporate objectives and the remaining 30% on personal performance. For the other executive positions, corporate and operational objectives (where applicable) comprise 35% to 70% of the incentive with personal objectives making up the balance. Based on the bonus accrued for F2010, the weighted average incentive bonus and retention bonus paid to members of the executive team (excluding executive directors, details of which are shown on the previous page) in August 2010 was 27.7% of annual GRP.

The corporate objectives for the year under review comprise four elements with an equal weighting of 25% each:

- Safety achievements
- Relative performance of the Gold Fields share price against its peers
- Notional cash expenditure per ounce produced
- Total gold production

Operational objectives are measured against the operational plans approved by the Board and cover safety, production, costs and progress in developing long-term ore reserves. Personal objectives are developed every year for each executive based on key performance areas and are approved at the beginning of the year by the Remuneration Committee. Performance against these objectives is reviewed by the Remuneration Committee at the end of the year.

The Long Term Incentive share plan consists of a number of share mechanisms that have been established as share incentive arrangements for senior employees of Gold Fields. Long Term Incentive awards are made annually to senior and key staff to incentivise their continued commitment to the future of Gold Fields. These awards, a form of variable pay, have been designed to:

- Encourage senior and key employees to identify closely with the long-term objectives of Gold Fields
- Align their interests with the continuing growth of the company and delivery of value to its shareholders
- Allow participants of the schemes to participate in the future financial success of Gold Fields

The fees for non-executive directors are dealt with by a special non-executive directors Remuneration Committee comprising the CEO and independent external parties. No changes have been made since the AGM in November 2010 and the non-executive directors' fees for C2011 remain unchanged apart from proposals to increase the fee for members of the Audit Committee.

Directors' and officers' disclosure of interests in contracts

During the period under review, no contracts were entered into in which directors and officers of the company had an interest and which significantly affected the business of the Group.

Related party information is disclosed on pages 297 to 298.

FINANCIAL AFFAIRS

Dividend policy

The company's dividend policy is to declare an interim and final dividend in respect of each financial year, based on 50% of the earnings for the year before taking account of investment opportunities and after excluding impairments.

Interim dividend

Due to a change in the financial year end of the Company from June to December, there was no interim dividend declared for the six-month period under review. The Board declared a final dividend as detailed below.

Final dividend

On Wednesday, 16 February 2011, the company declared a final cash dividend of 70 SA cents per ordinary share (June 2010: 70 SA cents) to shareholders reflected in the register of the company on Friday, 11 March 2011. The dividend was declared in the currency of the Republic of South Africa. This dividend was paid on Monday, 14 March 2011.

The dividend resulted in a total dividend of 70 SA cents per share for the six-month period ended 31 December 2010, with the final dividend being accounted for in C2011.

Borrowing powers

In terms of the provisions of article 12.1 of the articles of association, the borrowing powers of the company are unlimited. As at 31 December 2010, the company's borrowings totalled R9,438 million (US$1,398 million) compared to total borrowings of R8,487 million (US$1,121 million) in the year ended 30 June 2010.

Fixed assets

Capital expenditure

Capital expenditure for the six-month period amounted to R4,640 million compared to R7,742 million for F2010. Estimated capital expenditure for C2011 is R9 billion and is intended to be funded from internal sources and, to the extent necessary, borrowings.

Investments

Acquisitions

Investment purchases decreased from R97 million in F2010 to R66 million in the six-month period ended 31 December 2010.

The major investment for the six-month period ended 31 December 2010 were loans of R31 million advanced to GBF Underground Mining Company as well as purchase of a shareholding in Atacama Pacific Gold Corporation for R31 million.

Disposals

Proceeds from the disposal of investments declined from R2,831 million in F2010 to R3 million in the six-month period ended 31 December 2010.

There were no major investments sold during the six-month period ended 31 December 2010.

Directors' report (continued)

SIGNIFICANT ANNOUNCEMENTS

5 August 2010
Gold Fields Limited announced that the Department of Mineral Resources (DMR) of South Africa has executed the new order mining right for its South Deep gold mine.

17 September 2010
Moody's Investor Services ("Moody's") assigned Gold Fields Limited a first-time 'Baa3' senior unsecured issuer rating. This investment grade rating comes with a stable outlook.

1 October 2010
Gold Fields Limited opened a new employee housing project in the Glenharvie community near its Kloof Gold Mine as part of its R550 million, five year housing programme. The new Grootkloof complex, representing an investment of R25 million, will offer housing accommodation to approximately 100 Kloof employees and their families.

1 October 2010
Gold Fields Limited announced the pricing of an offering of 10-year, US$1 billion of Notes consisting of 4.875% Notes due in 2020. Subject to customary conditions, the offering is expected to close on October 7th, 2010.

8 October 2010
Gold Fields Limited announced that the 10-year, US$1 billion bond offer to international investors was successfully completed by the close of the previous day's closing in New York, 7 October 2010.

2 November 2010
Gold Fields Limited held its AGM and a subsequent general meeting to vote on the black economic empowerment transactions. The BEE transactions were approved by an overwhelming majority of 99.8% of the 85% of shareholders who voted.

12 November 2010
Gold Fields Limited announced that it was ranked joint first in the JSE Top 100 Carbon Disclosure Leadership Index (CDLI), which rates companies listed on the Johannesburg Stock Exchange in South Africa on their disclosure of carbon emissions.

1 December 2010
Gold Fields Limited announced a three-year investment in the mining engineering faculty of the University of Johannesburg (UJ) as part of the R26 million, three-year sponsorship of the mining engineering faculties of UJ and the University of the Witwatersrand.

24 February 2011
Sello Matthews Moloko, Chair of Alexander Forbes Ltd, was appointed independant non-executive director of Gold Fields Limited.

18 March 2011
Gold Fields Corona (BVI) Limited ("Gold Fields") a wholly owned subsidiary of Gold Fields Limited announced a voluntary public purchase offer in Peru to acquire the outstanding common voting shares and investment shares of Gold Fields La Cima S.A.A. (La Cima) it does not already own.

Gold Fields offered 4.20 Peruvian Nuevos Soles for each La Cima common or investment share. The price would be adjusted after the dividend registration date for any dividends distributed pursuant to a resolution by the La Cima shareholders meeting on 31 March 2011. The offer opened on 21 March 2011, at 9am, and was open for 20 subsequent trading days on the Lima Stock Exchange.

GOING CONCERN

The financial statements have been prepared using appropriate accounting policies, supported by reasonable judgements and estimates. The directors have reasonable belief that the company and the Group have adequate resources to continue as a going concern for the foreseeable future.

DEMATERIALISATION OF THE SHARES

Shareholders are reminded that as a result of the clearing and settlement of trades through STRATE, the company's share certificates are no longer good for delivery for trading. Dematerialisation of the company's share certificates is a prerequisite when dealing in the company's shares.

PROPERTY

The register of property and mineral rights is available for inspection at the registered office of the company during normal business hours.

OCCUPATIONAL HEALTHCARE SEVICES

Occupational healthcare services are made available by Gold Fields to employees in South Africa from its existing facilities. There is a risk that the cost of providing such services could increase in the future depending upon changes in the nature of underlying legislation and the profile of employees, such as a posthumous ruling by the Constitutional Court in February 2011 against AngloGold Ashanti in favour of a claimant, who suffered from silicosis. Increased costs, should they transpire, are currently indeterminate. The company is monitoring developments in this regard.

ENVIRONMENTAL OBLIGATIONS

The company has made provision in the financial statements for environmental rehabilitation costs amounting to R2,271 million (June 2010: R2,296 million). Cash contributions of R95 million (June 2010: R60 million) have been paid during the period to a dedicated trust fund created to fund these provisions. The total amount invested at 31 December 2010 amounted to R1,138 million (June 2010: R1,013 million). The unfunded portion of the environmental rehabilitation costs will be funded as the obligations are incurred.

SPECIAL RESOLUTIONS ADOPTED BY SUBSIDIARY COMPANIES

The following special resolutions were passed by subsidiary companies during the six-month period ended 31 December 2010 and related to capital structures, borrowing powers, the objects clause contained in the memorandum of association or other material matters that affect the understanding of the company and its subsidiaries:

- Special resolution passed by the shareholders of Gold Fields Operations Limited ("GFO") approving the acquisition by GFO of the GFO shares held by GFL Mining Services Limited ("GFLMS") in terms of section 85 of the Companies Act, 61 of 1973, as amended, ("the Old Act")
- Special resolution passed by the sole shareholder of GFLMS approving and authorising the Board of Directors of GFLMS to implement, in terms of section 228 of the Old Act, the sale to GFO of the GFO shares (share buyback)
- Special resolution passed by the sole shareholder of GFI Mining South Africa (Pty) Ltd ("GFIMSA") approving and authorising the Board of Directors of GFIMSA to implement, in terms of section 228 of the Old Act, the sale of GFO and GFI Joint Venture Holdings (Pty) Ltd ("GFIJVH") to Newshelf 899 (Pty) Ltd ("Newco")
- Special resolution passed by the sole shareholder of GFO sanctioning the terms of the provision of the financial assistance to be given by GFO to Invictus Gold (Pty) Ltd ("Invictus") and the South Deep Community Trust ("the Community Trust") for the purposes of the subscription by Invictus for the Invictus "B" shares and the subscription by the Community Trust for the Community Trust "B" shares in terms of section 38(2A) of the Old Act
- Special resolution passed by the sole shareholder of GFIJVH sanctioning the terms of the provision of the financial assistance to be given by GFIJVH to Invictus Gold (Pty) Ltd ("Invictus") and the South Deep Community Trust ("the Community Trust") for the purposes of the subscription by Invictus for the Invictus "B" shares and the subscription by the Community Trust for the Community Trust "B" shares in terms of section 38(2A) of the Old Act

Directors' report (continued)

- Special resolution passed by the shareholders of Gold Fields Limited sanctioning the terms of the provision of the financial assistance to be given by GFIMSA to Invictus and the Community Trust for the purposes of the subscription by Invictus for the Invictus Transformation shares and the subscription by the Community Trust of the Community Trust Transformation shares in terms of section 38(2A) of the Old Act
- Special resolution passed by the shareholders of GFIMSA sanctioning the terms of the provision of the financial assistance to be given by GFIMSA to Invictus and the Community Trust for the purposes of the subscription by Invictus for the Invictus Transformation shares and the subscription by the Community Trust of the Community Trust Transformation shares in terms of section 38(2A) of the Old Act
- Special resolution passed by the shareholders of Newco sanctioning the terms of the provision of the financial assistance in terms of section 38(2A) of the Old Act to be given by Newco (in a form of a guarantee) to FirstRand Bank Limited (acting through its Rand Merchant Bank division) ("RMB") in connection with the subscription by RMB for the Preference Shares (as such term is defined in the preference share subscription agreement entered into between RMB and Gold Fields Limited (Registration No. 1968/004880/06) ("GFL") on or about 20 December 2007 ("Preference Share Subscription Agreement"))
- The following special resolutions by Newco:
  - SPECIAL RESOLUTION NUMBER 1 - Sub-division of the authorised share capital of the Company from R1 000.00 (one thousand rand), divided into 1 000 (one thousand) ordinary par value shares of R1.00 (one rand) each into 100 000 (one hundred thousand) ordinary par value shares of R0.01 (one cent) each and simultaneously converted into "A" ordinary par value shares of R0.01 (one cent) each.
  - SPECIAL RESOLUTION NUMBER 2 – An increase of authorised share capital of the Company, being R1 000.00 (one thousand rand) divided into 100 000 (one hundred thousand) "A" ordinary par value shares of R0.01 (one cent) to R1 000 000.00 (one million rand) by the creation of –

    (a) 89 900 000 (eighty nine million nine hundred thousand) "A" ordinary shares having a par value of R0.01 (one cent) each, having the rights, privileges and conditions as set out in the Company's New Articles of Association (see special resolution number 3); and

    (b) 10 000 000 (ten million) "B" ordinary shares having a par value of R0.01 (one cent) each, having the rights, privileges and conditions as set out in the Company's New Articles of Association (see special resolution number 3).

    The authorised share capital clause in the Newco's Memorandum of Association is amended as follows -

    - 90 000 000 (ninety million) "A" ordinary shares having a par value of R0.01 (one cent) each; and
    - 10 000 000 (ten million) "B" ordinary shares having a par value of R0.01 (one cent) each.
  - SPECIAL RESOLUTION NUMBER 3 – Abrogation and replacement of the existing Articles of Association of Newco.

LITIGATION

On August 21, 2008, Gold Fields Operations Limited (formerly known as Western Areas Limited) a subsidiary of Gold Fields Limited ("WAL"), received a summons from Randgold and Exploration Company Limited ("R&E"), and African Strategic Investment (Holdings) Limited. The summons claims that during the period that WAL was under the control of Brett Kebble, Roger Kebble and others, WAL assisted in the unlawful disposal of shares owned by R&E in Randgold Resources Limited ("Resources") and Afrikander Lease Limited, now known as Uranium One. WAL's assessment remains that it has sustainable defenses to these claims and, accordingly, WAL's attorneys have been instructed to vigorously defend the claims. The claims have been computed in various ways. The highest claims have been computed on the basis of the highest prices of Resources and Uranium One between the dates of the alleged unlawful acts and March 2008 (approximately R11 billion). The alternative claims have been computed on the basis of the actual amounts allegedly received by WAL to fund its operations (approximately R519 million). The claims lie only against WAL, which holds a 50% stake in the South Deep Mine. This alleged liability is historic and relates to a period of time prior to Gold Fields purchasing the company. The plaintiffs have failed, to date, to prosecute their claims and the action remains in abeyance. Other than the summons described above, 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.

BLACK ECONOMIC EMPOWERMENT

On 5 August 2010 Gold Fields announced a series of empowerment transactions to meet its 2014 Black Economic Empowerment ("BEE") equity ownership requirements. The BEE deal comprised three transactions of which all were successfully completed before the end of 2010 as envisaged by the Company:

Transaction 1

An Employee Share Option Scheme (ESOP) in respect of an effective 10.75% stake in GFIMSA (the holding company which controls Gold Fields' South African assets) was successfully established, and is housed and administered through the Thusano Share Trust. The holding in GFIMSA is equivalent to about 13.5 million unencumbered Gold Fields Limited shares with full voting rights, which were issued to and are held by the trust at par value of R0.50 which represents a 99.5% discount to the 30 days VWAP price at 30 July 2010. This represents approximately 1.91% of the current Gold Fields shares in issue.

Transaction 2

The issue to a broad-based BEE consortium as described below (BEECO) of 616,352 Gold Fields Limited shares at par value of R0.50 which represents a 99.5% discount to the 30 days VWAP price at 30 July 2010. This represents about 0.08% of the current Gold Fields shares in issue. These shares will carry no restrictions.

Transaction 3

BEECO has also subscribed for a 10% holding with full voting rights directly in South Deep with a phased in participation over 20 years. Transaction 3 is below the JSE transaction threshold of 5% and is not with related parties as defined as per the JSE Limited Listings Requirements and is therefore included for information purposes only.

These deals are central to the company's objective to make every current employee at the South African operations an owner, while at the same time expanding opportunities for historically disadvantaged persons to benefit from the exploitation of the country's mineral resources by promoting broad-based ownership, employment, and the advancement of social and economic welfare generally.

Details of the ESOP scheme:

- About 47,000 GFIMSA employees in the Paterson Grade A to C categories have been granted approximately 13.5 million unencumbered new Gold Fields Limited shares through the Thusano Share Trust.
- About 12.6 million of the shares were allocated to HDSA employees, an effective 10% stake in GFIMSA.
- The approximate 13.5 million Gold Fields Limited shares in the ESOP scheme are held by the Gold Fields Thusano Share Trust for 15 years.
- The Thusano Share Trust has 14 trustees comprising ten trade union representatives, two Gold Fields trustees and two independent trustees, of whom one will be the Chair.
- The Thusano Share Trust will exercise full voting rights on behalf of the employees.
- The share allocation to employees was based on an employee's length of service with Gold Fields, ranging from 100 shares for one year service to 480 shares for 20 years service.
- The shares were allocated free of charge to the employees (the total consideration for Gold Fields shares was funded through a donation from GFIMSA)[5] but have to be held for 15 years. The employees will receive dividend payments during those 15 years. Based on historical dividend yields the dividend payments will total R20 million a year.

5 The ESOP Donation and Subscription Agreement is available from the office of the Company Secretary on request

BLACK ECONOMIC EMPOWERMENT (continued)

Details of the BEE Consortium (BEECO)

- The newly formed BEECO will comprise:
  - A Broad-Based Education Trust, to facilitate and promote education, youth and skills development for the mining industry. The majority of the Trustees will be independent and the Trust will hold a 54% beneficial interest in BEECO.
  - A selected number of black business and community leaders, who will not be related parties as defined by the JSE Listings Requirements and will hold a combined 36% beneficial interest in BEECO.
  - A Broad-Based Community Trust. The majority of the Trustees will be independent and the Trust will hold a 10% beneficial interest in BEECO.

The acquisition of the BEECO's 10% stake in South Deep will be facilitated through a unique vendor financed phased participation scheme that will see the shareholding acquired at no cost to the BEECO.

The BEECO will hold 10% of South Deep in the form of B-class Shares with full ownership and voting rights. As holders of the B-class Shares the BEECO will be entitled to a cumulative preferential dividend of R20 million per annum for the first 10 years, R13.3 million per annum for the next five years and R6.7 million for the next five years (R2.00 per B-class Share) payable out of profits of South Deep. After 20 years the preferential dividend ceases.

The B-class Shares' right to participate in other distributions over and above the preferred dividend will initially be suspended. The suspension will be lifted on a phased-in basis, resulting in the B-class Shares having the same rights as the A-class Shares, as follows:

- After 10 years, in respect of one-third of the B-class Shares;
- After 15 years, in respect of another one-third of the B-class Shares; and
- After 20 years, in respect of the remaining one-third of the B-class Shares.

The BEECO must retain ownership of South Deep for 30 years which is the term of the new-order mining right granted to South Deep.

FINANCIAL YEAR END

At a meeting held on Wednesday, 4 August 2010 the Board resolved to change the financial year-end of the company and its subsidiaries from June to December to align the financial reporting period to its peers in the mining industry.

ADMINISTRATION

The office of Company Secretary of Gold Fields Limited was held by Cain Farrel for the period under review.

Computershare Investor Services (Pty) Limited is the company's South African transfer secretaries and Capita Registrars is the United Kingdom registrars of the company.

AUDITORS

It has been recommended that KPMG will continue in office in accordance with section 270(2) of the Companies Act, or in terms of section 90(1) of the Companies Act, whichever is applicable.

SUBSIDIARY COMPANIES

Details of major subsidiary companies in which the company has a direct or indirect interest are set out on pages 310 and 311.

Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, except for the adoption of new and revised standards and interpretations.

1. BASIS OF PREPARATION

The financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the International Accounting Standards Board, South African Statements and Interpretations of Statements of Generally Accepted Accounting Practice (AC500 series) and the South African Companies Act. The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, and financial assets and liabilities (including derivative instruments), which have been brought to account at fair value through profit or loss or through the fair value adjustment reserve in the statement of comprehensive income.

Standards, interpretations and amendments to published standards effective for the period ended 31 December 2010

During the financial period, the following new and revised accounting standards, amendments to standards and new interpretations were adopted by the Group:

Standard(s) Amendment(s) Interpretation(s	Nature of the change	Salient features of changes	Impact on financial position or performance
IFRS 1 Limited exemption from comparative IFRS 7 disclosures for first-time adopters (Amendment)	Amendment	■ Provides first-time adopters with the same transition provisions as ncluded in the amendment to IFRS 7	No impact
IFRS 2 Group cash-settled share-based payment transactions (Amendment)	Amendment	■ Clarifies the accounting for Group cash-settled share-based payment transactions. ■ The entity receiving the goods or services shall measure the share-based payment transaction as equity-settled only when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction. ■ The entity settling a share-based payment transaction when another entity in the Group receives the goods or services recognises the transaction as equity-settled only if it is settled in its own equity instruments. In all other cases, the transaction is accounted for as cash-settled.	No impact
IAS 32 Classification of rights issues (Amendment)	Amendment	■ Clarifies the accounting treatment when rights issues are denominated in a currency other than the functional currency of the issuer. ■ The amendment states that if such rights are issued pro rata to an entity's existing shareholders for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated.	No impact
IFRSs		■ Annual improvements project is a collection of amendments to IFRS and are the result of conclusions reached by the Board on proposals made in its annual improvements project. ■ All the 2008 annual improvements as well as the 2009 annual improvements to IFRS 2 Share-based Payment, IAS 18 Revenue, IAS 38 Intangible Assets, IFRIC 9 Reassessment of Embedded Derivatives and IFRIC 16 Hedges of a Net Investment in a Foreign Operation were adopted by the Group.	No impact
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	Interpretation	■ Clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. ■ A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt.	No impact

Accounting policies (continued)

Standards, interpretations and amendments to published standards which are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that apply to the Group's accounting periods beginning on 1 January 2011 or later periods but have not been early adopted by the Group. Management is currently reviewing the impact of these standards on the Group.

These standards, amendments and interpretations are:

Standard(s) Amendment(s) Interpretation(s	Nature of the Change	Salient features of changes	Effective date *
IFRS 9 Financial Instruments	New Standard	■ This IFRS is part of the IASB's project to replace IAS 39. ■ Addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. ■ The classification and measurement of financial liabilities are the same as per IAS 39 barring two aspects.	1 January 2013
IFRSs		■ The remainder of the 2010 annual improvements have not been early adopted by the Group.	Various
IAS 24 Related party disclosures (Amendment)	Amendment	■ This amendment provides partial relief from the requirement for government related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party.	1 January 2011
Amendments to IFRIC 14	Amendment	■ This amendment will have a limited impact as it applies only to companies that are required to make minimum funding contributions to a defined benefit pension plan. ■ It removes an unintended consequence of IFRIC 14 (AC 447) related to voluntary pension prepayments when there is a minimum funding requirement.	1 January 2011

*Effective date refers to annual period beginning on or after said date.

Significant accounting judgements and estimates

Use of estimates: The preparation of the financial statements requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to mineral reserves that are the basis of future cash flow estimates and unit-of-production depreciation, depletion and amortisation calculations; environmental, reclamation and closure obligations; estimates of recoverable gold and other materials in heap leach pads; asset impairments, write-downs of inventory to net realisable value; post-retirement healthcare liabilities, the fair value and accounting treatment of derivative financial instruments and deferred taxation.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

Carrying value of property, plant and equipment and goodwill

All mining assets are amortised using the units-of-production method where the mine operating plan calls for production from proved and probable mineral reserves.

Mobile and other equipment are depreciated over the shorter of the estimated useful life of the asset or the estimate of mine life based on proved and probable mineral reserves.

The calculation of the units-of-production rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable mineral reserves. This would generally result from the extent that there are significant changes in any of the factors or assumptions used in estimating mineral reserves. These factors could include:

- Changes in proved and probable mineral reserves;
- Differences between actual commodity prices and commodity price assumptions;
- Unforeseen operational issues at mine sites;
- Changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates; and
- Changes in mineral reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the gold price assumption may change which may then impact the Group estimated life of mine determinant and may then require a material adjustment to the carrying value of property, plant and equipment.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable by comparing expected future cash flows to these carrying values. In addition, goodwill is tested for impairment on an annual basis. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows of each group of assets. Expected future cash flows used to determine the value in use and fair value less costs to sell of property, plant and equipment are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as spot and future gold prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

An individual operating mine is not a typical going-concern business because of the finite life of its reserves. The allocation of goodwill to an individual mine will result in an eventual goodwill impairment due to the wasting nature of the mine. In accordance with the provisions of IAS 36, the Group performs its annual impairment review of goodwill at each financial period end.

The carrying amount of property, plant and equipment at 31 December 2010 was R53,250 million (June 2010: R52,813 million). The carrying value of goodwill at 31 December 2010 was R4,459 million (June 2010: R4,459 million).

Mineral reserves estimates

Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the Group's properties. In order to calculate the reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and grade of the mineral reserves requires the size, shape and depth of orebodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

The Group is required to determine and report on the mineral reserves in accordance with the South African Mineral Resource Committee (SAMREC) code.

Accounting policies (continued)

Estimates of mineral reserves may change from year to year due to the change in economic assumptions used to estimate ore reserves and due to additional geological data becoming available during the course of operations. Changes in reported proven and probable reserves may affect the Group's financial results and position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated cash flows;
- Depreciation and amortisation charges to the income statement may change as these are calculated on the units-of-production method, or where the useful economic lives of assets change;
- Deferred stripping costs recorded in the statement of financial position or charged to the income statement may change due to changes in stripping ratios or the units-of-production method of depreciation;
- Decommissioning site restoration and environmental provisions may change where changes in ore reserves affect expectations about the timing or cost of these activities; and
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

Pre-production

The Group assesses the stage of each mine construction project to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production stage. Some of the criteria would include, but are not limited to the following:

- the level of capital expenditure compared to the construction cost estimates;
- ability to produce metal in saleable form (within specifications); and
- ability to sustain commercial levels of production of metal.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are expensed, except for capitalisable costs related to mining asset additions or improvements, underground mine development or ore reserve development.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

Carrying values at 31 December 2010:
Deferred taxation liability: R7,815 million (June 2010: R7,143 million)
Deferred taxation asset: R753 million (June 2010: Rnil million)
Taxation and royalties liability: R1,054 million (June 2010: R790 million)

Provision for environmental rehabilitation costs

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

The carrying amounts of the rehabilitation obligations at 31 December 2010 were R2,271 million (June 2010: R2,296 million).

Stockpiles, gold in process and product inventories

Costs that are incurred in or benefit the productive process are accumulated as stockpiles, gold in process, ore on leach pads and product inventories. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

The carrying amount of inventories at 31 December 2010 was R2,394 million (June 2010: R2,344 million).

Share-based payments

The Group issues equity-settled share-based payments to certain employees and non-executive directors. These instruments are measured at fair value at grant date, using the Black-Scholes or Monte Carlo simulation valuation models, which require assumptions regarding the estimated term of the option, share price volatility and expected dividend yield. While Gold Fields' management believes that these assumptions are appropriate, the use of different assumptions could have a material impact on the fair value of the option grant and the related recognition of share-based compensation expense in the consolidated income statement. Gold Fields' options have characteristics significantly different from those of traded options and therefore fair values may also differ.

The income statement charge for the six month period ended 31 December 2010 was R193 million (June 2010: R408 million) and share-based payments on BEE transactions R2,125 million (June 2010: Rnil million).

Financial instruments

The estimated fair value of financial instruments is determined at discrete points in time, based on the relevant market information. The fair value is calculated with reference to market rates using industry valuation techniques and appropriate models. If a financial instrument does not have a quoted market price and the fair value cannot be measured reliably, it will be stated at cost. The carrying values of derivative financial instruments at 31 December 2010 was an asset of R371 million (June 2010: Rnil million).

Contingencies

Contingencies can be either possible assets or possible liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within the control of the Group occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

Accounting policies (continued)

2. CONSOLIDATION

2.1. Business combinations

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a business is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's share of the subsequent changes in equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

2.2. Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date on which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3. Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.4. Associates

The equity method of accounting is used for an investment over which the Group exercises significant influence, but not control, and normally owns between 20 per cent and 50 per cent of the voting equity. Associates are equity accounted from the effective date of acquisition to the date that the Group ceases to have significant influence.

Results of associates are equity accounted using the results of their most recent audited annual financial statements or unaudited interim financial statements. Any losses from associates are brought to account in the consolidated financial statements until the interest in such associates is written down to zero. Thereafter, losses are accounted for only insofar as the Group is committed to providing financial support to such associates.

The carrying value of an investment in associate represents the cost of the investment, including goodwill, a share of the post-acquisition retained earnings and losses, any other movements in reserves and any impairment losses. The carrying value is assessed annually for existence of indicators of impairment and if such exist, the carrying amount is compared to the recoverable amount, being the higher of value in use or fair value less costs to sell. If an impairment in value has occurred, it is recognised in the period in which the impairment arose.

3. FOREIGN CURRENCIES

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African rand, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Translation differences on available-for-sale equities are included in the statement of comprehensive income.

Foreign operations

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities are translated at the exchange rate ruling at the reporting date. Equity items are translated at historical rates. Income statement items are translated at the average exchange rate for the year. Exchange differences on translation are accounted for in the statement of comprehensive income. These differences will be recognised in earnings upon realisation of the underlying operation.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (i.e. the reporting entity's interest in the net assets of that operation), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the statement of comprehensive income. When a foreign operation is sold, exchange differences that were recorded in the statement of comprehensive income are recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at each reporting date at the closing rate.

4. PROPERTY, PLANT AND EQUIPMENT

4.1. Mine development and infrastructure

Mining assets, including mine development and infrastructure costs and mine plant facilities, are recorded at cost less accumulated depreciation and accumulated impairment losses.

Expenditure incurred to evaluate and develop new orebodies, to define mineralisation in existing orebodies and to establish or expand productive capacity, is capitalised until commercial levels of production are achieved, at which times the costs are amortised as set out below.

Development of orebodies includes the development of shaft systems and waste rock removal that allows access to reserves that are economically recoverable in the future. Subsequent to this, costs are capitalised if the criteria for recognition as an asset are met. Access to individual orebodies exploited by the Group is limited to the time span of the Group's respective mining leases.

4.2. Borrowing costs

Borrowing costs incurred in respect of assets requiring a substantial period of time to prepare for their intended future use are capitalised to the date that the assets are substantially completed.

Accounting policies (continued)

4.3. Mineral and surface rights

Mineral and surface rights are recorded at cost less accumulated amortisation and accumulated impairment losses. When there is little likelihood of a mineral right being exploited, or the fair value of mineral rights have diminished below cost, a write-down is effected against income in the period that such determination is made.

4.4. Land

Land is shown at cost and is not depreciated.

4.5. Other assets

Non-mining assets are recorded at cost less accumulated depreciation and accumulated impairment losses. These assets include the assets of the mining operations not included in mine development and infrastructure, borrowing costs, mineral and surface rights and land and all the assets of the non-mining operations.

4.6. Amortisation and depreciation of mining assets

Amortisation and depreciation is determined to give a fair and systematic charge in the income statement, taking into account the nature of a particular ore body and the method of mining that ore body. To achieve this, the following calculation methods are used:

- mining assets, including mine development and infrastructure costs, mine plant facilities and evaluation costs, are amortised over the life of the mine using the units-of-production method, based on estimated proved and probable ore reserves above infrastructure.
- where it is anticipated that the mine life will significantly exceed the proved and probable reserves, the mine life is estimated using a methodology that takes account of current exploration information to assess the likely recoverable gold from a particular area. Such estimates are adjusted for the level of confidence in the assessment and the probability of conversion to reserves. The probability of conversion is based on historical experience of similar mining and geological conditions.
- at the Australian operations, the calculation of amortisation takes into account future costs which will be incurred to develop all the proved and probable ore reserves.

Proved and probable ore reserves reflect estimated quantities of economically recoverable reserves, which can be recovered in future from known mineral deposits.

Certain mining plant and equipment included in mine development and infrastructure is depreciated on a straight-line basis over their estimated useful lives.

4.7. Depreciation of non-mining assets

Non-mining assets are recorded at cost and depreciated on a straight-line basis over their current expected useful lives to their residual values as follows:

- Vehicles, 20 per cent
- Computers, 33.3 per cent
- Furniture and equipment, 10 per cent

The assets' useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

4.8. Mining exploration

Expenditure on advances to companies solely for exploration activities, prior to evaluation, is charged against income until the viability of the mining venture has been proven. Expenditure incurred on exploration "farm-in" projects is written off until an ownership interest has vested. Exploration expenditure to define mineralisation at existing ore bodies is considered mine development costs and is capitalised until commercial levels of production are achieved.

Exploration activities at certain of the Group's non-South African operations are broken down into defined areas within the mining lease boundaries. These areas are generally defined by structural and geological continuity. Exploration costs in these areas are capitalised to the extent that specific exploration programmes have yielded targets and/or results that warrant further exploration in future years.

4.9. Impairment

Recoverability of the carrying values of long-term assets or cash-generating units of the Group are reviewed whenever events or changes in circumstances indicate that such carrying value may not be recoverable. To determine whether a long-term asset or cash-generating unit may be impaired, the higher of "value in use" (defined as: "the present value of future cash flows expected to be derived from an asset or cash-generating unit") or "fair value less costs to sell" (defined as: "the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal") is compared to the carrying value of the asset/unit.

A cash-generating unit is defined by the Group as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Generally for the Group this represents an individual operating mine, including mines which are part of a larger mine complex. The costs attributable to individual shafts of a mine are impaired if the shaft is closed.

Exploration targets in respect of which costs have been capitalised at certain of the Group's international operations are evaluated on an annual basis to ensure that these targets continue to support capitalisation of the underlying costs. Those that do not are impaired.

When any infrastructure is closed down during the year, any carrying value attributable to that infrastructure is impaired.

4.10. Leases

Operating lease costs are charged against income on a straight-line basis over the period of the lease.

5. GOODWILL

Goodwill is stated at cost less accumulated impairment losses. Goodwill on acquisition of associates is tested for impairment as part of the carrying amount of the investment in associate whenever there is any objective evidence that the investment may be impaired. Goodwill on acquisition of a subsidiary is assessed at each reporting date or whenever there are impairment indicators to establish whether there is any indication of impairment to goodwill. A write-down is made if the carrying amount exceeds the recoverable amount. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill allocated to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

6. WASTE NORMALISATION OR DEFERRED STRIPPING

At certain of the Group's non-South African open pit operations, costs related to removing waste within the ore body once it has been exposed are accounted for in the income statement using the waste normalisation method. The objective of this method is to provide that every ounce mined from the relevant pit bears its equal pro-rata share of the total in-pit waste removal cost, expected to be incurred over the life of the pit. In-pit waste removal costs are expensed to the income statement by determining the ratio of ounces mined in each period to total proved and probable reserve ounces expected to be recovered from the pit and applying this ratio to total waste removal costs expected to be incurred over the life of the pit. The resultant asset created by the timing difference between costs incurred and costs expensed is recorded in the statement of financial position as a current asset.

Accounting policies (continued)

7. TAXATION

Income tax comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is measured on taxable income at the applicable statutory rate enacted at the reporting date.

Deferred taxation is provided in full, using the liability method, on temporary differences existing at each reporting date between the tax values of assets and liabilities and their carrying amounts. Substantively enacted tax rates are used to determine future anticipated effective tax rates which in turn are used in the determination of deferred taxation.

These temporary differences are expected to result in taxable or deductible amounts in determining taxable profits for future periods when the carrying amount of the asset is recovered or the liability is settled. The principal temporary differences arise from depreciation of property, plant and equipment, provisions, unutilised capital allowances and tax losses carried forward.

Deferred tax assets relating to the carry forward of unutilised tax losses and/or unutilised capital allowances are recognised to the extent it is probable that future taxable profit will be available against which the unutilised tax losses and/or unutilised capital allowances can be recovered. Deferred tax assets are reviewed at each reporting date and are adjusted if recovery is no longer probable.

No provision is made for any potential taxation liability on the distribution of retained earnings by Group companies.

8. INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Gold on hand represents production on hand after the smelting process. Due to the different nature of the Group's non-South African operations, gold-in-process for such operations represents either production in broken ore form, gold in circuit or production from the time of placement on heap leach pads.

Cost is determined on the following basis:

- Gold on hand and gold-in-process is valued using weighted average cost. Cost includes production, amortisation and related administration costs.
- Consumable stores are valued at weighted average cost, after appropriate provision for redundant and slow-moving items.

Net realisable value is determined with reference to relevant market prices.

9. FINANCIAL INSTRUMENTS

Financial instruments recognised in the statement of financial position include cash and cash equivalents, investments, trade and other receivables, borrowings, trade and other payables and derivative financial instruments. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

9.1. Investments

Investments comprise (i) investments in listed companies which are classified as available-for-sale and are accounted for at fair value, with unrealised holding gains and losses excluded from earnings and reported in the statement of comprehensive income and are released to the income statement when the investments are sold; (ii) investments in unlisted companies which are accounted for at directors' valuation adjusted for write-downs where appropriate.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Cost of purchase includes transaction costs. The fair value of listed investments is based on quoted bid prices.

Realised gains and losses are included in determining net income or loss. Unrealised losses, other than temporary, arising from a significant decline (impairment) in the value of the investment are included in determining net income or loss.

9.2. Derivative financial instruments

The Group's general policy with regard to its exposure to the dollar gold price is to remain unhedged. The Group may from time to time establish currency and/or interest rate and/or commodity financial instruments to protect underlying cash flows.

On the date a derivative contract is entered into, the Group designates the derivative as (1) a hedge of the fair value of a recognised asset or liability (fair value hedge), (2) a hedge of a forecasted transaction or a firm commitment (cash flow hedge), (3) a hedge of a net investment in a foreign entity, or (4) should the derivative not fall into one of the three categories above it is not regarded as a hedge.

Derivative financial instruments are initially recognised in the statement of financial position at fair value and subsequently remeasured at their fair value, unless they meet the criteria for the normal purchases normal sales exemption. Recognition of derivatives which meet the above criteria under IAS 39 is deferred until settlement.

Changes in fair value of a derivative that is highly effective, and that is designated and qualifies as a fair value hedge, are recorded in earnings, along with the change in the fair value of the hedged asset or liability that is attributable to the hedged risk. If the hedge no longer meets the requirements for hedge accounting, the adjustment to the carrying amount of the hedge, for which the effective interest rate method is used, is amortised to profit or loss over the period to maturity.

Changes in fair value of a derivative that is highly effective, and that is designated as a cash flow hedge, are recognised directly in the statement of comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Where the forecasted transaction or firm commitment results in the recognition of an asset or liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Amounts deferred in the statement of comprehensive income are included in earnings in the same periods during which the hedged firm commitment or forecasted transaction affects earnings. When a hedging instrument expires or is sold, or when a hedge no longer meets the requirements for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting. Changes in the fair value of derivatives that are not designated as hedges or that do not qualify for hedge accounting are recognised immediately in the income statement.

9.3. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value and are measured at cost which is deemed to be fair value as they have a short-term maturity.

Bank overdrafts are included within current liabilities in the statement of financial position.

9.4. Trade receivables

Trade receivables are initially recognised at fair value and subsequently carried at amortised cost less provision for impairment. Estimates made for impairment are based on a review of all outstanding amounts at year end. Irrecoverable amounts are written off during the year in which they are identified.

9.5. Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Accounting policies (continued)

9.6. Embedded derivatives

The Group assesses whether an embedded derivative is required to be separated from a host contract and accounted for as a derivative when the Group first becomes a party to a contract. Subsequent reassessment is not performed unless there is a change in the terms of the contract that significantly modifies the cash flows.

9.7. Financial guarantees

Financial guarantee contracts are accounted for as financial instruments and are recognised initially at fair value and are subsequently measured at the higher of the amount determined in accordance with IAS 37 (Provisions, contingent liabilities and assets), and the initial amount recognised less cumulative amortisation.

9.8. Non-current assets held for sale

Non-current assets held for sale (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset. Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale.

10. PROVISIONS

Provisions are recognised when the Group has a present obligation, legal or constructive resulting from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

11. BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred, where applicable and subsequently measured at amortised cost using the effective interest rate method.

Interest payable on borrowings is recognised in the income statement over the term of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

12. ENVIRONMENTAL OBLIGATIONS

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with applicable environmental and regulatory requirements.

Full provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. The unwinding of the obligation is accounted for in the income statement.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure.

Changes in estimates are capitalised or reversed against the relevant asset. Estimates are discounted at a pre-tax rate that reflects current market assessments.

Increases due to additional environmental disturbances are capitalised and amortised over the remaining lives of the mines. These increases are accounted for on a net present value basis.

For certain South African operations, annual contributions are made to dedicated rehabilitation trust funds to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine. The amounts contributed to this trust fund are included under non-current assets and are measured at fair value. Interest earned on monies paid to rehabilitation trust funds is accrued on a time proportion basis and is recorded as interest income. These trusts are consolidated for Group purposes.

In respect of certain South African operations and all non-South African operations, bank guarantees are provided for funding of the environmental rehabilitation obligations.

13. EMPLOYEE BENEFITS

13.1. Pension and provident funds

The Group operates a defined contribution retirement plan and contributes to a number of industry based defined contribution retirement plans. The retirement plans are funded by payments from employees and Group companies.

Contributions to defined contribution funds are charged against income as incurred.

13.2. Post-retirement health care costs

Medical cover is provided through a number of different schemes. The Group has an obligation to provide medical benefits to certain of its pensioners and dependents of ex-employees. These liabilities have been provided in full, calculated on an actuarial basis. These liabilities are unfunded. Periodic valuation of these obligations is carried out by independent actuaries using appropriate mortality tables, long-term estimates of increases in medical costs and appropriate discount rates.

13.3. Share-based payments

The Group operates a number of equity-settled compensation plans. The fair value of the equity-settled instruments is measured by reference to the fair value of the equity instrument granted, which in turn is determined using the modified Black Scholes and Monte Carlo simulation models on the date of grant.

Fair value is based on market prices of the equity-settled instruments granted, if available, taking into account the terms and conditions upon which those equity-settled instruments were granted. Fair value of equity-settled instruments granted is estimated using appropriate valuation models and appropriate assumptions at grant date. Non-market vesting conditions (service period prior to vesting) are not taken into account when estimating the fair value of the equity-settled instruments at grant date. Market conditions are taken into account in determining the fair value at grant date.

The fair value of the equity-settled instruments is recognised as an employee benefit expense over the vesting period based on the Group's estimate of the number of instruments that will eventually vest, with a corresponding increase in the share-based payment reserve. Vesting assumptions for non-market conditions are reviewed at each reporting date to ensure they reflect current expectations.

Where the terms of an equity-settled award are modified, the originally determined expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the participant as measured at the date of the modification.

13.4. Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

14. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the amount of revenue can be reliably measured. Revenue is stated at the fair value of the consideration received or receivable.

14.1. Revenue arising from gold and gold equivalent sales is recognised when the significant risks and rewards of ownership pass to the buyer. The price of gold, silver and copper is determined by market forces.

Concentrate revenue is calculated, net of refining and treatment charges, on a best estimate basis on shipment date, using forward metal prices to the estimated final pricing date, adjusted for the specific terms of the agreements. Variations between the price recorded at the shipment date and the actual final price received are caused by changes in prevailing copper prices, and result in an embedded derivative in the accounts receivable. The embedded derivative is marked-to-market each period until final settlement occurs, with changes in fair value classified as provisional price adjustments and included as a component of revenue.

14.2. Revenue from services is recognised over the period the services are rendered and is accrued in the financial statements.

14.3. Dividends, which include capitalisation dividends, are recognised when the right to receive payment is established.

14.4. Interest income is recognised on a time proportion basis taking account of the principal outstanding and the effective rate over the period to maturity.

15. DIVIDENDS DECLARED

Dividends and the related taxation thereon are recognised only when such dividends are declared.

16. EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share is calculated based on the net income/(loss) divided by the weighted average number of ordinary shares in issue during the year. A diluted earnings/(loss) per share is presented when the inclusion of ordinary shares that may be issued in the future has a dilutive effect on earnings/(loss) per share.

17. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker and is based on individual mining operations. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

18. COMPARATIVES

Where necessary, comparatives are adjusted to conform to changes in presentation. No comparatives were adjusted in the current year unless otherwise stated.

19. ADDITIONAL US DOLLAR FINANCIAL INFORMATION

The translation of the financial statements into US dollars is based on the average exchange rate for the year for the income statement and cash flow statement and the year end closing exchange rate for statement of financial position items. Exchange differences on translation are accounted for in the statement of comprehensive income.

This information is provided as supplementary information only.

Consolidated income statement

for the period ended 31 December 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS				SOUTH AFRICAN RAND	
For the year ended 30 June 2010	For the 6 month period ended 31 December 2010		Notes	For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
4,164.3	**2,564.2**	Revenue	1	**18,308.1**	31,565.3
(3,143.8)	**(1,810.0)**	Cost of sales	2	**(12,923.4)**	(23,829.4)
1,020.5	**754.2**	Net operating profit		**5,384.7**	7,735.9
40.2	**12.9**	Investment income	3	**91.9**	304.7
(65.0)	**(35.0)**	Finance expense	4	**(249.5)**	(492.7)
27.6	**1.0**	Gain on financial instruments		**6.9**	209.7
(8.5)	**(1.4)**	Loss on foreign exchange		**(9.7)**	(64.6)
(27.6)	**(14.5)**	Other costs		**(103.7)**	(209.4)
(53.9)	**(27.0)**	Share-based payments	5	**(192.9)**	(408.2)
(80.9)	**(48.6)**	Exploration expense		**(346.7)**	(612.9)
-	**(9.3)**	Feasibility and evaluation costs		**(66.4)**	-
15.6	**(28.9)**	Share of results of associates after taxation		**(206.6)**	118.3
-	**(297.6)**	Share-based payments on BEE transactions	6	**(2,124.8)**	-
(2.2)	**(45.0)**	Restructuring costs		**(321.2)**	(16.7)
(34.0)	**-**	Impairment of investments	7	**-**	(257.8)
111.8	**(0.4)**	(Loss)/profit on disposal of investments		**(2.5)**	846.9
0.3	**0.7**	Profit on disposal of property, plant and equipment		**4.9**	2.5
943.9	**261.1**	Profit before royalties and taxation	8	**1,864.4**	7,155.7
(71.6)	**(43.3)**	Royalties	9	**(309.4)**	(543.0)
872.3	**217.8**	Profit before taxation		**1,555.0**	6,612.7
(308.5)	**(167.0)**	Mining and income tax	10	**(1,192.1)**	(2,338.2)
563.8	**50.8**	Profit for the period		**362.9**	4,274.5
		(Loss)/profit attributable to:			
479.0	**(10.7)**	- Owners of the parent		**(76.3)**	3,631.4
84.8	**61.5**	- Non-controlling interest holders		**439.2**	643.1
563.8	**50.8**			**362.9**	4,274.5
		(Loss)/profit per share attributable to ordinary shareholders of the company:			
68	**(2)**	Basic (loss)/earnings per share - cents	11.1	**(11)**	515
67	**(1)**	Diluted (loss)/earnings per share - cents	11.2	**(11)**	508

Exchange rate: R7.14/US$ (June 2010: R7.58/US$)

The accompanying notes form an integral part of these financial statements.

Consolidated statement of comprehensive income
for the period ended 31 December 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
For the year ended 30 June 2010	For the 6 month period ended 31 December 2010		For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
563.8	**50.8**	Profit for the period	**362.9**	4,274.5
241.3	**633.6**	Other comprehensive (expenses)/income	**(734.5)**	(751.3)
15.2	**31.1**	Mark-to-market valuation of listed investments	**222.2**	115.3
8.1	**-**	Mark-to-market adjustment released on impairment of listed investments	**-**	61.3
(65.9)	**-**	Realised gain on disposal of listed investments	**-**	(499.4)
9.7	**(2.3)**	Deferred taxation on mark-to-market valuation of listed investments	**(16.5)**	73.8
272.9	**603.9**	Currency translation adjustments and other	**(946.9)**	(512.2)
1.3	**0.9**	Share of equity investee's other comprehensive income	**6.7**	9.9
805.1	**684.4**	Total comprehensive (expenses)/income for the period	**(371.6)**	3,523.2
		Attributable to:		
701.5	**576.2**	- Owners of the parent	**(810.9)**	2,888.9
103.6	**108.2**	- Non-controlling interest holders	**439.3**	634.3

Exchange rate: R7.14/US$ (June 2010: R7.58/US$)

The accompanying notes form an integral part of these financial statements.

Consolidated statement of financial position
at 31 December 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS				SOUTH AFRICAN RAND	
30 June 2010	31 December 2010		Notes	31 December 2010	30 June 2010
		ASSETS			
7,836.3	**8,989.5**	Non-current assets		**60,678.2**	59,320.7
6,976.7	**7,888.9**	Property, plant and equipment	13	**53,249.8**	52,813.4
589.0	**660.6**	Goodwill	14	**4,458.9**	4,458.9
46.0	**14.3**	Investment in associates	15	**96.2**	348.2
90.8	**145.5**	Investments	17	**982.3**	687.7
133.8	**168.6**	Environmental trust funds	18	**1,137.9**	1,012.5
-	**111.6**	Deferred taxation	23	**753.1**	-
1,191.5	**1,649.8**	Current assets		**11,136.1**	9,019.5
309.6	**354.7**	Inventories	19	**2,394.0**	2,343.6
305.6	**357.5**	Trade and other receivables	20	**2,407.2**	2,313.2
75.6	**74.1**	Deferred stripping costs		**500.1**	572.2
-	**54.0**	Financial instruments	21	**371.0**	-
500.7	**809.5**	Cash and cash equivalents	22	**5,463.8**	3,790.5
9,027.8	**10,639.3**	Total assets		**71,814.3**	68,340.2
		EQUITY AND LIABILITIES			
54.2	**55.3**	Share capital		**360.4**	353.0
4,543.1	**4,547.4**	Share premium		**31,200.2**	31,169.4
(682.8)	**207.5**	Other reserves		**(38.3)**	(1,470.0)
1,718.6	**1,640.5**	Retained earnings		**12,019.8**	12,590.5
5,633.1	**6,450.7**	Equity attributable to owners of the parent		**43,542.1**	42,642.9
370.7	**456.4**	Non-controlling interest		**3,080.4**	2,806.0
6,003.8	**6,907.1**	Total equity		**46,622.5**	45,448.9
1,679.7	**2,653.2**	Non-current liabilities		**17,908.8**	12,715.4
943.6	**1,157.7**	Deferred taxation	23	**7,814.5**	7,142.7
430.0	**1,136.6**	Borrowings	24	**7,671.9**	3,255.1
306.1	**358.9**	Provisions	25	**2,422.4**	2,317.6
1,344.3	**1,079.0**	Current liabilities		**7,283.0**	10,175.9
548.9	**661.2**	Trade and other payables	26	**4,463.2**	4,154.0
104.3	**156.1**	Taxation and royalties		**1,053.6**	789.9
691.1	**261.7**	Current portion of borrowings	24	**1,766.2**	5,232.0
9,027.8	**10,639.3**	Total equity and liabilities		**71,814.3**	68,340.2

Exchange rate: R6.75/US$ (June 2010: R7.57/US$)

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity

for the period ended 31 December 2010

Figures in millions unless otherwise stated

	Number of ordinary shares in issue	Share capital and share premium	Foreign currency translation adjustment	Fair value adjustment reserve	Other reserves[1]	Retained earnings	Equity attributable to owners of the parent	Non-controlling interest	Total equity
SOUTH AFRICAN RAND									
Balance at 30 June 2009	704,749,849	31,465.6	1,786.7	282.1	(3,204.5)	9,876.2	**40,206.1**	2,463.3	**42,669.4**
Profit for the year	-	-	-	-	-	3,631.4	**3,631.4**	643.1	**4,274.5**
Other comprehensive (expenses)/income	-	-	(503.4)	(249.0)	9.9	-	**(742.5)**	(8.8)	**(751.3)**
Total comprehensive (expenses)/income	-	-	(503.4)	(249.0)	9.9	3,631.4	**2,888.9**	634.3	**3,523.2**
Dividends paid	-	-	-	-	-	(917.1)	**(917.1)**	(175.2)	**(1,092.3)**
Share-based payments	-	-	-	-	408.2	-	**408.2**	-	**408.2**
Transactions with non-controlling interest holders	-	-	-	-	-	-	**-**	(116.4)	**(116.4)**
Exercise of employee share options	1,153,662	56.8	-	-	-	-	**56.8**	-	**56.8**
Balance at 30 June 2010	**705,903,511**	**31,522.4**	**1,283.3**	**33.1**	**(2,786.4)**	**12,590.5**	**42,642.9**	**2,806.0**	**45,448.9**
(Loss)/profit for the period	-	-	-	-	-	(76.3)	**(76.3)**	439.2	**362.9**
Other comprehensive (expenses)/income	-	-	(947.0)	205.7	6.7	-	**(734.6)**	0.1	**(734.5)**
Total comprehensive (expenses)/income	-	-	(947.0)	205.7	6.7	(76.3)	**(810.9)**	439.3	**(371.6)**
Dividends paid	-	-	-	-	-	(494.4)	**(494.4)**	(207.1)	**(701.5)**
Share-based payments	-	-	-	-	2,166.3	-	**2,166.3**	-	**2 166.3**
Transactions with non-controlling interest holders	-	-	-	-	-	-	**-**	42.2	**42.2**
Exercise of employee share options	751,630	31.1	-	-	-	-	**31.1**	-	**31.1**
Shares issued for empowerment transactions	14,141,746	7.1	-	-	-	-	**7.1**	-	**7.1**
Balance at 31 December 2010	**720,796,887**	**31,560.6**	**336.3**	**238.8**	**(613.4)**	**12,019.8**	**43,542.1**	**3,080.4**	**46,622.5**
UNITED STATES DOLLARS									
Balance at 30 June 2009	704,749,849	4,589.9	(574.5)	59.7	(444.4)	1,357.7	**4,988.4**	305.6	**5,294.0**
Profit for the year	-	-	-	-	-	479.0	**479.0**	84.8	**563.8**
Other comprehensive income/(expenses)	-	-	254.1	(32.9)	1.3	-	**222.5**	18.8	**241.3**
Total comprehensive income/(expenses)	-	-	254.1	(32.9)	1.3	479.0	**701.5**	103.6	**805.1**
Dividends paid	-	-	-	-	-	(118.1)	**(118.1)**	(23.1)	**(141.2)**
Share-based payments	-	-	-	-	53.9	-	**53.9**	-	**53.9**
Transactions with non-controlling interest holders	-	-	-	-	-	-	**-**	(15.4)	**(15.4)**
Exercise of employee share options	1,153,662	7.4	-	-	-	-	**7.4**	-	**7.4**
Balance at 30 June 2010	**705,903,511**	**4,597.3**	**(320.4)**	**26.8**	**(389.2)**	**1,718.6**	**5,633.1**	**370.7**	**6,003.8**
Profit for the period	-	-	-	-	-	(10.7)	**(10.7)**	61.5	**50.8**
Other comprehensive income/(expenses)	-	-	557.2	28.8	0.9	-	**586.9**	46.7	**633.6**
Total comprehensive income/(expenses)	-	-	557.2	28.8	0.9	(10.7)	**576.2**	108.2	**684.4**
Dividends paid	-	-	-	-	-	(67.4)	**(67.4)**	(28.9)	**(96.3)**
Share-based payments	-	-	-	-	303.4	-	**303.4**	-	**303.4**
Transactions with non-controlling interest holders	-	-	-	-	-	-	**-**	6.4	**6.4**
Exercise of employee share options	751,630	4.4	-	-	-	-	**4.4**	-	**4.4**
Shares issued for empowerment transactions	14,141,746	1.0	-	-	-	-	**1.0**	-	**1.0**
Balance at 31 December 2010	**720,796,887**	**4,602.7**	**236.8**	**55.6**	**(84.9)**	**1,640.5**	**6,450.7**	**456.4**	**6,907.1**

1 Other reserves include share-based payments and share of equity investee's other comprehensive income.

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows
for the period ended 31 December 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS				SOUTH AFRICAN RAND	
For the year ended 30 June 2010	For the 6 month period ended 31 December 2010		Notes	For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
1,129.9	**776.9**	Cash flows from operating activities		**5,493.7**	8,506.6
1,531.2	**1,034.0**	Cash generated by operations	27	**7,382.7**	11,607.9
31.5	**8.6**	Interest received		**61.5**	238.3
0.1	**-**	Dividends received		**-**	0.9
(0.3)	**(0.5)**	Post-retirement health care payments		**(3.4)**	(2.4)
2.2	**6.8**	Change in working capital	28	**48.7**	17.0
1,564.7	**1,048.9**	Cash generated by operating activities		**7,489.5**	11,861.7
(65.7)	**(33.4)**	Interest paid		**(238.4)**	(498.6)
(51.5)	**(44.4)**	Royalties paid	29	**(331.9)**	(393.1)
(176.4)	**(106.6)**	Taxation paid	30	**(782.6)**	(1,371.1)
1,271.1	**864.5**	Net cash from operations		**6,136.6**	9,598.9
(141.2)	**(87.6)**	Dividends paid		**(642.9)**	(1,092.3)
(118.1)	**(67.4)**	- Ordinary shareholders		**(494.4)**	(917.1)
(23.1)	**(20.2)**	- Non-controlling interest holders		**(148.5)**	(175.2)
(960.3)	**(722.9)**	Cash flows from investing activities		**(5,146.0)**	(7,432.0)
(1,021.4)	**(649.8)**	Additions to property, plant and equipment		**(4,639.8)**	(7,742.3)
1.2	**5.3**	Proceeds on disposal of property, plant and equipment		**37.6**	8.7
-	**(54.0)**	Payment for FSE		**(371.0)**	-
(257.1)	**-**	Royalty termination		**-**	(1,998.9)
(43.0)	**-**	Purchase of Glencar asset		**-**	(340.1)
(13.5)	**(9.4)**	Purchase of investments		**(65.5)**	(97.2)
385.8	**0.4**	Proceeds on disposal of investments		**3.0**	2,830.8
(12.3)	**(15.4)**	Environmental trust funds and rehabilitation payments		**(110.3)**	(93.0)
(25.6)	**224.8**	Cash flows from financing activities		**1,546.8**	(75.3)
(15.4)	**6.4**	Loans received/(repaid) from non-controlling interest holders		**42.2**	(116.4)
1,619.9	**1,543.8**	Loans raised		**10,789.4**	12,275.5
(1,637.5)	**(1,330.8)**	Loans repaid		**(9,323.0)**	(12,291.2)
7.4	**5.4**	Proceeds from the issue of shares		**38.2**	56.8
144.0	**278.8**	Net cash generated		**1 894.5**	999.3
8.8	**30.0**	Effect of exchange rate fluctuation on cash held		**(221.2)**	(12.7)
347.9	**500.7**	Cash and cash equivalents at beginning of the period		**3,790.5**	2,803.9
500.7	**809.5**	Cash and cash equivalents at end of the period	22	**5,463.8**	3,790.5

The accompanying notes form an integral part of these financial statements.

Notes to the consolidated financial statements
for the period ended 31 December 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
For the year ended 30 June 2010	For the 6 month period ended 31 December 2010		For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
		1. REVENUE		
4,164.3	**2,564.2**	Revenue from mining operations - spot sales	**18,308.1**	31,565.3
		2. COST OF SALES		
(964.4)	**(521.4)**	Salaries and wages	**(3,722.6)**	(7,309.9)
(676.1)	**(365.1)**	Consumable stores	**(2,607.1)**	(5,124.6)
(275.6)	**(189.3)**	Utilities	**(1,351.3)**	(2,088.8)
(440.3)	**(244.1)**	Mine contractors	**(1,743.2)**	(3,337.8)
(172.7)	**(111.6)**	Other	**(796.8)**	(1,309.2)
(2,529.1)	**(1,431.5)**	Operating costs	**(10,221.0)**	(19,170.3)
23.5	**10.3**	Gold inventory change	**73.6**	178.2
(2,505.6)	**(1,421.2)**	Operating costs including gold inventory change	**(10,147.4)**	(18,992.1)
(638.2)	**(388.8)**	Amortisation and depreciation	**(2,776.0)**	(4,837.3)
(3,143.8)	**(1,810.0)**	Total cost of sales	**(12,923.4)**	(23,829.4)
		3. INVESTMENT INCOME		
0.1	**-**	Dividends received	**-**	0.9
8.6	**4.3**	Interest received - environmental trust funds	**30.4**	65.5
31.5	**8.6**	Interest received - other	**61.5**	238.3
40.2	**12.9**	Total investment income	**91.9**	304.7
		4. FINANCE EXPENSE		
(5.9)	**(3.0)**	Preference share interest	**(21.6)**	(44.7)
(5.0)	**(3.3)**	Interest charge - environmental rehabilitation	**(23.3)**	(37.6)
(65.7)	**(33.4)**	Interest paid - other	**(238.4)**	(498.6)
11.6	**4.7**	Interest capitalised	**33.8**	88.2
(65.0)	**(35.0)**	Total finance expense	**(249.5)**	(492.7)

Notes to the consolidated financial statements (continued)
for the period ended 31 December 2010

5. SHARE-BASED PAYMENTS

The Group grants equity-settled instruments comprising share options and restricted shares to directors, certain officers and employees. During the period ended December 2010, the following share plans were in place: The GF Management Incentive Scheme, the Gold Fields Limited 2005 Share Plan, the Gold Fields Limited 2005 Non-executive Share Plan and the GF Non-executive Director Share Plan. Details of the salient features of these plans are included in the directors' report.

The following information is available for each plan:

30 June 2010			31 December 2010	
Average instrument price (cps)	Number of instruments	(a) The GF Management Incentive Scheme	Number of instruments	Average instrument price (cps)
77.20	2,304,421	Outstanding at beginning of the period	**1,352,633**	**76.15**
		Movement during the period:		
74.62	(778,172)	Exercised and released	**(348,430)**	**75.40**
97.01	(173,616)	Forfeited	**(27,670)**	**96.06**
76.15	1,352,633	Outstanding at end of the period	**976,533**	**75.85**
		All options outstanding above have vested.		

Average instrument price (cps)	Number of instruments	(b) The GF Non-executive Director Share Plan	Number of instruments	Average instrument price (cps)
88.54	81,700	Outstanding at beginning of the period	**81,700**	**88.54**
		Movement during the period:		
-	-	Exercised and released	**(20,000)**	**78.49**
-	-	Lapsed	**(25,000)**	**110.03**
88.54	81,700	Outstanding at end of the period	**36,700**	**79.37**
		All options outstanding above have vested.		

No further allocations are being made under these plans in view of the new plans. However, during the period ended 31 December 2010, some share option expiry dates were extended to enable participants who were disadvantaged due to closed periods to be placed in an equitable position. The incremental fair value of the modification which was expensed in total during the period ended 31 December 2010 was R0.5 million (June 2010: R0.4 million).

30 June 2010				31 December 2010		
Number of options	Weighted average price (rand)	Contractual life extended by (years)		Number of options	Weighted average price (rand)	Contractual life extended by (years)
			The following directors were affected by the modification:			
			Executive directors			
13,334	46.23	0.87	NJ Holland	**191,500**	**75.44**	**0.80**
-	-	-	PA Schmidt	**15,934**	**74.75**	**0.64**
			Non-executive directors			
-	-	-	K Ansah	**6,700**	**68.59**	**0.50**
5,000	110.03	0.71	RL Pennant-Rea	**20,000**	**78.49**	**0.50**
10,000	110.03	0.71	CI von Christierson	**10,000**	**88.38**	**0.50**
10,000	110.03	0.71	AJ Wright	**-**	**-**	**-**

5. SHARE-BASED PAYMENTS (continued)

30 June 2010				31 December 2010		
Average instrument price (cps)	Share Appreciation Rights (SARS)	Performance vesting restricted shares (PVRS)	(c) Gold Fields Limited 2005 Share Plan and Gold Fields Limited 2005 Non-executive Share Plan	Performance vesting restricted shares (PVRS)	Share Appreciation Rights (SARS)	Average instrument price (cps)
111.50	4,609,626	6,932,164	Outstanding at beginning of the period	**8,574,541**	**5,660,272**	**106.00**
			Movement during the period:			
90.84	1,564,217	3,224,852	Granted during the period	**381,115**	**307,070**	**103.66**
-	-	(345,909)	Exercised and released	**(392,779)**	**(13,329)**	**103.07**
109.40	(513,571)	(626,815)	Forfeited	**(753,918)**	**(683,416)**	**104.01**
-	-	(609,751)	Conditions for vesting not met	**(60,000)**	**-**	**-**
106.00	5,660,272	8,574,541	Outstanding at end of the period	**7,748,959**	**5,270,597**	**105.53**
			Included in the above are 1,022,637 (June 2010: 904,809) vested share appreciation rights.			

During the period ended 31 December 2010, some share appreciation rights' expiry dates were extended to enable participants who were disadvantaged due to closed periods to be placed in an equitable position. The incremental fair value of the modification was Rnil.

Number of options	Weighted average price (rand)	Contractual life extended by (years)		Number of options	Weighted average price (rand)	Contractual life extended by (years)
			The following directors were affected by the modification:			
			Executive directors			
-	-	-	NJ Holland	**30,300**	**124.60**	**0.80**
-	-	-	PA Schmidt	**9,450**	**124.71**	**0.64**

Notes to the consolidated financial statements (continued)

for the period ended 31 December 2010

5. SHARE-BASED PAYMENTS (continued)

30 June 2010		31 December 2010
	(c) Gold Fields Limited 2005 Share Plan and Gold Fields Limited 2005 Non-executive Share Plan (continued)	
	The fair value of equity instruments granted during the year were valued using the Black Scholes and Monte Carlo Simulation models.	
	Black Scholes Model	
	This model is used to value the share appreciation rights (SARS) as described in the directors' report. The inputs to the model for options granted during the year were as follows:	
R90.84	- weighted average exercise price	**R93.89**
52.0%	- exponentially weighted moving average volatility (based on a statistical analysis of the share price on a weighted moving average basis for the expected term of the option)	**50.2%**
3.0 - 4.2	- expected term (years)	**3.0 - 4.2**
1.0%	- long-term expected dividend yield	**1.0%**
7.9%	- weighted average risk free interest rate	**6.9%**
R43.82	- weighted average fair value	**R55.06**
	Monte Carlo Simulation	
	This model is used to value the performance vesting restricted shares (PVRS) as described in the directors' report. The inputs to the model for options granted during the year were as follows:	
50.4%	- weighted average historical volatility (based on a statistical analysis of the share price on a weighted moving average basis for the expected term of the option)	**50.1%**
3.0	- expected term (years)	**3.0**
1.4%	- historical dividend yield	**1.9%**
0.2%	- weighted average three year risk-free interest rate (based on US interest rates)	**0.2%**
R155.78	- weighted average fair value	**R191.38**
	Vesting of PVRS is based on Gold Fields' performance on the Philadelphia XAU Index relative to its five representative peers in the gold mining industry rather than all members of the index, because some members of the index are not purely gold mining companies or are small producers.	

The following table summarises information relating to the options and equity-settled instruments outstanding at 31 December 2010:

30 June 2010 Weighted average				31 December 2010 Weighted average		
Contractual life (years)	Price	Number of instruments	Range of exercise prices for outstanding equity instruments (South African rands)	Number of instruments	Price	Contractual life (years)
1.73	-	8,574,541	n/a*	**7,748,959**	**-**	**1.31**
0.01	46.23	63,866	35.00 - 59.99	**59,866**	**46.23**	**0.73**
1.50	70.67	1,057,134	60.00 - 84.99	**771,673**	**70.82**	**0.97**
3.52	101.01	4,748,811	85.00 - 109.99	**4,311,008**	**100.57**	**3.01**
2.16	123.95	1,197,294	110.00 -134.99	**1,113,783**	**124.20**	**1.87**
1.04	146.71	27,500	135.00 -159.99	**27,500**	**146.71**	**0.52**
		15,669,146	Total outstanding at 31 December 2010	**14,032,789**		
			* Restricted shares (PVRS) are awarded for no consideration.			
		103.69	Weighted average share price during the period	**108.32**		

Figures in millions unless otherwise stated

UNITED STATES DOLLARS				SOUTH AFRICAN RAND	
For the year ended 30 June 2010	For the 6 month period ended 31 December 2010			For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
		6.	SHARE-BASED PAYMENTS ON BEE TRANSACTIONS		
-	**171.9**	6.1	ESOP	**1,227.3**	-
			During the period ended 31 December 2010, 13.5 million shares were issued to approximately 47,000 Gold Fields employees. These shares were valued on the grant date using the Gold Fields closing share price of R122.79 on 22 December 2010, adjusted by a marketability discount of 26% to reflect the value of the restrictions placed on these shares. The employees may not dispose of the shares until after 15 years from grant date.		
-	**115.5**	6.2	South Deep transaction	**824.8**	-
			This transaction is made up of a preferred BEE dividend (R151 million) and an equity component (R674 million). Under the South Deep transaction, a wholly-owned subsidiary company of Gold Fields was created to acquire 100% of the South Deep net assets from GFIMSA. GFIMSA is a wholly-owned subsidiary of Gold Fields. The new company then issued 10 million Class B ordinary shares representing 10.0% of South Deep's net worth to a consortium of BEE partners. Class B ordinary shareholders are entitled to a dividend of R2 per share and can convert the Class B to Class A ordinary shares over a twenty year period from the effective date of the transaction, 6 December 2010. The Class B ordinary shares will convert one-third after ten years and a third thereafter on each fifth year anniversary. For accounting purposes, the preferred BEE dividend represents a liability of Gold Fields to the Class B ordinary shareholders and qualifies as a share-based payment. It has been valued at R151 million. The Rand based effective interest rate used to discount the future dividend payments is 9.55%.		
			The calculation of the disposal of 10% of South Deep was based on the cash flows over the life of the mine and was subject to valuation adjustments relating to minority discount (22%), liquidity discount (36%) and B share restriction discount (63%) which resulted in an overall once-off share-based payment expense of R674 million.		
-	**10.2**	6.3	GFIMSA transaction	**72.7**	-
			During the period ended 31 December 2010, 0.6 million shares were issued to broad-based BEE partners on 23 December 2010. The non-recurring share-based compensation was based on the closing price of R118.51. These shares were not adjusted by a marketability discount as they had no trading restrictions.		
-	**297.6**		Total share-based payments on BEE transactions	**2,124.8**	-

All share-based payment charges above have been accounted for in the income statement in full in the period ended 31 December 2010 and no further costs are going to arise from them.

Notes to the consolidated financial statements (continued)
for the period ended 31 December 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
For the year ended 30 June 2010	For the 6 month period ended 31 December 2010		For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
		7. IMPAIRMENT OF INVESTMENTS		
(25.9)	**-**	Investment in associate - Rusoro Mining Limited	**-**	(196.5)
(8.1)	**-**	Listed investments	**-**	(61.3)
(34.0)	**-**		**-**	(257.8)
		8. INCLUDED IN PROFIT BEFORE ROYALTIES AND TAXATION ARE THE FOLLOWING:		
		Expenses		
		Auditors' remuneration		
3.4	**2.9**	- audit fee	**20.7**	26.1
0.1	**0.3**	- non-audit services	**1.9**	1.0
16.0	**8.0**	Environmental rehabilitation inflation adjustment	**57.4**	121.6
1.2	**1.5**	Operating lease charges	**10.5**	8.8
		9. ROYALTIES		
(8.1)	**(14.1)**	- South African	**(100.6)**	(61.3)
(63.5)	**(29.2)**	- Foreign	**(208.8)**	(481.7)
(71.6)	**(43.3)**	Total royalties	**(309.4)**	(543.0)
		Royalty rates		
		- South Africa (effective rate)[1]	**1.1%**	1.2%
		- Australia[2]	**2.5%**	2.5%
		- Ghana[2]	**3.0%**	3.0%
		- Peru[3]	**3.0%**	3.0%

1 The Mineral and Petroleum Resource Royalty Act 2008 ("Royalty Act") was promulgated on 24 November 2008 and became effective from 1 March 2010. The Royalty Act imposes a royalty on refined (mineral resources that have undergone a comprehensive level of beneficiation such as smelting and refining as defined in Schedule 1 of the Act) and unrefined (mineral resources that have undergone limited beneficiation as defined in Schedule 2 of the Act) minerals payable to the State. The royalty in respect of refined minerals (which include gold refined to 99.5% and above and platinum) is calculated by dividing earnings before interest and taxes ("EBIT") by the product of 12.5 times gross revenue calculated as a percentage, plus an additional 0.5%. EBIT refers to taxable mining income (with certain exceptions such as no deduction for interest payable and foreign exchange losses) before assessed losses but after capital expenditure. A maximum royalty of 5% has been introduced on refined minerals. The effective rate of royalty tax payable for the six months to 31 December 2010 was approximately 1.1% of mining revenue (four months ended 30 June 2010 approximately 1.2%).

2 The Australian and Ghanaian operations are subject to a 2.5% and 3.0% gold royalty respectively on revenue because the mineral rights are owned by the State.

3 The Peruvian operations are subject to a mining royalty calculated on a sliding scale with rates ranging from 1% to 3% of the value of mineral concentrate based on international market prices.

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
For the year ended 30 June 2010	For the 6 month period ended 31 December 2010		For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
		10. MINING AND INCOME TAX		
		The components of mining and income tax are the following:		
		South African taxation		
(22.4)	**(25.9)**	- mining tax	**(185.2)**	(169.8)
(7.4)	**(8.0)**	- non-mining tax	**(57.1)**	(55.9)
(34.6)	**(0.8)**	- company and capital gains tax	**(5.7)**	(262.6)
4.8	**1.0**	- prior year adjustment - current tax	**7.0**	36.4
(50.5)	**25.9**	- deferred tax	**184.8**	(382.9)
-	**(4.0)**	- prior year adjustment - deferred tax	**(28.4)**	-
		Foreign taxation		
(102.8)	**(125.8)**	- current	**(897.9)**	(779.2)
(95.6)	**(29.4)**	- deferred tax	**(209.6)**	(724.2)
(308.5)	**(167.0)**	Total mining and income tax	**(1,192.1)**	(2,338.2)
		Major items causing the Group's income tax to differ from the maximum South African statutory mining tax rate of 43.0% (June 2010: 43.0%) were:		
		Tax on profit before taxation at maximum South African statutory mining tax rate	**(668.7)**	(2,843.5)
		Rate adjustment to reflect the actual realised company tax rates in South Africa and offshore	**530.5**	701.4
		South African mining tax formula rate adjustment	**74.5**	125.6
		Use of assessed loss not previously recognised	**-**	0.8
		Non-deductible share-based payments	**(996.6)**	(175.5)
		Non-deductible exploration expense	**(149.1)**	(263.5)
		Non-deductible feasibility and evaluation costs	**(28.5)**	-
		Non-deductible impairment of investments	**-**	(110.9)
		Non-deductible losses/ non-taxable profit on disposal of investments	**3.9**	537.1
		National stabilisation levy - Ghana	**(90.3)**	(124.7)
		Share of results of associates after taxation	**(88.8)**	50.9
		Net non-deductible expenditure and non-taxable income	**(94.0)**	(84.9)
		Deferred tax release on reduction of rate at the South African mining operations	**377.2**	-
		Deferred tax asset not recognised	**-**	(5.9)
		Profits subject to capital gains tax	**-**	(181.4)
		Other	**(62.2)**	36.3
		Mining and income tax expense	**(1,192.1)**	(2,338.2)

10. MINING AND INCOME TAX (continued)

	For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
South Africa - tax rates		
- Mining tax[1]	**Y = 43 – 215/X**	Y = 43 – 215/X
- Non-mining tax[2]	**35.0%**	35.0%
- Company tax rate	**28.0%**	28.0%

1 South African mining tax on mining income is determined according to a formula which takes into account the profit and revenue from mining operations. South African mining taxable income is determined after the deduction of all mining capital expenditure, with the proviso that this cannot result in an assessed loss. Capital expenditure amounts not deducted are carried forward as unredeemed capital expenditure to be deducted from future mining income. Accounting depreciation is ignored for the purpose of calculating South African mining taxation.

In the formula above, Y is the percentage rate of tax payable and X is the ratio of mining profit, after the deduction of redeemable capital expenditure, to mining revenue expressed as a percentage.

2 Non-mining income of South African mining operations consists primarily of interest income.

	For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
International operations - tax rates		
Company tax rate		
- Australia	**30.0%**	30.0%
- Ghana	**25.0%**	25.0%
- Ghana - national stabilisation levy	**5.0%**	5.0%
- Peru[3]	**35.6%**	35.6%

3 The tax rate applicable to Peru is 30% excluding an effective 5.6% workers' participation tax payable on taxable profits.

Deferred tax is provided at the expected future rate for mining operations arising from temporary differences between the carrying values and tax values of assets and liabilities.

10. MINING AND INCOME TAX (continued)

At 31 December 2010, the Group had the following estimated amounts available for set-off against future income:

	31 December 2010			30 June 2010		
	Unredeemed capital expenditure	Tax losses	Deferred tax asset not recognised on tax losses	Unredeemed capital expenditure	Tax losses	Deferred tax asset not recognised on tax losses
	R million	R million	R million	R million	R million	R million
South Africa [4]						
GFI Mining South Africa (Pty) Limited - Beatrix Division	**793.6**	**-**	**-**	1,061.6	-	-
Gold Fields Operations Limited	**3,964.5**	**4,408.9**	**-**	3,498.3	4,544.8	-
GFI Joint Venture Holdings (Pty) Limited	**7,557.1**	**455.5**	**-**	7,087.0	616.7	-
Living Gold (Pty) Limited	**-**	**155.9**	**43.7**	-	152.2	42.6
Golden Oils (Pty) Limited	**-**	**9.3**	**2.6**	-	7.3	2.0
Agrihold (Pty) Limited	**-**	**15.8**	**4.4**	-	15.8	4.4
Golden Hytec Farming (Pty) Limited	**-**	**9.2**	**2.6**	-	9.3	2.6
	12,315.3	**5,054.6**	**53.3**	11,646.9	5,346.1	51.6

4 These deductions are available to be utilised against income generated by the relevant tax entity and do not expire unless the tax entity concerned ceases to commercially mine for a period of longer than one year. Under South African mining tax ring-fencing legislation, each tax entity is treated separately and as such these deductions can be utilised only by the tax entities in which the deductions have been generated. South African tax losses have no expiration date.

	Capital allowances	Tax losses	Deferred tax asset not recognised on tax losses	Capital allowances	Tax losses	Deferred tax asset not recognised on tax losses
	US$ million	US$ million	US$ million	US$ million	US$ million	US$ million
International operations						
Orogen Investments SA (Luxembourg)[5]	**-**	**136.5**	**40.2**	-	145.3	42.8
Gold Fields Arctic Platinum Oy[6]	**-**	**94.4**	**28.3**	-	98.5	25.6
Gold Fields Ghana Limited	**-**	**-**	**-**	-	-	-
Abosso Goldfields Limited	**-**	**-**	**-**	15.5	-	-
Gold Fields La Cima	**163.6**	**-**	**-**	710.1	-	-
	163.6	**230.9**	**68.5**	725.6	243.8	68.4

5 In terms of current Luxembourg taxation legislation, losses incurred in accounting periods subsequent to 31 December 1990 can be carried forward indefinitely. All losses incurred by Orogen Investment SA (Luxembourg) were incurred subsequent to 31 December 1990.

6 Tax losses may be carried forward for 10 years. These losses expire on a first-in-first-out basis.

	Capital allowances	Tax losses	Deferred tax asset not recognised on tax losses	Capital allowances	Tax losses	Deferred tax asset not recognised on tax losses
	AUD$ million	AUD$ million	AUD$ million	AUD$ million	AUD$ million	AUD$ million
Gold Fields Australia (Pty) Limited[7]	**-**	**177.1**	**-**	-	290.2	-
	-	**177.1**	**-**	-	290.2	-

7 Tax losses may be carried forward indefinitely.

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for the period ended 31 December 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
For the year ended 30 June 2010	For the 6 month period ended 31 December 2010		For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
		11. (LOSS)/EARNINGS PER SHARE		
68	**(2)**	11.1 Basic (loss)/earnings per share - cents	**(11)**	515
		Basic (loss)/earnings per share is calculated by dividing the loss attributable to ordinary shareholders of R76.3 million (June 2010: profit of R3,631.4 million) by the weighted average number of ordinary shares in issue during the period of 711,011,673 (June 2010: 705,364,200).		
67	**(1)**	11.2 Diluted (loss)/earnings per share - cents	**(11)**	508
		Diluted basic (loss)/earnings per share is calculated on the basis of loss attributable to ordinary shareholders of R76.3 million (June 2010: profit of R3,631.4 million) and 719,689,050 (June 2010: 714,549,842) shares being the diluted number of ordinary shares in issue during the period.		
		The weighted average number of shares has been adjusted by the following to arrive at the diluted number of ordinary shares:		
		Weighted average number of shares	**711,011,673**	705,364,200
		Share options in issue	**8,677,377**	9,185,642
		Diluted number of ordinary shares	**719,689,050**	714,549,842
59	**(2)**	11.3 Headline (loss)/earnings per share - cents	**(11)**	449
		Headline (loss)/earnings per share is calculated on the basis of adjusted net loss attributable to ordinary shareholders of R77.2 million (June 2010: profit of R3,164.1 million) and 711,011,673 (June 2010: 705,364,200) shares being the weighted average number of ordinary shares in issue during the period.		
		Net (loss)/profit attributable to ordinary shareholders is reconciled to headline (loss)/earnings as follows:		
479.0	**(10.7)**	Net (loss)/profit attributable to ordinary shareholders	**(76.3)**	3,631.4
(111.8)	**0.4**	Loss/(profit) on disposal of investments	**2.5**	(846.9)
16.5	**(0.1)**	Taxation effect of profit on disposal of investments	**(0.4)**	124.0
(0.3)	**(0.7)**	Profit on disposal of property, plant and equipment	**(4.9)**	(2.5)
-	**0.1**	Taxation effect of profit on property, plant and equipment	**1.9**	0.3
34.0	**-**	Impairment of investments	**-**	257.8
417.4	**(11.0)**	Headline (loss)/earnings	**(77.2)**	3,164.1
58	**(2)**	11.4 Diluted headline (loss)/earnings per share - cents	**(11)**	443
		Diluted headline (loss)/earnings per share is calculated on the basis of headline loss attributable to ordinary shareholders of R77.2 million (June 2010: profit of R3,164.1 million) and 719,689,050 (June 2010: 714,549,842) shares being the diluted number of ordinary shares in issue during the period.		

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
For the year ended 30 June 2010	For the 6 month period ended 31 December 2010		For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
		12. DIVIDENDS		
72.6	**67.4**	June 2010 final dividend of 70 cents per share (2009: 80 cents) declared on 4 August 2010.	**494.4**	564.1
45.5	**-**	December 2009 interim dividend of 50 cents per share was declared on the 1 March 2010.	**-**	353.0
		A final dividend in respect of the period ended 31 December 2010 of 70 cents per share was approved by the Board of Directors on 16 February 2011. This dividend payable is not reflected in these financial statements.		
		No Secondary Tax on Companies is payable on the dividend declared after year end due to sufficient STC credits available in Gold Fields Limited.		
118.1	**67.4**	Total dividends	**494.4**	917.1
17	**9**	Dividends per share - cents	**70**	130

Notes to the consolidated financial statements (continued)

for the period ended 31 December 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS				SOUTH AFRICAN RAND		
Land, mineral rights and rehabilitation assets	Mine development, infrastructure and other assets	Total		Total	Mine development, infrastructure and other assets	Land, mineral rights and rehabilitation assets
			13. PROPERTY, PLANT AND EQUIPMENT			
			31 December 2010			
			Cost			
1,050.3	**10,459.2**	**11,509.5**	Balance at beginning of the period	**87,127.0**	**79,176.5**	**7,950.5**
(4.0)	**2.8**	**(1.2)**	Reclassifications	**(8.7)**	**20.2**	**(28.9)**
2.8	**647.0**	**649.8**	Additions	**4,639.8**	**4,619.7**	**20.1**
-	**4.7**	**4.7**	Finance charges capitalised[1]	**33.8**	**33.8**	**-**
(0.4)	**(9.6)**	**(10.0)**	Disposals	**(71.4)**	**(68.7)**	**(2.7)**
-	**(0.4)**	**(0.4)**	Other	**(2.6)**	**(2.6)**	**-**
(6.1)	**-**	**(6.1)**	Adjustments to rehabilitation assets	**(43.4)**	**-**	**(43.4)**
127.1	**1,048.2**	**1,175.3**	Translation adjustment	**(1,754.3)**	**(1,753.9)**	**(0.4)**
1,169.7	**12,151.9**	**13,321.6**	Balance at end of the period	**89,920.2**	**82,025.0**	**7,895.2**
			Accumulated depreciation and impairment			
299.2	**4,233.6**	**4,532.8**	Balance at beginning of the period	**34,313.6**	**32,048.8**	**2,264.8**
2.1	**(3.3)**	**(1.2)**	Reclassifications	**(8.5)**	**(23.8)**	**15.3**
13.7	**375.1**	**388.8**	Charge for the period	**2,776.0**	**2,678.2**	**97.8**
-	**(1.3)**	**(1.3)**	Disposals	**(9.1)**	**(9.1)**	**-**
-	**3.0**	**3.0**	Other	**22.1**	**22.1**	**-**
41.7	**468.9**	**510.6**	Translation adjustment	**(423.7)**	**(453.4)**	**29.7**
356.7	**5,076.0**	**5,432.7**	Balance at end of the period	**36,670.4**	**34,262.8**	**2,407.6**
813.0	**7,075.9**	**7,888.9**	Carrying value at end of the period	**53,249.8**	**47,762.2**	**5,487.6**
			30 June 2010			
1,050.3	10,459.2	11,509.5	Cost	87,127.0	79,176.5	7,950.5
299.2	4,233.6	4,532.8	Accumulated depreciation and impairment	34,313.6	32,048.8	2,264.8
751.1	6,225.6	6,976.7	Carrying value at end of the year	52,813.4	47,127.7	5,685.7

1 Borrowing costs of R33.8 million were capitalised based on group general borrowings which are related to the qualifying projects at the South Deep. An average interest capitalisation rate of 2.5% was applied.

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
30 June 2010	31 December 2010		31 December 2010	30 June 2010
		14. GOODWILL		
553.2	**589.0**	Balance at beginning of the year	**4,458.9**	4,458.9
35.8	**71.6**	Translation	**-**	-
589.0	**660.6**	Balance at end of the year	**4,458.9**	4,458.9

The goodwill arose on the acquisition of South Deep and is attributable to the upside potential of the asset, synergies, deferred tax and the gold multiple.

The total goodwill is allocated to South Deep, the cash generating unit ("CGU"), where it is tested for impairment.

In line with the accounting policy, the recoverable amount was determined by reference to "fair value less costs to sell" being the higher of "value in use" and "fair value less cost to sell", based on the cash flows over the life of the CGU and discounted to present value at an appropriate discount rate. Management's estimates and assumptions include:

- Long-term gold price of R290,000 per kilogram for life of mine (June 2010: R260,000 per kilogram for 2011 and 2012 and R290,000 per kilogram thereafter);
- A discount rate of between 4.1% and 6.8% (June 2010: 6.1% and 6.8%); and
- The annual life of mine plan takes into account the following:
  - proved and probable ore reserves of South Deep;
  - value beyond proved and probable reserves determined using appropriate price assumptions;
  - cash flows based on the life of mine plan which exceeds a period of five years; and
  - capital expenditure estimates over the life of mine plan.

The carrying value of CGUs, including goodwill, is tested on an annual basis for impairment. In addition, the group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount of a CGU may not be recoverable.

Expected future cash flows used to determine the recoverable amount of property, plant and equipment and goodwill are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as the spot gold price, foreign currency exchange rates, estimates of production costs, future capital expenditure and discount rates.

It is therefore possible that outcomes within the next financial year that are materially different from the assumptions used in the impairment testing process could require an adjustment to the carrying values.

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Figures in millions unless otherwise stated

UNITED STATES DOLLARS				SOUTH AFRICAN RAND	
30 June 2010	31 December 2010			31 December 2010	30 June 2010
		15.	INVESTMENT IN ASSOCIATES		
14.9	**14.3**	(a)	Rand Refinery Limited	**96.2**	113.0
31.1	**-**	(b)	Rusoro Mining Limited	**-**	235.2
46.0	**14.3**		Total investment in associates	**96.2**	348.2
		(a)	Rand Refinery Limited		
			The Group has a 34.9% interest in Rand Refinery Limited, a company incorporated in the Republic of South Africa, which is involved in the refining of bullion and by-products sourced from, inter alia, South African and foreign gold producing mining companies. The investment has been equity accounted since 1 July 2002.		
			Rand Refinery Limited has a 30 September year end and equity accounting is based on results to 30 November 2010.		
76.6	**34.8**		Total revenue of associate	**248.8**	580.3
24.0	**9.2**		Total profit of associate	**66.0**	182.1
			Investment in associate consists of:		
3.3	**3.3**		Unlisted shares at cost	**22.3**	22.3
2.8	**11.2**		Share of accumulated profits brought forward	**90.7**	27.2
-	**(5.4)**		Dividends received	**(38.9)**	-
8.4	**3.1**		Share of profit after taxation	**22.1**	63.5
0.4	**2.1**		Translation adjustments	**-**	-
14.9	**14.3**		Total investment in associate	**96.2**	113.0
			The summarised financial statements of Rand Refinery Limtied are:		
35.2	**40.6**		Non-current assets	**274.2**	266.2
43.9	**61.0**		Current assets	**411.7**	332.6
79.1	**101.6**		Total assets	**685.9**	598.8
6.7	**7.5**		Non-current liabilities	**50.7**	50.9
12.3	**17.4**		Current liabilities	**117.2**	92.8
19.0	**24.9**		Total liabilities	**167.9**	143.7
60.1	**76.7**		Net assets	**518.0**	455.1
21.0	**26.8**		The Group's interest in the net assets of Rand Refinery	**180.8**	158.7
			Reconciliation of the total investment in associate with attributable net assets:		
21.0	**26.8**		Net assets	**180.8**	158.7
(1.4)	**(6.8)**		Dividends received	**(47.3)**	(8.4)
(4.7)	**(5.7)**		Fair value adjustment*	**(37.3)**	(37.3)
14.9	**14.3**		Carrying value	**96.2**	113.0
			* The investment in associate was fair valued at 1 July 2002, the date when significant influence was obtained.		

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
30 June 2010	31 December 2010		31 December 2010	30 June 2010
		15. INVESTMENT IN ASSOCIATES (continued)		
		(b) Rusoro Mining Limited		
		Gold Fields interest in Rusoro Mining Limited at 31 December 2010 was 26.4% (June 2010: 26.4%)		
		Rusoro Mining Limited, a company listed on the Toronto Stock Exchange (TSX), is a junior gold producer, with a large land position in the prolific Bolivar State gold region in southern Venezuela. The investment has been equity accounted since 30 November 2007.		
		Rusoro Mining Limited has a 31 December year end and equity accounting is based on published results to 30 September 2010.		
58.6	**93.8**	Total revenue of associate	**670.0**	444.2
25.8	**(143.9)**	Total (loss)/profit of associate	**(1,027.7)**	195.6
		Investment in associate consists of:		
236.9	**236.9**	Listed shares at fair value at acquisition	**1,604.7**	1 604.7
(25.8)	**(18.6)**	Share of accumulated losses brought forward	**(169.5)**	(224.3)
(162.6)	**(187.2)**	Brought forward - other[1]	**(1,497.6)**	(1,311.0)
7.2	**(38.2)**	Share of loss/(profit) after taxation	**(272.6)**	54.8
(25.9)	**-**	Impairment of investments	**-**	(196.5)
1.3	**0.9**	Other equity movements	**6.7**	9.9
-	**6.2**	Write-back of investment to nil	**44.3**	-
-	**-**	Translation adjustments	**284.0**	297.6
31.1	**-**	Total investment in associate[2]	**-**	235.2
		The summarised financial statements of Rusoro Mining Limtied:		
954.7	**957.3**	Non-current assets	**6,460.8**	7,228.7
80.9	**69.3**	Current assets	**467.6**	612.4
1,035.6	**1,026.6**	Total assets	**6,928.4**	7,841.1
222.9	**346.9**	Non-current liabilities	**2,341.6**	1,687.6
94.6	**101.8**	Current liabilities	**687.3**	716.3
317.5	**448.7**	Total liabilities	**3,028.9**	2,403.9
0.6	**1.2**	Non-controlling interest	**8.1**	4.5
717.5	**576.7**	Net assets	**3,891.4**	5,432.7
189.6	**152.3**	The Group's interest in the net assets of Rusoro	**1,028.1**	1,435.3
		Reconciliation of the total investment in associate with attributable net assets:		
189.6	**152.3**	Net assets	**1 028.1**	1 435.3
-	**6.2**	Write-back of investment to nil	**44.3**	-
(158.1)	**(158.1)**	Impairment of investment in associate	**(1,262.2)**	(1,262.2)
(0.4)	**(0.4)**	Translation adjustments	**189.8**	62.1
31.1	**-**	Carrying value[2]	**-**	235.2

1 Other includes impairment, dilution loss and share of equitee investee's other equity movements.

2 The carrying value of Rusoro at 30 June 2010 was higher than the fair value and was impaired to a value based on the market prices at 30 June 2010. These market prices were used to determine the cumulative impairment charges of R1,262.2 million.

The carrying value of Rusoro at 31 December 2010 has been written down to nil due to losses incurred by the entity. The market value of Rusoro at 31 December 2010 is R345.8 million (US$51.3 million) based on market prices at that date.

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for the period ended 31 December 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
30 June 2010	31 December 2010		31 December 2010	30 June 2010
		16. FINANCIAL INSTRUMENTS PER CATEGORY		
		The accounting policies for financial instruments have been applied to the line items below:		
		(a) Financial assets		
		Loans and receivables		
182.1	**239.9**	- Trade and other receivables	**1,613.8**	1,377.7
459.2	**585.1**	- Cash and cash equivalents	**3,949.6**	3,476.0
		Fair value through profit and loss		
133.8	**168.6**	- Environmental trust fund	**1,137.9**	1,012.5
41.5	**224.3**	- Cash and cash equivalents	**1,514.2**	314.5
		Available for sale		
90.8	**145.5**	- Investments	**982.3**	687.7
		Non-trading derivatives		
-	**54.0**	- Financial instruments	**371.0**	-
		(b) Financial liabilities		
		Other financial liabilities		
1,121.1	**1,398.3**	- Borrowings	**9,438.1**	8,487.1
487.1	**589.4**	- Trade and other payables	**3,978.5**	3,686.3
		17. INVESTMENTS		
		Listed		
90.6	**105.5**	Cost	**712.2**	672.2
(18.4)	**(18.4)**	Less: Other than temporary impairments	**(155.1)**	(155.1)
4.6	**37.3**	Net unrealised gain on revaluation	**282.7**	64.2
76.8	**124.4**	Carrying value	**839.8**	581.3
76.8	**124.4**	Market value	**839.8**	581.3
		Unlisted		
1.2	**1.7**	Carrying value and directors' valuation	**11.6**	9.7
78.0	**126.1**	Total listed and unlisted investments	**851.4**	591.0
12.8	**19.4**	Loans advanced	**130.9**	96.7
90.8	**145.5**	Total investments	**982.3**	687.7
		All investments are classified as available for sale. Details of major investments are given on pages 310 and 311.		

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
30 June 2010	31 December 2010		31 December 2010	30 June 2010
		18. ENVIRONMENTAL TRUST FUNDS		
110.0	**133.8**	Balance at beginning of the period	**1,012.5**	886.7
8.0	**13.3**	Contributions	**95.0**	60.3
8.6	**4.3**	Interest earned	**30.4**	65.5
7.2	**17.2**	Translation adjustment		-
133.8	**168.6**	Balance at end of the period*	**1,137.9**	1,012.5
		* The trust funds consist of term deposits amounting to R810.3 million (June 2010: R607.9 million), as well as inflation and equity linked securities amounting to R327.6 million (June 2010: R404.6 million).		
		The proceeds from these funds are intended to fund environmental rehabilitation obligations of the Group's South African mines and they are not available for general purposes of the Group. All income earned on these funds is re-invested or spent to meet these obligations. The funds are invested in money market, fixed deposits, government and other corporate bonds. The obligations which these funds are intended to fund are included in environmental rehabilitation costs under long-term provisions. (Refer to note 25.2)		
		19. INVENTORIES		
169.5	**187.7**	Gold-in-process	**1,266.7**	1,283.0
134.3	**156.4**	Consumable stores	**1,055.8**	1,017.0
5.8	**10.6**	Other	**71.5**	43.6
309.6	**354.7**	Total inventories	**2,394.0**	2,343.6
		The cost of consumable stores consumed during the year and included in working cost amounted to R2,607 million or US$365 million (June 2010: R5,125 million or US$676 million).		
		20. TRADE AND OTHER RECEIVABLES		
130.9	**168.8**	Trade receivables - gold sales and copper concentrate	**1,139.6**	991.0
21.1	**32.4**	Trade receivables - other	**219.0**	159.9
5.4	**0.2**	Deposits	**1.1**	41.0
-	**0.7**	Interest receivable	**4.9**	0.2
8.4	**13.3**	Payroll receivables	**90.1**	63.8
17.1	**24.7**	Prepayments	**166.6**	129.7
106.4	**92.9**	Value added tax	**626.8**	805.8
0.9	**0.8**	Diesel rebate	**5.4**	7.1
15.4	**23.7**	Other	**153.7**	114.7
305.6	**357.5**	Total trade and other receivables	**2,407.2**	2,313.2

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Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
30 June 2010	31 December 2010		31 December 2010	30 June 2010
		21. FINANCIAL INSTRUMENTS		
-	**54.0**	Payment to Far South East	**371.0**	-
-	**54.0**	Total financial instruments	**371.0**	-
		Gold Fields paid R69 million (US$10 million) in option fees to Lepanto Consolidated Mining Company and R302 million (US$44 million) as a non-refundable down payment to Liberty Express Assets in accordance with the agreement concluded whereby the Group has the option to acquire 60% of FSE, resulting in a total cost of R371 million (US$54 million).		
		The above financial instrument does not have a quoted market price and the fair value cannot be measured reliably, therefore it is carried at cost.		
		22. CASH AND CASH EQUIVALENTS		
500.7	**809.5**	Cash at bank and on hand	**5,463.8**	3,790.5
500.7	**809.5**	Total cash and cash equivalents	**5,463.8**	3,790.5

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
30 June 2010	31 December 2010		31 December 2010	30 June 2010
		23. DEFERRED TAXATION		
		The detailed components of the net deferred taxation liability which results from the differences between the carrying amounts of assets and liabilities recognised for financial reporting and taxation purposes in different accounting periods are:		
		Liabilities		
1,930.3	**2,029.2**	- Mining assets	**13,697.1**	14,612.5
51.0	**59.3**	- Investment in environmental trust funds	**400.2**	386.0
3.7	**6.6**	- Investments	**44.6**	28.2
4.3	**6.0**	- Inventories	**40.5**	32.5
22.7	**22.2**	- Deferred stripping costs	**150.0**	171.5
22.7	**25.3**	- Other	**170.5**	171.7
2,034.7	**2,148.6**	Liabilities	**14,502.9**	15,402.4
		Assets		
(125.6)	**(133.9)**	- Provisions	**(903.5)**	(951.1)
(1.2)	**-**	- Financial instruments	**-**	(9.1)
(339.2)	**(320.0)**	- Tax losses	**(2,159.8)**	(2,567.8)
(625.1)	**(648.6)**	- Unredeemed capital expenditure	**(4,378.2)**	(4,731.7)
(1,091.1)	**(1,102.5)**	Assets	**(7,441.5)**	(8,259.7)
943.6	**1,046.1**	Net deferred taxation liabilities	**7,061.4**	7,142.7
		Included in the balance sheet as follows:		
-	**(111.6)**	Deferred taxation assets	**(753.1)**	-
943.6	**1,157.7**	Deferred taxation liabilities	**7,814.5**	7,142.7
943.6	**1,046.1**	Net deferred taxation liabilities	**7,061.4**	7,142.7
760.4	**943.6**	Balance at beginning of the period	**7,142.7**	6,128.8
146.1	**7.5**	Transferred through the income statement	**53.2**	1,107.1
(9.7)	**2.3**	Deferred tax on marked to market adjustments accounted for in equity	**16.5**	(73.8)
46.8	**92.7**	Translation adjustment	**(151.0)**	(19.4)
943.6	**1,046.1**	Balance at end of the period	**7,061.4**	7,142.7

24. BORROWINGS

(a) US$1 billion Notes issue

On 30 September 2010, Gold Fields Orogen Holdings (BVI) Limited ("Orogen") issued US$1,000,000,000 4.875% guaranteed notes due on 7 October 2020 (the "notes"). The payment of all amounts due in respect of the notes was unconditionally and irrevocably guaranteed by Gold Fields Limited ("Gold Fields"), GFI Mining South Africa (Proprietary) Limited ("GFIMSA"), Gold Fields Operations Limited ("GF Operations") and Gold Fields Holdings Company (BVI) Limited ("GF Holdings") (collectively the "Guarantors"), on a joint and several basis. The notes and guarantees constitute direct, unsubordinated and unsecured obligations of Orogen and the Guarantors, respectively, and rank equally in right of payment among themselves and with all other existing and future unsubordinated and unsecured obligations of Orogen and the Guarantors, respectively.

The transaction costs of R93.4 million (US$13.6 million) were deducted from the liability on initial measurement. These costs will unwind over the period of the notes as an interest expense.

Gold Fields used a portion of the net proceeds of the offering of the notes to repay certain existing indebtedness of the Group and the balance of the net proceeds will be utilised for general corporate purposes.

(b) Split-tenor revolving credit facility

On 16 May 2007, GFIMSA, Orogen and GF Operations entered into a US$750 million split-tenor revolving credit facility consisting of a US$250 million 364-day revolving tranche with a 12-month term out option ("Facility A") and a US$500 million five year revolving tranche ("Facility B"). The purpose of the facilities was to refinance existing facilities and for general corporate purposes.

On 28 April 2008, Gold Fields exercised the term out option under Facility A which converted the full US$250 million advance at that point into a term loan with a final maturity date of 16 May 2009. In terms of the facility agreement, Gold Fields had the option to repay the loan under Facility A early in whole or in part by giving five days' prior notice. Facility A was repaid in full on 15 May 2009. Facility B matures on 16 May 2012.

On 30 June 2009, Orogen and GF Operations had borrowed US$241 million and US$259 million respectively under Facility B. The difference of US$1.5 million between the outstanding borrowings at 30 June 2009 and the borrowings disclosed on note 24 (b) related to the transaction costs, which were deducted from the liability on initial measurement.

On 17 September 2009, Gold Fields utilised US$259 million of the proceeds from the sale of the shares in Eldorado Gold Corporation to fully settle GF Operations' borrowings under Facility B. Subsequently, on various dates, Orogen drew down US$221 million to refinance more expensive debt under the US$311 million syndicated revolving loan facility. Orogen also repaid US$32 million during F2010.

On 26 August 2010, Orogen drew down a further US$70 million and on 8 October 2010, repaid the full US$500 million drawn under Facility B from the proceeds of the $1 billion notes Issue.

There was Rnil outstanding at 31 December 2010 (June 2010: US$430 million).

The loan under Facility B bears interest at LIBOR plus a margin of 0.30% per annum. Borrowings under the Revolving Credit Facility are guaranteed by Gold Fields, GFIMSA, GF Holdings, Orogen and GF Operations. Subsequent to year end, Newshelf 899 (Proptietary) Limited ("Newshelf"), a subsidiary of Gold Fields, became an additional guarantor under this facility.

24. BORROWINGS (continued)

(c) US$311 million Syndicated revolving loan facility

On 7 May 2009, GFIMSA, Orogen and GF Operations entered into a 364-day US$311 million syndicated revolving loan facility with an option to extend the term on the same terms for an additional 364 days from the date of the original final maturity ("Extension Option"). At any time prior to the date of final maturity, Gold Fields had the option to convert all advances outstanding under this facility into a term loan with a final maturity date being no more than 24 months after the signing date of the facility ("the Term Out Option"). The Extension Option was not exercisable if the Term Out Option had been exercised. The purpose of this facility was to refinance existing facilities and for general corporate purposes.

On 30 June 2009, Orogen and GF Operations had borrowed US$57 million and US$15 million respectively under this facility.

On various dates during July 2009, Orogen drew down a total of US$50 million for the funding of the Glencar Mining acquisition. During August 2009, Orogen drew down US$150 million to partly fund the termination of the Morgan Stanley Royalty Agreement at St Ives.

On 17 September 2009, Gold Fields utilised US$15 million of the proceeds from the sale of the shares in Eldorado Gold Corporation to fully settle GF Operations borrowings under this facility. On 22 September 2009, Orogen repaid US$36 million of its loan. Subsequently, Orogen repaid the outstanding amount of US$221 million under this facility. The repayment was made from a draw down under the split-tenor revolving credit facility.

The facility bore interest at LIBOR plus a margin of 2.75% per annum. The borrowers were required to pay a quarterly commitment fee of 1.10% per annum, payable on the undrawn portion of the facility. Neither the Extension Option nor the Term Out Option had been exercised and the facility expired on 7 May 2010 in accordance with its terms.

Borrowings under the syndicated revolving loan facility were guaranteed by Gold Fields, GFIMSA, GF Holdings, Orogen and GF Operations.

(d) Project finance facility

On 14 November 2006, Gold Fields La Cima S.A. ("La Cima") entered into a US$150 million project finance facility with a number of lenders. The purpose of the facility was to finance the project costs related to the development of the Cerro Corona copper-gold porphyry deposit located in the Hualgayoc province in the Cajamarca region in northern Peru.

The loan bore interest at a margin over LIBOR of:

- 0.45% during the pre-completion phase (i.e. prior to the financial completion date); and
- between 1.25% and 1.75% thereafter.

Scheduled principal payments were in 16 semi-annual instalments of various amounts ranging from 4.75% to 6.75% of the principal amount, which began on 30 June 2009. The final instalment was due on the tenth anniversary of the signing date. Principal and voluntary repayment during F2010 totalled US$50 million. The outstanding loan balance at 30 June 2010 was US$100 million.

During the pre-completion phase the loan was guaranteed by Gold Fields and Gold Fields Corona (BVI) Limited (a wholly owned subsidiary of Gold Fields). The facility was secured by, among other things, pledges of and mortages over the assets and properties of La Cima.

In accordance with the Facility Agreement, the financial completion date (i.e. the date on which the Guarantees fall away and the Facility goes non-recourse) must have occurred before 14 November 2010. However, La Cima repaid the full amount outstanding under this facility on 16 September 2010, from which date the security granted by La Cima in connection with this facility, was released. The facility was cancelled on the same date. The repayment was made from cash generated by operations.

Notes to the consolidated financial statements (continued)

for the period ended 31 December 2010

24. BORROWINGS (continued)

(e) US$200 million Non-revolving senior secured term loan

On 17 September 2010, La Cima entered into a non-revolving senior secured term loan for up to US$200 million. The purpose of this facility was to (i) repay La Cima's outstanding subordinated loans with its affiliates; and (ii) to finance its working capital requirements.

On 22 September 2010, the lenders advanced US$200 million to La Cima under this facility. The facility is to be repaid in 20 equal quarterly instalments of US$10 million each. The final maturity date of this facility is five years from the disbursement date.

The loan bears interest at LIBOR plus a margin of 2.0% per annum. Borrowings under the non-revolving senior secured term loan are secured by first-ranking assignments of all rights, title and interest in all of La Cima's concentrate sale agreements. In addition, the offshore and onshore collection accounts of La Cima are subject to an Account Control Agreement and a first-ranking charge in favour of the lenders. This facility is non-recourse to the rest of the Gold Fields Group.

During December 2010, La Cima repaid US$10 million in accordance with the agreement terms.

(f) Preference shares

On 24 December 2007, Gold Fields Limited issued R1.2 billion of non-convertible redeemable preference shares. The dividend rate payable is a floating rate that increases from 22% up to 61% of the prime lending rate quoted by FirstRand Bank Limited (the "Prime Rate") over the life of the Preference Shares. Dividends accrue quarterly and are rolled up until the redemption date. The purpose of the preference shares was to refinance existing credit facilities.

On 10 October 2008, R600 million of the R1,200 million preference shares was redeemed with an attributable dividend of R23.2 million.

On 15 December 2010, Gold Fields declared and paid R133.4 million of the attributable dividend. On the same date, the redemption date of 24 January 2011 was extended to 15 September 2011. The preference shares may be redeemed earlier on a date agreed between the holder and Gold Fields.

The preference shares are guaranteed by GFIMSA, Orogen, GF Operations and GF Holdings. Subsequent to year end, Newshelf became an additional guarantor of the preference shares.

(g) Commercial paper loan

Gold Fields established a R10 billion Domestic Medium-Term Note Programme (the "programme") on 6 April 2009 and ammended the programme on 6 October 2009 to provide a guarantee to noteholders as detailed below. Under the programme, Gold Fields may from time to time issue notes denominated in any currency. The notes are subject to any minimum or maximum maturity and the maximum aggregate nominal amount of all notes from time to time outstanding may not exceed R10 billion. The programme has been registered with the bond market of the JSE Limited ("JSE") and the notes issued can be listed on the JSE or not.

Under the programme, Gold Fields issued listed notes totalling R1,825 million (June 2010: R7,902 million) and settled listed maturing notes totalling R4,692 million (June 2010: R5,443 million). The different notes issued mature three, six or 12 months from date of issue and bear interest at JIBAR plus a margin ranging from 0.56% to 1.00% per annum, except for notes with a carrying value of R300 million which are at a fixed rate of 8.48%.

The outstanding issued notes under the programme at 31 December 2010 were R735 million (June 2010: R3,602 million). The notes outstanding at 31 December 2010 mature as follows: R217 million on 25 January 2011, R218 million on 10 February 2011 and R300 million on 2 March 2011.

Notes under the programme are guaranteed by GFIMSA, GF Holdings, Orogen and GF Operations.

24. BORROWINGS (continued)

(h) Short-term syndicated facility

During F2009, Gold Fields Ghana Limited, entered into a US$20 million syndicated facility for 12 months. The facility was used for working capital requirements associated with the expansion of the carbon-in-leach ("CIL") plant at the Tarkwa mine and related capital expenditure. The loan bore interest at LIBOR plus a margin of 3.0% per annum.

During December 2008, Tarkwa drew down US$20 million under the loan. Scheduled principal payments were made in monthly instalments of US$2 million for the first four months and US$4 million for the last three months beginning 30 June 2009. The final instalment was due and paid on 31 December 2009.

(i) Scrip loan

On 26 March 2010, GFL Mining Services ("GFLMS") entered into a Scrip Lending agreement with a South African bank in terms of which GFLMS agreed to lend three million of its securities in Mvelaphanda Resources Limited for an initial cash collateral of R144 million. The market value of the collateral delivered by the bank to GFLMS on each settlement date shall represent not less than the market value of the loaned securities on that date together with a margin of 5% per annum.

The agreement provides for the substantial risks and rewards on ownership inherent in the securities to be retained by GFLMS (i.e. equity price risk) and as a consequence, GFLMS has transferred the legal right to receive cash flows (dividends) on the securities loaned to the bank. In the event of unbundling of the assets of Mvelaphanda before the termination date, the agreement would terminate within 30 days of unbundling. GFLMS would be entitled to receive the unbundled assets. The agreement would have terminated on 26 March 2011.

Subsequent to year end, Mvelaphanda has unbundled certain of its assets and in accordance with the terms of the agreement, the loaned and the unbundled securities were returned and the collateral was repaid on 28 February 2011. A new Scrip Lending agreement was entered into between the parties with the same terms and conditions as the original agreement, whereby GFLMS agreed to lend three million of its securities in Mvelaphanda Resources Limited for a cash collateral of R127 million. The new agreement will terminate on 20 May 2011.

Interest on the cash collateral held is calculated based on one month JIBAR rate and accrues daily and is compounded monthly in arrears. The first interest settlement was on 24 June 2010. The next interest payment date is on final settlement of the loan.

At 31 December 2010, the value of the loaned securities was R148 million (June 2010: R140 million). The outstanding liability against these securities was R144 million (June 2010: R144 million).

24. BORROWINGS (continued)

Other loans

- Other short-term credit facilities

The Group utilised uncommitted loan facilities from some of the major banks to fund the capital expenditure and working capital requirements of the South African operations. The total draw downs were R290 million during the period ended 31 December 2010 (June 2010: R1,040 million). Total repayments were R290 million (June 2010: R2,140 million). The repayments were made from the proceeds of issuing the notes.

- US$450 million syndicated revolving loan facility

On 12 May 2010, GFIMSA, Orogen and GF Operations entered into a US$450 million syndicated revolving loan facility with an option to increase the Facility to US$550 million within six months from signing date. The option to increase the Facility to US$550 million was not exercised. The purpose of the facilities was to refinance existing facilities, for general corporate purposes and working capital. The final maturity date of this facility is 30 September 2013.

The facility bears interest at LIBOR plus a margin of 1.75% per annum. Where the utilisation under the facility is equal to or greater than 50%, a utilisation fee of 0.25% per annum will be payable on the amount of utilisation. Such utilisation fee is payable quarterly in arrears. The borrowers are required to pay a quarterly commitment fee of 0.70% per annum.

Borrowings under the syndicated revolving loan facility are guaranteed by Gold Fields, GFIMSA, GF Holdings, Orogen and GF Operations. Subsequent to year end, Newshelf became an additional guarantor under the facility.

- R3.0 billion long-term revolving credit facilities

GFIMSA and GF Operations entered into three separate revolving credit facilities totalling R3 billion with tenors between three and five years. The purpose of the facilities is to finance capital expenditure, general corporate and working capital requirements and to refinance existing debt. These facilities were unutilised at 31 December 2010 (June 2010: Rnil).

These facilities bear interest at JIBAR plus a margin of between 2.85% and 3.00% per annum. The borrowers are required to pay a commitment fee of between 0.75% and 0.90% per annum on the undrawn and un-cancelled amounts of the facilities, calculated and payable either quarterly or semi-annually in arrears.

In summary the facilities are:

- a R1.0 billion revolving credit facility maturing 17 December 2012;
- a R500 million revolving credit facility maturing 10 March 2013; and
- a R1.5 billion revolving credit facility maturing 10 June 2014.

Borrowings under these facilities are guaranteed by Gold Fields, GF Holdings, GF Operations, Orogen and GFIMSA. Newshelf has been added as an additional guarantor under these facilities.

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
30 June 2010	31 December 2010		31 December 2010	30 June 2010
		24. BORROWINGS (continued)		
		(a) US$1 billion notes issue		
-	**-**	Balance at the beginning of period	**-**	-
-	**1,000.0**	Loan advanced	**6,869.7**	-
-	**(13.6)**	Transaction costs	**(93.4)**	-
-	**0.2**	Unwinding of transaction costs	**1.4**	-
-	**-**	Translation adjustment	**(118.3)**	-
-	**986.6**	Balance at end of period	**6,659.4**	-
		(b) Split-tenor revolving credit facility		
498.5	**430.0**	Balance at the beginning of period	**3,255.1**	4,018.0
221.0	**70.0**	Loan advanced	**492.1**	1,642.0
(289.5)	**(500.0)**	Repayments	**(3,435.0)**	(2,154.7)
-	**-**	Translation adjustment	**(312.2)**	(250.2)
430.0	**-**	Balance at end of period	**-**	3,255.1
		(c) Syndicated revolving loan facility		
72.0	**-**	Balance at the beginning of period	**-**	580.3
200.0	**-**	Loan advanced	**-**	1,547.2
(272.0)	**-**	Repayments	**-**	(2,018.8)
-	**-**	Translation adjustment	**-**	(108.7)
-	**-**	Balance at end of period	**-**	-
		(d) Project finance facility		
150.0	**100.0**	Balance at the beginning of period	**757.0**	1,209.0
-	**-**	Loan advanced	**-**	-
(50.0)	**(100.0)**	Repayments	**(705.1)**	(383.0)
-	**-**	Translation adjustment	**(51.9)**	(69.0)
100.0	**-**	Balance at end of period	**-**	757.0
		(e) Non-revolving secured term loan		
-	**-**	Balance at the beginning of period	**-**	-
-	**200.0**	Loan advanced	**1,406.0**	-
-	**(10.0)**	Repayments	**(67.5)**	-
-	**-**	Translation adjustment	**(56.0)**	-
-	**190.0**	Balance at end of period	**1,282.5**	-
		(f) Preference shares		
84.9	**96.3**	Balance at the beginning of period	**728.9**	684.2
5.9	**3.0**	Interest payable	**21.6**	44.7
-	**(19.3)**	Repayments	**(133.4)**	-
5.5	**11.4**	Translation adjustment	**-**	-
96.3	**91.4**	Balance at end of period	**617.1**	728.9
		(g) Commercial paper loan		
141.8	**475.8**	Balance at the beginning of period	**3,602.0**	1,143.0
1,044.9	**248.0**	Loan advanced	**1,825.0**	7,902.0
(721.9)	**(659.6)**	Repayments	**(4,692.0)**	(5,443.0)
11.0	**44.7**	Translation adjustment	**-**	-
475.8	**108.9**	Balance at end of period	**735.0**	3,602.0

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for the period ended 31 December 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
30 June 2010	31 December 2010		31 December 2010	30 June 2010
		24. BORROWINGS (continued)		
		(h) Short-term syndicated facility		
20.0	**-**	Balance at the beginning of period	**-**	161.2
-	**-**	Loan advanced	**-**	-
(20.0)	**-**	Repayments	**-**	(151.7)
-	**-**	Translation adjustment	**-**	(9.5)
-	**-**	Balance at end of period	**-**	-
		(i) Scrip loan		
19.5	**19.0**	Balance at the beginning of period	**144.1**	144.1
(0.5)	**2.4**	Translation adjustment	**-**	-
19.0	**21.4**	Balance at end of period	**144.1**	144.1
		(j) Other loans		
136.5	**-**	Balance at the beginning of period	**-**	1,099.8
134.5	**39.4**	Loans advanced	**290.0**	1,040.2
(284.1)	**(41.9)**	Repayments	**(290.0)**	(2,140.0)
13.1	**2.5**	Translation adjustment	**-**	-
-	**-**	Balance at end of period	**-**	-
1,121.1	**1,398.3**	Gross borrowings	**9,438.1**	8,487.1
(691.1)	**(261.7)**	Current portion of borrowings	**(1,766.2)**	(5,232.0)
430.0	**1,136.6**	Total non-current borrowings	**7,671.9**	3,255.1
		The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:		
1,081.5	**367.3**	Six months or less	**2,478.7**	8,187.1
39.6	**1,031.0**	Fixed rate with no exposure to repricing	**6,959.4**	300.0
1,121.1	**1,398.3**		**9,438.1**	8,487.1
		The carrying amounts of the Group's borrowings are denominated in the following currencies:		
530.0	**1,176.6**	US dollar	**7,941.9**	4,012.1
591.1	**221.7**	Rand	**1,496.2**	4,475.0
1,121.1	**1,398.3**		**9,438.1**	8,487.1
		The Group has the following undrawn borrowing facilities:		
916.3	**1,394.4**	Committed	**9,412.5**	6,936.4
257.4	**291.3**	Uncommitted	**1,966.2**	1,948.8
1,173.7	**1,685.7**		**11,378.7**	8,885.2
		All of the above facilities have floating rates. The uncommitted facilities have no expiry dates and are open-ended. Committed facilities have the following expiry dates:		
-	**-**	- within one year	**-**	-
70.0	**648.1**	- later than one year and not later than two years	**4,375.0**	529.9
198.2	**524.1**	- later than two years and not later than three years	**3,537.5**	1,500.0
648.1	**222.2**	- later than three years and not later than five years	**1,500.0**	4,906.5
916.3	**1,394.4**		**9,412.5**	6,936.4

Figures in millions unless otherwise stated

UNITED STATES DOLLARS				SOUTH AFRICAN RAND	
30 June 2010	31 December 2010			31 December 2010	30 June 2010
		25.	**PROVISIONS**		
2.9	**2.7**	25.1	Post-retirement health care costs	**18.0**	22.1
303.2	**336.5**	25.2	Environmental rehabilitation costs	**2,271.2**	2,295.5
-	**19.7**	25.3	Other long-term provisions	**133.2**	-
306.1	**358.9**		Total provisions	**2,422.4**	2,317.6
		25.1	Post-retirement health care costs		
2.7	**2.6**	(a)	Gold Fields Group (excluding South Deep) post-retirement health care costs	**17.1**	20.8
0.2	**0.1**	(b)	South Deep post-retirement health care costs	**0.9**	1.3
2.9	**2.7**		Gold Fields Group post-retirement health care costs	**18.0**	22.1
		(a)	Gold Fields Group (excluding South Deep) post-retirement health care costs		
			The Group has certain liabilities to subsidise the contributions payable by certain pensioners and dependants of ex-employees on a pay-as-you-go basis. The remaining obligation was actuarially valued at 31 December 2010 and the outstanding contributions will be funded over the lifetime of these pensioners and dependants.		
			The following table sets forth the funded status and amounts recognised by the Group for post-retirement health care costs:		
2.4	**2.5**		Actuarial present value	**17.1**	17.8
-	**-**		Plan assets at fair value	**-**	-
2.4	**2.5**		Accumulated benefit obligation in excess of plan asset	**17.1**	17.8
-	**-**		Unrecognised prior service costs	**-**	-
-	**-**		Unrecognised actuarial (gains)/losses	**-**	-
2.4	**2.5**		Post-retirement health care liability	**17.1**	17.8
			Benefit obligation reconciliation		
2.3	**2.7**		Balance at beginning of the period	**20.8**	18.3
0.5	**(0.1)**		Interest charge	**(0.7)**	3.9
(0.2)	**(0.4)**		Payments	**(3.0)**	(1.4)
0.1	**0.4**		Translation adjustments	**-**	-
2.7	**2.6**		Balance at end of the period	**17.1**	20.8

The obligation has been valued using the projected unit credit funding method on past service liabilities. The valuation assumes a health care cost inflation rate of 8.0% per annum (June 2010: 8.0%) and a discount rate of 8.75% per annum (June 2010: 9.0%). Assumed health care cost trend rates have a significant impact on the amounts reported for the health care plans.

A one percentage point increase in assumed health care trend rates would have increased interest cost for the period ended 31 December 2010 by R0.1 million (10.4%) (June 2010: R 0.5 million (10.6%)). The effect of this change on the accumulated post-retirement health care benefit obligation at 31 December 2010 would have been an increase of R1.8 million (10.4%) (30 June 2010: R1.8 million (10.2%)).

A one percentage point decrease in assumed health care trend rates would have decreased interest cost for the period ended 31 December 2010 by R0.1 million (8.9%) (June 2010: R0.1 million (8.5%)). The effect of this change on the accumulated post-retirement health care benefit obligation at 31 December 2010 would have been a decrease of R1.5 million (8.8%) (30 June 2010: R1.5 million (8.7%)).

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Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
30 June 2010	31 December 2010		31 December 2010	30 June 2010
		25. PROVISIONS (continued)		
		25.1 Post-retirement health care costs (continued)		
		(b) South Deep post-retirement health care costs		
		As part of the acquisition of South Deep, the post-retirement health care cost liability was assumed. The Group has certain liabilities to provide fixed monthly post-retirement medical benefits to certain pensioners and dependants of ex-employees. The obligation was actuarially valued at 31 December 2010 and the outstanding contributions will be funded until 31 December 2011.		
		The following table sets forth the funded status and amounts recognised by the Group for post-retirement health care costs:		
0.3	**0.1**	Actuarial present value	**0.9**	2.0
-	**-**	Plan assets at fair value	**-**	-
0.3	**0.1**	Accumulated benefit obligation in excess of plan assets	**0.9**	2.0
-	**-**	Unrecognised prior service costs	**-**	-
-	**-**	Unrecognised actuarial (gains)/losses	**-**	-
0.3	**0.1**	Post-retirement health care liability	**0.9**	2.0
		Benefit obligation reconciliation		
0.3	**0.2**	Balance at beginning of the period	**1.3**	2.2
-	**-**	Interest charge	**-**	0.1
(0.1)	**(0.1)**	Payments	**(0.4)**	(1.0)
0.2	**0.1**	Balance at end of the period	**0.9**	1.3

The obligation has been valued using the projected unit credit funding method on past service liabilities. The valuation assumes a health care cost inflation rate of 8.0% per annum (June 2010: 8.0%) and a discount rate of 8.75% per annum (June 2010: 9.0%).

An increase or decrease in assumed health care trend rates would not have affected the interest cost for the period ended 31 December 2010 or year ended 30 June 2010 as the monthly contributions are fixed.

A change in the medical inflation assumption does not affect the employer liability as the subsidy does not escalate. The monthly contributions will remain constant.

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
30 June 2010	31 December 2010		31 December 2010	30 June 2010
		25. PROVISIONS (continued)		
		25.2 Environmental rehabilitation costs		
281.3	**303.2**	Balance at the beginning of period	**2,295.5**	2,267.9
(9.6)	**(7.5)**	Adjustments	**(53.3)**	(72.4)
16.0	**8.0**	Inflation charge	**57.4**	121.6
5.0	**3.3**	Interest charge	**23.3**	37.6
(4.3)	**(2.1)**	Payments	**(15.3)**	(32.7)
14.8	**31.6**	Translation adjustments	**(36.4)**	(26.5)
303.2	**336.5**	Balance at the end of period	**2,271.2**	2,295.5

South African, Ghanaian, Australian and Peruvian mining companies are required by law to undertake rehabilitation works as part of their ongoing operations. These environmental rehabilitation costs are funded as follows:

- Ghana - reclamation bonds underwritten by banks to secure estimated costs of rehabilitation;
- South Africa - contributions into environmental trust funds (Note 18);
- Australia - unconditional bank-guaranteed performance bonds to secure the estimated costs; and
- Peru - guarantees with annual deposits for proper compliance with the Mine Closure Plan.

The expected timing of the cash outflows in respect of the provision is on the closure of the various mining operations. However, certain current rehabilitation costs are charged to this provision as and when incurred.

30 June 2010			31 December 2010	
Discount rate	Inflation rate	The provision is calculated using the following rates:	Discount rate	Inflation rate
7.0% - 8.3%	7.0%	South Africa	**5.5% - 7.9%**	**3.6% - 5.9%**
6.1% - 6.4%	2.0%	Ghana	**7.5%**	**5.0%**
5.7% - 5.9%	2.5%	Australia	**6.2%**	**3.0%**
5.2%	2.0%	Peru	**5.3%**	**2.0%**

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for the period ended 31 December 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS				SOUTH AFRICAN RAND	
30 June 2010	31 December 2010			31 December 2010	30 June 2010
		25.	PROVISIONS (continued)		
		25.3	Other long-term provisions		
		25.3(a)	Kunter Wasi Road		
3.9	**-**		Balance at the beginning of period	**-**	31.2
(3.9)	**-**		Current portion included in trade and other payables	**-**	(29.3)
-	**-**		Translation	**-**	(1.9)
-	**-**		Balance at end of the period	**-**	-
			Gold Fields La Cima jointly participates with Minera Yanacocha SRL in financing of the Kunter Wasi Road as an alternative route from the coast to the Cerro Corona Mine. Gold Fields La Cima agreed to pay a maximum of 20% (US$11.5 million) of the estimated cost of the project, which commenced July 2009 and is scheduled to be completed by June 2011.		
		25.3(b)	South Deep dividend		
-	**22.4**		Total long-term provision	**151.4**	-
-	**(2.7)**		Current portion included in trade and other payables	**(18.2)**	-
-	**19.7**		Balance at end of the period	**133.2**	-
			Under the South Deep Transaction, a wholly owned subsidiary company of Gold Fields was created to acquire the South Deep asset from GFIMSA. GFIMSA is a wholly-owned subsidiary of Gold Fields. The new company then issued 10 million "B" ordinary shares representing 10.0% of South Deep's net worth to a BEE consortium. The "B" ordinary shares are entitled to a dividend of R2 per share and are convertible to "A" ordinary shares over a 20 year period from the effective date of 6 December 2010. "B" ordinary shares convert one-third after 10 years and a third thereafter on each fifth year anniversary. This dividend represents the liability of Gold Fields to the "B" ordinary shareholders and was valued at R151.4 million, of which R18.2 million is classified as a short-term portion under trade and other payables.		
		26.	TRADE AND OTHER PAYABLES		
158.3	**206.1**		Trade payables	**1,391.0**	1,198.1
324.3	**379.2**		Accruals and other payables	**2,560.1**	2,454.2
61.8	**71.8**		Leave pay accrual	**484.7**	467.7
4.5	**4.1**		Interest payable on loans	**27.4**	34.0
548.9	**661.2**		Total trade and other payables	**4,463.2**	4,154.0

Figures in millions unless otherwise stated

UNITED STATES DOLLARS				SOUTH AFRICAN RAND	
For the year ended 30 June 2010	For the 6 month period ended 31 December 2010			For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
		27.	CASH GENERATED BY OPERATIONS		
563.8	**50.8**		Profit for the period	**362.9**	4,274.5
308.5	**167.0**		Mining and income tax	**1,192.1**	2,338.2
71.6	**43.3**		Royalties	**309.4**	543.0
65.7	**33.4**		Interest paid	**238.4**	498.6
(31.5)	**(8.6)**		Interest received	**(61.5)**	(238.3)
(0.1)	**-**		Dividends received	**-**	(0.9)
978.0	**285.9**		Earnings before non-cash items	**2,041.3**	7,415.1
			Non-cash and other adjusting items:		
638.2	**388.8**		Amortisation and depreciation	**2,776.0**	4,837.3
16.0	**8.0**		Inflation adjustment to rehabilitation liability	**57.4**	121.6
5.0	**3.3**		Interest adjustment to rehabilitation liability	**23.3**	37.6
(8.6)	**(4.3)**		Interest received - environmental trust funds	**(30.4)**	(65.5)
34.0	**-**		Impairment of investments	**-**	257.8
(0.3)	**(0.7)**		Profit on disposal of property, plant and equipment	**(4.9)**	(2.5)
(111.8)	**0.4**		Loss/(profit) on disposal of investments	**2.5**	(846.9)
(53.0)	**-**		Realised gain on financials instruments - Eldorado top-up shares	**-**	(402.1)
53.9	**27.0**		Share-based payments	**192.9**	408.2
-	**297.6**		Share-based payments on BEE transaction	**2,124.8**	-
5.9	**3.0**		Preference share interest	**21.6**	44.7
(11.6)	**(4.7)**		Finance costs capitalised	**(33.8)**	(88.2)
(15.6)	**28.9**		Share of results of associates after taxation	**206.6**	(118.3)
1.1	**0.8**		Other	**5.4**	9.1
1,531.2	**1,034.0**		Total cash generated by operations	**7,382.7**	11,607.9

Notes to the consolidated financial statements (continued)

for the period ended 31 December 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS				SOUTH AFRICAN RAND	
For the year ended 30 June 2010	For the 6 month period ended 31 December 2010			For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
		28.	CHANGE IN WORKING CAPITAL		
(38.2)	**(30.4)**		Inventories	**(217.0)**	(289.3)
82.1	**(21.2)**		Trade and other receivables	**(151.7)**	622.6
(41.7)	**58.4**		Trade and other payables	**417.4**	(316.3)
2.2	**6.8**		Total change in working capital	**48.7**	17.0
		29.	ROYALTIES PAID		
(9.9)	**(30.0)**		Amount owing at beginning of the period	**(227.3)**	(79.8)
(71.6)	**(43.3)**		Royalties	**(309.4)**	(543.0)
30.0	**28.9**		Amount owing at end of the period	**194.9**	227.3
-	**-**		Translation	**9.9**	2.4
(51.5)	**(44.4)**		Total royalties paid	**(331.9)**	(393.1)
		30.	TAXATION PAID		
(88.3)	**(74.3)**		Amount owing at beginning of the period	**(562.6)**	(712.0)
(162.4)	**(159.5)**		SA and foreign current taxation	**(1,138.9)**	(1,231.1)
74.3	**127.2**		Amount owing at end of the period	**858.7**	562.6
-	**-**		Translation	**60.2**	9.4
(176.4)	**(106.6)**		Total taxation paid	**(782.6)**	(1,371.1)
		31.	RETIREMENT BENEFITS		
			All employees are members of various defined contribution retirement schemes.		
			Contributions to the various retirement schemes are fully expensed during the year in which they are incurred. The cost of providing retirement benefits for the period amounted to R305.5 million (June 2010: R575.6 million).		

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
30 June 2010	31 December 2010		31 December 2010	30 June 2010
		32. COMMITMENTS		
		Capital expenditure		
1,252.8	**1,291.6**	- authorised	**8,717.9**	9,483.0
342.4	**375.2**	KDC	**2,532.4**	2,591.5
87.2	**96.8**	Beatrix	**653.3**	659.9
568.9	**573.4**	South Deep	**3,870.7**	4,306.3
148.9	**67.7**	Ghana - Tarkwa	**457.0**	1,127.2
7.5	**53.1**	Ghana - Damang	**358.4**	56.8
29.4	**44.0**	Peru	**297.0**	222.6
58.1	**22.3**	Austrialia - St Ives	**150.3**	440.1
10.2	**59.0**	Austrialia - Agnew	**398.1**	76.9
0.2	**0.1**	Other	**0.7**	1.7
		The capital expenditure for the South Deep capital development project is estimated at R8.4 billion for the five year period 2010 - 2014. During the period ended 31 December 2010, R1.0 billion (June 2010: R1.6 billion) was spent. Of the balance of R5.8 billion, R3.9 billion has been authorised and is included in the table above.		
236.9	**167.4**	- contracted for	**1,130.2**	1,793.7
		Operating leases		
3.3	**1.7**	- within one year	**11.6**	25.2
0.8	**0.2**	- later than one and not later than five years	**1.1**	6.3
2.6	**2.2**	Guarantees and other commitments	**14.9**	19.8

Notes to the consolidated financial statements (continued)
for the period ended 31 December 2010

33. CONTINGENT LIABILITIES

Randgold & Exploration summons

On 21 August 2008, Gold Fields Operations received a summons from Randgold and Exploration Company Limited ("R&E") and African Strategic Investment (Holdings) Limited. The summons claims that during the period that Gold Fields Operations was under the control of Brett Kebble, Roger Kebble and others, Gold Fields Operations was allegedly part of a scam whereby JCI Limited unlawfully disposed of shares owned by R&E in Randgold Resources Limited, or Resources, and Afrikander Lease Limited, now Uranium One.

Gold Fields Operations' preliminary assessment was that it had strong defences to these claims and accordingly, Gold Fields Operations' attorneys were instructed to vigorously defend the claims.

The claims have been computed in various ways. The highest claims have been computed on the basis of the highest prices of Resources and Uranium One between the dates of the alleged thefts and March 2008 (approximately R11 billion). The alternative claims have been computed on the basis of the actual amounts allegedly received by Gold Fields Operations to fund its operations (approximately R519 million).

It should be noted that the claims lie only against Gold Fields Operations, whose only interest is a 50% stake in the South Deep Mine. This alleged liability is historic and relates to a period of time prior to GFIMSA purchasing the company.

World Gold Council

Gold Fields is a member of the World Gold Council. In terms of the membership agreement, all members are responsible for certain costs, including ongoing costs on a three year rolling basis, winding up costs, if applicable, and various other contingent liabilities. Apportionment of liabilities to individual members, should they arise, is done proportionate to the member's production relative to the total production of all members. To date, no claims have been made on Gold Fields.

34. EVENTS AFTER THE REPORTING DATE

There were no events that could have a material impact on the financial results of the Group after 31 December 2010.

Final dividend

On 16 February 2011, Gold Fields declared a dividend of 70 cents per share.

35. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in an arms-length transaction between willing parties. The estimated values of the Group's financial instruments are:

	31 December 2010 R million		30 June 2010 R million	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	**5,463.8**	**5,463.8**	3,790.5	3,790.5
Trade and other receivables	**1,613.8**	**1,613.8**	1,377.7	1,377.7
Environmental trust fund	**1,137.9**	**1,137.9**	1,012.5	1,012.5
Investments	**982.3**	**982.3**	687.7	687.7
Financial instruments	**371.0**	**371.0**	-	-
Financial liabilities				
Trade and other payables	**3,978.5**	**3,978.5**	3,686.3	3,686.3
Current portion of borrowings	**1,766.2**	**1,763.3**	5,232.0	5,217.5
Borrowings	**7,671.9**	**7,476.0**	3,255.1	3,255.1
	US$ million		US$ million	
Financial assets				
Cash and cash equivalents	**809.5**	**809.5**	500.7	500.7
Trade and other receivables	**239.9**	**239.9**	182.1	182.1
Environmental trust fund	**168.6**	**168.6**	133.8	133.8
Investments	**145.5**	**145.5**	90.8	90.8
Financial instruments	**54.0**	**54.0**	-	-
Financial liabilities				
Trade and other payables	**589.4**	**589.4**	487.1	487.1
Current portion of borrowings	**261.7**	**261.2**	691.1	689.2
Borrowings	**1,136.6**	**1,107.5**	430.0	430.0

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Trade and other receivables, payables and cash and cash equivalents

The carrying amounts approximate fair values due to the short maturity of these instruments.

Investments, environmental trust fund and long- and short-term liabilities

The fair value of publicly traded instruments is based on quoted market values. The environmental trust fund is stated at fair value based on the nature of the fund's investments. The fair value of short-term and long-term borrowings, except for the US$1 billion notes issue and also notes under the Commercial paper loan with a carrying value of R300 million which are at a fixed interest rate, approximates their carrying amount as the impact of credit risk is included in the measurement of carrying amounts.

Notes to the consolidated financial statements (continued)
for the period ended 31 December 2010

35. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets out the Group's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at 31 December 2010:

30 June 2010 R million					31 December 2010 R million			
Total	Level 3	Level 2	Level 1		Total	Level 3	Level 2	Level 1
				Financial assets				
314.5	-	-	314.5	Cash equivalents	**1,514.2**	**-**	**-**	**1,514.2**
345.9	-	345.9	-	Trade receivables from provisional copper concentrate sales	**-**	**561.6**	**-**	**561.6**
1,012.5	-	404.6	607.9	Environmental trust fund	**810.3**	**327.6**	**-**	**1,137.9**
581.3	-	-	581.3	Listed investments	**839.8**	**-**	**-**	**839.8**
9.7	9.7	-	-	Unlisted investments	**-**	**-**	**11.6**	**11.6**
US$ million					US$ million			
				Financial assets				
41.5	-	-	41.5	Cash equivalents	**224.3**	**-**	**-**	**224.3**
45.7	-	45.7	-	Trade receivables from provisional copper concentrate sales	**-**	**83.2**	**-**	**83.2**
133.8	-	53.5	80.3	Environmental trust fund	**120.0**	**48.5**	**-**	**168.5**
76.8	-	-	76.8	Listed investments	**124.4**	**-**	**-**	**124.4**
1.2	1.2	-	-	Unlisted investments	**-**	**-**	**1.7**	**1.7**

Cash equivalents

Classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. The cash instruments that are valued based on quoted market prices in active markets are primarily money market securities.

Trade receivables from provisional copper concentrate sales

Valued using quoted market prices based on the forward London Metal Exchange ("LME") and, as such, is classified within Level 1 of the fair value hierarachy.

Environmental trust fund

Comprises interest-bearing short-term investments of which investments amounting to R810.3 million (June 2010: R607.9 million) are valued using quoted market prices and investments of R327.6 million (June 2010: R404.6 million) are valued using inputs other than quoted prices that are observable for the assets.

Listed investments

Comprises equity investments in listed entities and are therefore valued using quoted market prices in active markets.

Financial instruments

Valued using pricing models. Where possible the valuation models are verified to market prices. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit spreads, measures volatility and correlations of such inputs.

36. RISK MANAGEMENT ACTIVITIES

In the normal course of its operations, the Group is exposed to commodity price, currency, interest rate, liquidity, equity price and credit risk. In order to manage these risks, the Group has developed a comprehensive risk management process to facilitate control and monitoring of these risks.

Controlling and managing risk in the Group

Gold Fields has policies in areas such as counterparty exposure, hedging practices and prudential limits which have been approved by Gold Fields' Board of Directors. Management of financial risk is centralised at Gold Fields' treasury department, which acts as the interface between Gold Fields' operations and counterparty banks. The treasury department manages financial risk in accordance with the policies and procedures established by the Gold Fields Board of Directors and Executive Committee.

The Gold Fields' Board of Directors has approved dealing limits for money market, foreign exchange and commodity transactions, which Gold Fields' treasury department is required to adhere to. Among other restrictions, these limits describe which instruments may be traded and demarcate open position limits for each category as well as indicating counterparty credit related limits. The dealing exposure and limits are checked and controlled each day and reported to the Chief Financial Officer.

The objective of Treasury is to manage all financial risks arising from the Group's business activities in order to protect profit and cash flows. Treasury activities of Gold Fields Limited and its subsidiaries ("the Group") are guided by the Treasury Policy, the Treasury Framework as well as domestic and international financial market regulations. Treasury activites are currently performed within the Treasury Framework with appropriate resolutions from the Board of Gold Fields Limited, which are reviewed and approved annually by the Audit Committee.

The financial risk management objectives of the Group are defined as follows:

Liquidity risk management: The objective is to ensure that the Group is able to meet its short-term commitments through the effective and efficient usage of credit facilities.

Currency risk management: The objective is to maximise the Group's profits by minimising currency fluctuations.

Funding risk management: The objective is to meet funding requirements timeously and at competitive rates by adopting reliable liquidity management procedures.

Investment risk management: The objective is to achieve optimal returns on surplus funds.

Interest rate risk management: The objective is to identify opportunities to prudently manage interest rate exposures.

Counterparty exposure: The objective is to only deal with approved counterparts that are of a sound financial standing and who have an official credit rating. The Group is limited to a maximum investment of between 4% or 5% of the financial institutions' equity, which is dependent on the institutions' credit rating. The credit rating used is Fitch Ratings' short-term credit rating for financial institutions.

Commodity price risk management: Commodity risk management takes place within limits and with counterparts as approved in the Treasury Framework.

Operational risk management: The objective is to implement controls to adequately mitigate the risk of error and/or fraud.

Banking relations management: The objective is to maintain relationships with credible financial institutions and ensure that all contracts and agreements related to risk management activities are co-ordinated and consistent throughout the Group and that they comply where necessary with all relevant regulatory and statutory requirements.

Notes to the consolidated financial statements (continued)
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36. RISK MANAGEMENT ACTIVITIES (continued)

Credit risk

Credit risk represents risk that an entity will suffer a financial loss due to the other party of a financial instrument not discharging its obligation.

The Group has reduced its exposure to credit risk by dealing with a number of counterparties. The Group approves these counterparties according to its risk management policy and ensures that they are of good credit quality.

Accounts receivable are reviewed on a regular basis and a provision for impairment is raised when they are not considered recoverable.

The combined maximum credit risk exposure of the Group is as follows:

	SOUTH AFRICAN RAND		UNITED STATES DOLLARS	
	31 December 2010	30 June 2010	31 December 2010	30 June 2010
On balance sheet				
Investments	**130.9**	96.7	**19.4**	12.8
Non-current assets	**1,137.9**	1,012.5	**168.6**	133.8
Trade and other receivables	**1,613.8**	1,377.7	**239.9**	182.1
Cash and cash equivalents	**5,463.8**	3,790.5	**809.5**	500.7
Financial instruments	**371.0**	-	**54.0**	-

Trade debtors mainly comprise banking institutions purchasing gold bullion. Normal terms are two working days. These debtors are in a sound financial position and no impairment has been recognised.

Trade and other receivables above excludes VAT and prepayments.

Other receivables that are past due but not impaired total R34.5 million (June 2010: R16.8 million). At 31 December 2010, other receivables of R36.3 million (June 2010: R54.2 million) are considered impaired and are provided for.

Concentration of credit risk on cash and cash equivalents and non-current assets is considered minimal due to the abovementioned investment risk management and counterparty exposure risk management policies.

36. RISK MANAGEMENT ACTIVITIES (continued)

Liquidity risk

In the ordinary course of business, the Group receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure surplus funds are invested to maximise returns whilst ensuring that capital is safeguarded to the maximum extent possible by investing only with top financial institutions.

Uncommitted borrowing facilities are maintained with several banking counterparties to meet the Group's normal and contingency funding requirements.

The following are the contractually due undiscounted cash flows resulting from maturities of all financial liabilities, including interest payments:

	Within one year R million	Between one and five years R million	After five years R million	Total R million
31 December 2010				
Trade payables	**3,978.5**	**-**	**-**	**3,978.5**
Borrowings				
- USD borrowings				
- Capital	**270.0**	**1,012.5**	**6,750.0**	**8,032.5**
- Interest	**356.2**	**1,362.8**	**1,645.3**	**3,364.3**
- ZAR borrowings				
- Capital	**1,479.1**	**-**	**-**	**1,479.1**
- Interest	**74.6**	**-**	**-**	**74.6**
Environmental rehabilitation costs[4]	**15.4**	**277.8**	**2,763.7**	**3,056.9**
Post-retirement health care costs	**-**	**-**	**18.0**	**18.0**
Total	**6,173.8**	**2,653.1**	**11,177.0**	**20,003.9**
30 June 2010				
Trade payables	3,686.3	-	-	3,686.3
Borrowings				
- USD borrowings				
- Capital	757.0	3,255.1	-	4,012.1
- Interest	24.4	19.2	-	43.6
- ZAR borrowings				
- Capital	4,346.1	-	-	4,346.1
- Interest	227.8	-	-	227.8
Environmental rehabilitation costs[4]	13.6	252.9	2,715.5	2,982.0
Post-retirement health care costs	-	-	22.1	22.1
Total	9,055.2	3,527.2	2,737.6	15,320.0

1 Spot Rate: R6.75 = US$1.00. (June 2010: R7.57 = US$1.00).

2 US$ borrowings - Spot LIBOR (one month fix) rate adjusted by specific facility agreement: 0.26063% (June 2010: 0.34719%).

3 ZAR borrowings - Spot Prime rate adjusted by specific facility agreement: 9.0 % (June 2010: 10.0%).

4 In South Africa, R1,137.9 million (June 2010: 1,012.5 million) of the environmental rehabilitation costs is funded through the environmental trust funds.

Notes to the consolidated financial statements (continued)

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36. RISK MANAGEMENT ACTIVITIES (continued)

Liquidity risk (continued)

	Within one year US$ million	Between one and five years US$ million	After five years US$ million	Total US$ million
31 December 2010				
Trade payables	**589.4**	**-**	**-**	**589.4**
Borrowings				
- USD borrowings				
- Capital	**40.0**	**150.0**	**1,000.0**	**1,190.0**
- Interest	**52.8**	**201.9**	**243.8**	**498.5**
- ZAR borrowings				
- Capital	**219.1**	**-**	**-**	**219.1**
- Interest	**11.1**	**-**	**-**	**11.1**
Environmental rehabilitation costs[4]	**2.3**	**41.2**	**409.4**	**452.9**
Post-retirement health care costs	**-**	**-**	**2.7**	**2.7**
Total	**914.7**	**393.1**	**1,655.9**	**2,963.7**
30 June 2010				
Trade payables	487.1	-	-	487.1
Borrowings				
- USD borrowings				
- Capital	100.0	430.0	-	530.0
- Interest	3.2	2.5	-	5.7
- ZAR borrowings				
- Capital	574.1	-	-	574.1
- Interest	30.1	-	-	30.1
Environmental rehabilitation costs[4]	1.8	33.4	358.7	393.9
Post-retirement health care costs	-	-	2.9	2.9
Total	1,196.3	465.9	361.6	2,023.8

1 Spot Rate: R6.75 = USD 1.00. (June 2010: R7.57 = USD 1.00).

2 USD borrowings - Spot LIBOR (one month fix) rate adjusted by specific facility agreement: 0.26063%. (June 2010: 0.34719%).

3 ZAR borrowings - Spot Prime rate adjusted by specific facility agreement: 9.0 %. (June 2010: 10.0%).

4 In South Africa, $168.6 million (June 2010: $133.8 million) of the environmental rehabilitation costs is funded through the environmental trust funds.

Market risk

Gold Fields is exposed to market risks, including foreign currency, commodity price, equity securities price and interest rate risk associated with underlying assets, liabilities and anticipated transactions. Following periodic evaluation of these exposures, Gold Fields may enter into derivative financial instruments to manage some of these exposures.

IFRS 7 Sensitivity analysis

IFRS 7 requires sensitivity analysis that shows the effects of hypothetical changes of relevant risk variables on profit and loss or shareholders' equity. The Group is exposed to commodity price, currency, interest rate and equity price risks. The effects are determined by relating the hypothetical change in the risk variable to the balance of financial instruments at period end date.

The amounts generated from the sensitivity analyses below are forward-looking estimates of market risks assuming certain adverse or favourable market conditions occur. Actual results in the future may differ materially from those projected results and therefore should not be considered a projection of likely future events and gains/losses.

Foreign currency sensitivity

General and Policy

In the ordinary course of business, Gold Fields enters into transactions, such as gold sales, denominated in foreign currencies, primarily U.S. dollars. In addition, Gold Fields has investments and indebtedness in U.S. and Australian dollars. Although this exposes Gold Fields to transaction and translation exposure from fluctuations in foreign currency exchange rates, Gold Fields does not generally hedge this exposure, although it may do so in specific circumstances, such as financing projects or acquisitions. Also, Gold Fields on occasion undertakes currency hedging to take advantage of favourable short-term fluctuations in exchange rates when management believes exchange rates are at unsustainably high levels.

36. RISK MANAGEMENT ACTIVITIES (continued)

Foreign currency sensitivity (continued)

General and Policy

Gold Fields' revenues and costs are very sensitive to the Rand/U.S. dollar exchange rate because revenues are generated using a gold price denominated in U.S. dollars, while costs of the South African operations are incurred principally in Rand. Depreciation of the Rand against the U.S. dollar reduces Gold Fields' average costs when they are translated into U.S. dollars, thereby increasing the operating margin of the South African operations. Conversely, appreciation of the Rand results in South African operating costs increasing when translated into U.S. dollars, resulting in lower operating margins. The impact on profitability of changes in the value of the Rand against the U.S. dollar can be substantial.

Currency risk only exists on account of financial instruments being denominated in a currency that is not the functional currency and being of a monetary nature. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into account.

Foreign currency hedging experience

31 December 2010
As at 31 December 2010, there were no material foreign currency contract positions.

30 June 2010

Western Areas U.S. dollars/Rand forward purchases

As a result of the US$551 million drawn down under the original bridge loan facility to settle mainly the close-out of the Western Areas gold derivative structure on 30 January 2007, US dollar/rand forward cover was purchased during the March 2007 quarter to cover this amount. During financial 2008, US$233 million of this loan was repaid and the forward cover was reduced to US$318 million to correspond with the loan amount outstanding.

In June 2009, a further amount of US$44 million was repaid against the loan, and the forward cover was reduced by US$44 million. The balance of US$274 million was extended to 15 July 2009, being the next interest repayment date on the loan, at an average forward rate of R8.0893.

At 30 June 2009, the unrealised foreign exchange loss on the revaluation of the US$274 million loan was R210 million. This loss was offset by R210 million cumulative positive gains on the forward cover purchased at an origianl rate of R7.3279. During the year ended 30 June 2009, R278 million of forward cover costs were accounted for as part of interest, as this forward cover has been designated as a hedging instrument.

The forward cover was further extended to 17 August 2009 at a rate of R8.3839 and then to 17 September 2009 at a rate of R8.0387. On 17 September 2009 the forward cover of US$274 million was settled as a result of the decision to repay the outstanding loan amount. At 17 September 2009 the realised foreign exchange loss on the settlement of the US$274 million loan was R34 million. This loss was offset by R34 million cumulative positive gains on the forward cover purchased at an original rate of R7.3279. During the year ended 30 June 2010, R38 million of forward cover costs were accounted for as part of interest, as this forward cover has been designated as a hedging instrument.

Commodity price sensitivity

General

Gold and copper

The market prices of gold and to a lesser extent copper have a significant effect on the results of operations of Gold Fields, the ability of Gold Fields to pay dividends and undertake capital expenditures, and the market price of Gold Fields' ordinary shares. Gold and copper prices have historically fluctuated widely and are affected by numerous industry factors over which Gold Fields does not have any control. The aggregate effect of these factors on the gold and copper price, all of which are beyond the control of Gold Fields, is impossible for Gold Fields to predict.

Oil

The market price of oil has a significant effect on the results of the offshore operations of Gold Fields. The offshore operations consume large quantities of diesel in the running of their mining fleets. Oil prices have historically fluctuated widely and are affected by numerous factors over which Gold Fields does not have any control.

Notes to the consolidated financial statements (continued)

for the period ended 31 December 2010

36. RISK MANAGEMENT ACTIVITIES (continued)

Commodity price hedging policy

Gold and copper

As a general rule, Gold Fields does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for future gold and copper production.

To the extent that it enters into commodity hedging arrangements, Gold Fields seeks to use different counterparty banks consisting of local and international banks to spread risk. None of the counterparties is affiliated with, or related to parties of, Gold Fields.

Oil

As a general rule, Gold Fields does not enter into derivatives or other hedging arrangements to establish a price in advance for future oil consumption.

Commodity price hedging experience

As at 31 December 2010 and 30 June 2010, there were no commodity price contracts.

Equity securities price risk

General

The Group is exposed to equity securities price risk because of investments held by the Group which are classified as available-for-sale. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group.

The Group's equity investments are publicly traded and are listed on one of the following exchanges:

- JSE Limited
- Toronto Stock Exchange
- Australian Stock Exchange
- London Stock Exchange

The table below summarises the impact of increases/decreases of the exchanges on the Group's shareholders' equity in case of shares and the Group's profit and loss in case of options and warrants. The analysis is based on the assumption that the share prices quoted on the exchange have increased/decreased with all other variables held constant and the Group's investments moved according to the historical correlation with the index.

Equity investments - Shares	(Decrease)/increase in equity price			
Sensitivity to equity security price	-10.0% Rand million	-5.0% Rand million	5.0% Rand million	10.0% Rand million
31 December 2010				
(Decrease)/increase in shareholders' equity	**(84.0)**	**(42.0)**	**42.0**	**84.0**
30 June 2010				
(Decrease)/increase in shareholders' equity	(58.1)	(29.1)	29.1	58.1

Equity investments - Shares	(Decrease)/increase in equity price			
Sensitivity to equity security price	-10.0% Rand million	-5.0% Rand million	5.0% Rand million	10.0% Rand million
31 December 2010				
(Decrease)/increase in shareholders' equity	**(12.4)**	**(6.2)**	**6.2**	**12.4**
30 June 2010				
(Decrease)/increase in shareholders' equity	(7.7)	(3.8)	3.8	7.7

1 Spot rate: R6.75 = US$1.00 (June 2010: R7.57 = US$1.00)

36. RISK MANAGEMENT ACTIVITIES (continued)

Interest rate sensitivity

General

As Gold Fields has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Gold Fields' interest rate risk arises from long-term borrowings.

As of 31 December 2010, Gold Fields' long-term indebtedness amounted to R7,671.9 million (June 2010: R3,255.1 million). Gold Fields generally does not undertake any specific action to cover its exposure to interest rate risk, although it may do so in specific circumstances.

Interest rate sensitivity analysis

The portion of Gold Fields' interest bearing debt at year end that is exposed to interest rate fluctuations is R2,478.7 million (June 2010: R8,187.1 million). This debt is normally rolled for periods of between one and three months and is therefore exposed to the rate changes in this period. The remainder of the debt is either short-term (less than three months total tenor) or bears interest at a fixed rate.

R1,282.5 million (June 2010: R4,012.1 million) of the total debt at year end is exposed to changes in the LIBOR rate and R1,196.2 million (June 2010: R4,175.0 million) is exposed to the South African Prime ("Prime") interest rate. The relevant interest rates for each facility are described in note 24.

The table below summarises the effect of a change in finance expense on the Group's profit and loss had LIBOR and Prime differed as indicated. The analysis is based on the assumption that the applicable interest rate increased/decreased with all other variables held constant. All financial instruments with fixed interest rates that are carried at amortised cost are not subject to the interest rate sensitivity analysis.

	Change in interest expense for interest rate changes					
Sensitivity to equity security price	-1.5% R million	-1.0% R million	-0.5% R million	0.5% R million	-0.5% R million	0.5% R million
31 December 2010						
Sensitivity to LIBOR interest rates	**(5.1)**	**(3.4)**	**(1.7)**	**1.7**	**3.4**	**5.1**
Sensitivity to prime interest rates	**(6.8)**	**(4.6)**	**(2.3)**	**2.3**	**4.6**	**6.8**
Change in finance expense	**(11.9)**	**(8.0)**	**(4.0)**	**4.0**	**8.0**	**11.9**
30 June 2010						
Sensitivity to LIBOR interest rates	(63.7)	(42.4)	(21.2)	21.2	42.4	63.7
Sensitivity to prime interest rates	(41.1)	(27.4)	(13.7)	13.7	27.4	41.1
Change in finance expense	(104.8)	(69.8)	(34.9)	34.9	69.8	104.8

1 Spot rate: R6.75 = US$1.00 (June 2010: R7.57 = US$1.00).

	US$ million	US$ million	US$ million	US$ million	US$ million	US$ million
31 December 2010						
Sensitivity to LIBOR interest rates	**(0.7)**	**(0.5)**	**(0.2)**	**0.2**	**0.5**	**0.7**
Sensitivity to prime interest rates	**(1.0)**	**(0.6)**	**(0.3)**	**0.3**	**0.6**	**1.0**
Change in finance expense	**(1.7)**	**(1.1)**	**(0.5)**	**0.5**	**1.1**	**1.7**
30 June 2010						
Sensitivity to LIBOR interest rates	(7.1)	(4.7)	(2.4)	2.4	4.7	7.1
Sensitivity to prime interest rates	(4.6)	(3.0)	(1.5)	1.5	3.0	4.6
Change in finance expense	(11.7)	(7.7)	(3.9)	3.9	7.7	11.7

1 Spot rate: R6.75 = US$1.00 (June 2010: R7.57 = US$1.00).

Notes to the consolidated financial statements (continued)

for the period ended 31 December 2010

37. CAPITAL MANAGEMENT

The primary objective of managing the Group's capital is to ensure that there is sufficient capital available to support the funding requirements of the Group, including capital expenditure, in a way that

- optimises the cost of capital;
- maximises shareholders' returns; and
- ensures that the Group remains in a sound financial position.

There were no changes to the Group's overall capital management approach during the current year.

The Group manages and makes adjustments to the capital structure as and when borrowings mature or as and when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. Opportunities in the market are also monitored closely to ensure that the most efficient funding solutions are implemented.

The Group monitors capital using the ratio of net debt to EBITDA, but does not set absolute limits for this ratio. The Group is comfortable with a ratio of net debt to EBITDA of one times or lower.

Figures in millions	31 December 2010	30 June 2010
SA Rand		
Borrowings	**9,438.1**	8,487.1
Cash and cash equivalents	**5,463.8**	3,790.5
Net debt	**3,974.3**	4,696.6
EBITDA	**8,160.7**	12,573.2
Net debt to EBITDA	**0.49**	0.37

Figures in millions	31 December 2010	30 June 2010
US Dollars		
Borrowings	**1,398.3**	1,121.1
Cash and cash equivalents	**809.5**	500.7
Net debt	**588.8**	620.4
EBITDA	**1,143.0**	1,658.7
Net debt to EBITDA	**0.52**	0.37

38. RELATED PARTY TRANSACTIONS

None of the directors, officers or major shareholders of Gold Fields or, to the knowledge of Gold Fields, their families, had any interest, direct or indirect, in any transaction during the last two fiscal periods or in any proposed transaction which has affected or will materially affect Gold Fields or its investment interests or subsidiaries, other than as stated below.

None of the directors or officers of Gold Fields or any associate of such director or officer is currently or has been at any time during the past two fiscal periods indebted to Gold Fields.

New Africa Mining Fund

John G Hopwood was a trustee of New Africa Mining Fund and Chair of the New Africa Mining Fund Investment Committee until his death on 19 March 2010. Gold Fields has been instrumental in the formation of the New Africa Mining Fund and is a significant investor in the fund. The fund has as its objectives the promotion of black economic empowerment and the transformation of the South African mining industry by facilitating junior mining projects. At 31 December 2010, Gold Fields Limited has contributed net R31.6 million (June 2010: net R31.6 million). Gold Fields previously provided a commitment to fund R50.0 million in total for an original commitment period of six years. This commitment period expired on 28 February 2009. No new investments are permitted but follow on investments of up to R56 million are allowed, the Gold Fields portion of which is estimated at approximately R5 million. The New Africa Mining Fund has however indicated that it has no intention of making follow-on investments.

Rand Refinery Limited

GFL Mining Services Limited has an agreement with Rand Refinery Limited, ("Rand Refinery"), in which Gold Fields holds a 34.9% interest, providing for the refining of substantially all of Gold Fields' South African gold production by Rand Refinery. On 21 November 2000, GFL Mining Services Limited ("GFLMS") entered into an agreement with Rand Refinery in terms of which GFLMS acts as agent for Rand Refinery with regard to the sale of a maximum of 50% of Gold Fields' South African gold production.

On 1 June 2004, GFLMS has exercised its right, by giving notice to Rand Refinery, to sell all of Gold Fields' South African gold production with effect from 1 October 2004. Gold Fields Ghana Limited and Abosso Goldfields Limited also have an agreement with Rand Refinery since March 2002 to transport, refine and sell substantially all of the gold production from the Tarkwa and Damang mines.

Nicholas J Holland, who is the Chief Executive Officer and a Director of Gold Fields, has been a director of Rand Refinery since 12 July 2000. As a director of GFLMS, which is a wholly-owned subsidiary of Gold Fields, Mr Holland has declared his interest in the contract between Rand Refinery and GFLMS, pursuant to South African requirements, and has not participated in the decision of Rand Refinery to enter into the agreement with either of GFLMS, Gold Fields Ghana Limited or Abosso Goldfields Limited. Mr Holland signed the agreement with Rand Refinery on behalf of GFLMS.

Notes to the consolidated financial statements (continued)

for the period ended 31 December 2010

38. RELATED PARTY TRANSACTIONS (continued)

Peotona Gold

Cheryl A. Corolus, a non-executive director of Gold Fields, is a party in her capacity as founding shareholder of Peotona Gold Holdings (Proprietary) Limited, or PGH, to the agreement described below. Cheryl has a 25% interest in PGH, which in turn has a one-third economic interest and a 51% voting interest in the issued share capital of Peotona Gold (Proprietary) Limited, or Peotona Gold.

Western Areas Prospecting (Proprietary) Limited, (a company 74% owned by Gold Fields Operations Limited, or GFO, and 26% owned by Peotona Gold), or WAP, held four prospecting rights on ground contiguous to the South Deep mine. On 21 April 2009, GFO, GFI Joint Venture Holdings (Proprietary) Limited, Peotona Gold, WAP and others entered into an agreement in terms of which WAP relinquished and abandoned a portion of the prospecting area covered by one of the above prospecting rights (commonly known as "Uncle Harry's Area") in favor of the South Deep Joint Venture. The agreement was subject to (among other conditions precedent) the conversion of the old order mining right of South Deep to a new order mining right and simultaneously amending the South Deep mining right by extending the area covered by the South Deep mining right to include Uncle Harry's Ground pursuant to the Mineral and Petroleoum Resources Development Act. 28 of 2002. Peotona Gold also granted GFO an option to acquire its 26% shareholding in WAP.

On 13 July 2010, the South African Department of Mineral Resources executed the new-order mining right for the South Deep Gold Mine, including Uncle Harry's Ground. There are, however, still conditions outstanding relating to the consolidation of the remaining prospecting rights held by WAP.

Gold Fields believes that the above transactions with related parties have been conducted on terms at least as favorable to it as arm's length terms.

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
30 June 2010	31 December 2010		31 December 2010	30 June 2010
		Compensation to key management		
		(Key management includes all members of the executive committee and the two executive directors)		
6.3	**3.5**	Salaries and other short-term employee benefits	**24.8**	47.5
2.9	**2.5**	Bonus	**17.6**	22.2
4.0	**3.5**	Share-based payments	**24.9**	30.2
13.2	**9.5**		**67.3**	99.9

39. SEGMENT REPORTING

The segment information is shown on pages 312 to 315.

Company income statement
for the period ended 31 December 2010

Figures in millions unless otherwise stated

		SOUTH AFRICAN RAND	
	Notes	For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
Investment income	1	**20,916.2**	1,143.6
Finance expense		**(119.9)**	(252.9)
Share-based payments		**(2.3)**	(5.1)
Amortisation of financial guarantees		**114.1**	95.3
Foreign exchange gain on revaluation of financial guarantees		**1.0**	12.1
Other income/(costs)		**2.1**	(77.0)
Profit before taxation		**20,911.2**	916.0
Income tax	2	**(8.2)**	(8.3)
Profit for the period		**20,903.0**	907.7

The accompanying notes form an integral part of these financial statements.

Company statement of comprehensive income

for the period ended 31 December 2010

Figures in millions unless otherwise stated

	SOUTH AFRICAN RAND	
	For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
Profit for the period	**20,903.0**	907.7
Other comprehensive income	**-**	0.1
Mark-to-market valuation of listed investments	**-**	0.1
Total comprehensive income for the period	**20,903.0**	907.8

The accompanying notes form an integral part of these financial statements.

Company statement of financial position

for the period ended 31 December 2010

Figures in millions unless otherwise stated

		SOUTH AFRICAN RAND	
	Notes	31 December 2010	30 June 2010
ASSETS			
Non-current assets			
Investments	4	**52,339.4**	34,773.4
Current assets			
Trade and other receivables		**10.8**	11.5
Total assets		**52,350.2**	34,784.9
EQUITY AND LIABILITIES			
Total equity		**50,732.2**	30,283.1
Share capital		**360.4**	353.0
Share premium		**31,498.3**	31,467.5
Other reserves		**266.8**	264.5
Retained earnings/(loss)		**18,606.7**	(1,801.9)
Current liabilities		**1,618.0**	4,501.8
Trade and other payables		**53.3**	43.5
Financial guarantees	5	**194.4**	117.2
Current portion of borrowings	6	**1,352.1**	4,330.9
Taxation		**18.2**	10.2
Total equity and liabilities		**52,350.2**	34,784.9

The accompanying notes form an integral part of these financial statements.

Company statement of changes in equity
for the period ended 31 December 2010

Figures in millions unless otherwise stated

	Number of ordinary shares issued	Ordinary share capital	Share premium	Fair value adjustment reserve	Share-based payment reserve	Retained (loss)/ earnings	Total equity
SOUTH AFRICAN RAND							
Balance at 30 June 2009	704,749,849	352.4	31,411.3	0.3	259.0	(1,792.5)	30,230.5
Profit for the year	-	-	-	-	-	907.7	907.7
Other comprehensive income	-	-	-	0.1	-	-	0.1
Total comprehensive income	-	-	-	0.1	-	907.7	907.8
Share-based payments	-	-	-	-	5.1	-	5.1
Dividends paid	-	-	-	-	-	(917.1)	(917.1)
Exercise of employee share options	1,153,662	0.6	56.2	-	-	-	56.8
Balance at 30 June 2010	**705,903,511**	**353.0**	**31,467.5**	**0.4**	**264.1**	**(1,801.9)**	**30,283.1**
Profit for the period	-	-	-	-	-	20,903.0	20,903.0
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	20,903.0	20,903.0
Share-based payments	-	-	-	-	2.3	-	2.3
Dividends paid	-	-	-	-	-	(494.4)	(494.4)
Exercise of employee share options	751,630	0.3	30.8	-	-	-	31.1
Shares issued for empowerment transactions	14,141,746	7.1	-	-	-	-	7.1
Balance at 31 December 2010	**720,796,887**	**360.4**	**31,498.3**	**0.4**	**266.4**	**18,606.7**	**50,732.2**

The accompanying notes form an integral part of these financial statements.

Company statement of cash flows

for the period ended 31 December 2010

Figures in millions unless otherwise stated

		SOUTH AFRICAN RAND	
	Notes	For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
Cash flows from operating activities		**263.2**	(76.1)
Cash generated by/(utilised in) operations	7	**2.1**	(77.0)
Interest paid		**(98.3)**	(208.2)
Interest received		**99.2**	226.5
Dividends received		**744.3**	917.1
Change in working capital	8	**10.5**	19.1
Cash generated by operating activities		**757.8**	877.5
Taxation paid	9	**(0.2)**	(36.5)
Net cash generated by operations		**757.6**	841.0
Dividends paid	3	**(494.4)**	(917.1)
Cash flows from financing activities		**(263.2)**	76.1
Loans repaid by/(advanced to) subsidiaries		**2,699.0**	(2,439.7)
Loans repaid		**(4,825.4)**	(5,443.0)
Loans raised		**1,825.0**	7,902.0
Proceeds from issue of shares		**38.2**	56.8
Net cash generated/(utilised)		**-**	-
Cash and cash equivalents at beginning of the period		**-**	-
Cash and cash equivalents at end of the period		**-**	-

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements
for the period ended 31 December 2010

Figures in millions unless otherwise stated

		SOUTH AFRICAN RAND	
		For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
1	**INVESTMENT INCOME**		
	Dividends received*	**20,817.0**	917.1
	Interest received	**99.2**	226.5
	Total investment income	**20,916.2**	1,143.6
	* Includes a dividend in specie of R20,072.7 million from GFI Mining South Africa (Pty) Limited.		
2	**INCOME TAX**		
	South African current taxation		
	- company tax	**(8.2)**	(8.3)
	Total tax	**(8.2)**	(8.3)
3	**DIVIDENDS PAID**		
	June 2010 final dividend of 70 cents per share (2009: 80 cents) declared on 4 August 2010.	**494.4**	564.1
	December 2009 interim dividend of 50 cents per share was declared on 1 March 2010.	**-**	353.0
	A final dividend in respect of the period ended 31 December 2010 of 70 cents per share was approved by the Board of Directors on 16 February 2011. This dividend payable is not reflected in these financial statements.		
	No Secondary Tax on Companies is payable on the dividend declared after year end due to sufficient STC credits available in Gold Fields Limited.		
	Total dividends paid	**494.4**	917.1
4	**INVESTMENTS**		
	Listed		
	Cost	**0.3**	0.3
	Net unrealised gain on revaluation	**0.4**	0.4
	Carrying value	**0.7**	0.7
	Market value	**0.7**	0.7
	Unlisted		
	Carrying value and directors' valuation	**42,238.7**	21,973.7
	Total listed and unlisted investments	**42,239.4**	21,974.4
	Net loans	**10,100.0**	12,799.0
	Loans due to holding company	**10,860.1**	13,559.1
	Loans due by holding company	**(760.1)**	(760.1)
	Total investments	**52,339.4**	34 773.4
	Details of major investments are given on page 310 and 311.		
5	**FINANCIAL GUARANTEES**		
	Gold Fields Limited and certain of its subsidiaries have guaranteed all payments and other obligations of GFI Mining South Africa (Pty) Limited, Gold Fields La Cima, Orogen Holdings (BVI) Limited and Gold Fields Operations Limited related to the Mvela loan, the Project Finance facility and the Split-tenor revolving credit facility.		
	Value of unamortised portion of financial guarantees	**194.4**	117.2
	Total financial guarantees	**194.4**	117.2

Figures in millions unless otherwise stated

	SOUTH AFRICAN RAND	
	For the 6 month period ended 31 December 2010	For the year ended 30 June 2010

6 BORROWINGS

(a) Preference shares

On 24 December 2007, Gold Fields Limited issued R1.2 billion of non-convertible redeemable preference shares. The dividend rate payable is a floating rate that increases from 22% up to 61% of the prime lending rate quoted by FirstRand Bank Limited (the "Prime Rate") over the life of the Preference Shares. Dividends accrue quarterly and are rolled up until the redemption date. The purpose of the preference shares was to refinance existing credit facilities.

On 10 October 2008, R600 million of the R1,200 million preference shares was redeemed with an attributable dividend of R23.2 million.

On 15 December 2010, Gold Fields declared and paid R133.4 million of the attributable dividend. On the same date, the redemption date of 24 January 2011 was extended to 15 September 2011. The preference shares may be redeemed earlier on a date agreed between the holder and Gold Fields.

The preference shares are guaranteed by GFIMSA, Orogen, GF Operations and GF Holdings. Subsequent to year end, Newshelf 899 (Pty) Limited became an additional guarantor of the preference shares.

Preference shares	For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
Balance at the beginning of period	**728.9**	684.2
Repayments	**(133.4)**	-
Interest payable	**21.6**	44.7
Balance at the end of period	**617.1**	728.9

(b) Commercial Paper loan

Gold Fields established a R10 billion Domestic Medium-Term Note Programme (the "programme") on 6 April 2009 and ammended the programme on 6 October 2009 to provide a guarantee to noteholders as detailed below. Under the programme, Gold Fields may from time to time issue notes denominated in any currency. The notes are subject to any minimum or maximum maturity and the maximum aggregate nominal amount of all notes from time to time outstanding may not exceed R10 billion. The programme has been registered with the bond market of the JSE Limited ("JSE") and the notes issued can be listed on the JSE or not.

Under the programme, Gold Fields issued listed notes totalling R1,825 million (June 2010: R7,902 million) and settled listed maturing notes totalling R4,692 million (June 2010: R5,443 million). The different notes issued mature three, six or 12 months from date of issue and bear interest at JIBAR plus a margin ranging from 0.45% to 1.00% per annum, except for notes with a carrying value of R300 million which are at a fixed rate of 8.48%.

The outstanding issued notes under the programme at 31 December 2010 were R735 million (June 2010: R3,602 million). The notes outstanding at 31 December 2010 mature as follows: R217 million on 25 January 2011, R218 million on 10 February 2011 and R300 million on 2 March 2011.

Notes under the programme are guaranteed by GFIMSA, GF Holdings, Orogen and GF Operations.

Commercial paper issuance	For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
Balance at the beginning of period	**3,602.0**	1,143.0
Notes issued	**1,825.0**	7,902.0
Repayments	**(4,692.0)**	(5,443.0)
Balance at the end of period	**735.0**	3,602.0
Gross borrowings	**1,352.1**	4,330.9
Current portion of borrowings	**(1,352.1)**	(4,330.9)
Total non-current borrowings	**-**	-

Notes to the financial statements (continued)

for the period ended 31 December 2010

Figures in millions unless otherwise stated

		SOUTH AFRICAN RAND	
		For the 6 month period ended 31 December 2010	For the year ended 30 June 2010
7	**CASH GENERATED BY/(UTILISED IN) OPERATIONS**		
	Profit for the period	**20,903.0**	907.7
	Taxation	**8.2**	8.3
	Interest paid	**98.3**	208.2
	Interest received	**(99.2)**	(226.5)
	Dividends received - cash	**(744.3)**	(917.1)
	Profit/(loss) before non-cash items	**20,166.0**	(19.4)
	Non-cash items:		
	Dividend in specie	**(20,072.7)**	-
	Share-based payments	**2.3**	5.1
	Amortisation of financial guarantees	**(114.1)**	(95.3)
	Foreign exchange gain on revaluation of financial guarantees	**(1.0)**	(12.1)
	Preference share interest	**21.6**	44.7
	Total cash generated by/(utilised in) operations	**2.1**	(77.0)
8	**CHANGE IN WORKING CAPITAL**		
	Trade and other receivables	**0.7**	(8.3)
	Trade and other payables	**9.8**	27.4
	Total change in working capital	**10.5**	19.1
9	**TAXATION PAID**		
	Amount owing at beginning of the period	**(10.2)**	(38.4)
	SA current taxation	**(8.2)**	(8.3)
	Amount owing at end of the period	**18.2**	10.2
	Total taxation paid	**(0.2)**	(36.5)

10. RISK MANAGEMENT ACTIVITIES

In the normal course of its operations, the company is exposed to commodity price, currency, interest rate, liquidity, equity price and credit risk. In order to manage these risks, the company has developed a comprehensive risk management process to facilitate control and monitoring of these risks.

Controlling and managing risk in the company

Gold Fields has policies in areas such as counterparty exposure, hedging practices and prudential limits which have been approved by Gold Fields' Board of Directors. Management of financial risk is centralised at Gold Fields' treasury department, which acts as the interface between Gold Fields' operations and counterparty banks. The treasury department manages financial risk in accordance with the policies and procedures established by the Gold Fields Board of Directors and Executive Committee.

The Gold Fields' Board of Directors has approved dealing limits for money market, foreign exchange and commodity transactions, which Gold Fields' treasury department is required to adhere to. Among other restrictions, these limits describe which instruments may be traded and demarcate open position limits for each category as well as indicating counterparty credit related limits. The dealing exposure and limits are checked and controlled each day and reported to the Chief Financial Officer.

The objective of Treasury is to manage all financial risks arising from the Company's business activities in order to protect profit and cash flows. Treasury activities of Gold Fields Limited are guided by the Treasury Policy, the Treasury Framework as well as domestic and international financial market regulations. Treasury activites are currently performed within the Treasury Framework with appropriate resolutions from the Board of Gold Fields Limited, which are reviewed and approved annually by the Audit Committee.

The financial risk management objectives of the company are defined as follows:

Liquidity risk management: The objective is to ensure that the company is able to meet its short-term commitments through the effective and efficient usage of credit facilities.

Currency risk management: The objective is to maximise the company's profits by minimising currency fluctuations.

Funding risk management: The objective is to meet funding requirements timeously and at competitive rates by adopting reliable liquidity management procedures.

Investment risk management: The objective is to achieve optimal returns on surplus funds.

Interest rate risk management: The objective is to identify opportunities to prudently manage interest rate exposures.

Counterparty exposure: The objective is to only deal with approved counterparts that are of a sound financial standing and who have an official credit rating. The company is limited to a maximum investment of between 4% or 5% of the financial institutions' equity, which is dependent on the institutions' credit rating. This credit rating is Fitch Ratings' short-term credit rating for financial insitutions.

Commodity price risk management: Commodity risk management takes place within limits and with counterparts as approved in the Treasury Framework.

Operational risk management: The objective is to implement controls to adequately mitigate the risk of error and/or fraud.

Banking relations management: The objective is to maintain relationships with credible financial institutions and ensure that all contracts and agreements related to risk management activities are co-ordinated and consistent throughout the company and that they comply where necessary with all relevant regulatory and statutory requirements.

Credit risk

Credit risk represents risk that an entity will suffer a financial loss due to the the other party of a financial instrument not discharging its obligation.

The company has reduced its exposure to credit risk by dealing with a number of counterparties. The company approves these counterparties according to its risk management policy and ensures that they are of good credit quality.

Accounts receivable are reviewed on a regular basis and a provision for impairment is raised when they are not considered recoverable.

Notes to the financial statements (continued)
for the period ended 31 December 2010

10. RISK MANAGEMENT ACTIVITIES (continued)

Figures in millions unless otherwise stated

The combined maximum credit risk exposure of the company is as follows:

	SOUTH AFRICAN RAND	
	31 December 2010	30 June 2010
On balance sheet		
Trade and other receivables[1]	**10.8**	11.5
Financial guarantees[2]	**10,040.6**	4,055.4

1 None of the receivables are past due or impaired.

2 Gold Fields Limited and certain of its subisdiaries have guaranteed all payments and other obligations of GFIMSA, GF La Cima, Orogen and GF Operations relating to the borrowing of the Group. The maximum possible exposure is the total amount the entity would have to pay if the guarantee is called on and if none of the other subsidiaries that provided guarantees with the company were able to pay the amount called on. At year end there were no indications that the guarantee will be called on.

Liquidity risk

In the ordinary course of business, the company receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure surplus funds are invested to maximise returns whilst ensuring that capital is safeguarded to the maximum extent possible by investing only with top financial institutions.

Uncommitted borrowing facilities are maintained with several banking counterparties to meet the company's normal and contingency funding requirements.

The following are the contractually due undiscounted cash flows resulting from maturities of all financial liabilities, including interest payments:

31 December 2010	Within one year R million	Between one and five years R million	After five years R million	Total R million
Trade payables	**53.3**	**-**	**-**	**53.3**
Borrowings				
- Capital	**1,335.0**	**-**	**-**	**1,335.0**
- Interest[1]	**72.9**	**-**	**-**	**72.9**
Financial guarantee[2]	**329.1**	**1,316.3**	**8,395.2**	**10,040.6**
Total	**1,790.3**	**1,316.3**	**8,395.2**	**11,501.8**
31 June 2010				
Trade payables	43.5	-	-	43.5
Borrowings				
- Capital	4,202.0	-	-	4,202.0
- Interest[1]	222.9	-	-	222.9
Financial guarantee[2]	781.1	3,274.3	-	4,055.4
Total	5,249.5	3,274.3	-	8,523.8

1 ZAR borrowings - spot prime rate adjusted by specific facility agreement: 9% (June 2010: 10%).

2 Gold Fields Limited and certain of its subisdiaries have guaranteed all payments and other obligations of GFIMSA, GF La Cima, Orogen and GF Operations relating to the borrowing of the Group. The maximum possible exposure is the total amount the entity would have to pay if the guarantee is called on and if none of the other subsidiaries that provided guarantees with the company were able to pay the amount called on. At year end there were no indications that the guarantee will be called on.

10. RISK MANAGEMENT ACTIVITIES (continued)

Market risk

Gold Fields is exposed to market risks, including foreign currency, commodity price, equity securities price and interest rate risk associated with underlying assets, liabilities and anticipated transactions. Following periodic evaluation of these exposures, Gold Fields may enter into derivative financial instruments to manage some of these exposures.

IFRS 7 Sensitivity analysis

IFRS 7 requires sensitivity analysis that shows the effects of hypothetical changes of relevant risk variables on profit and loss or shareholders' equity. The company is exposed to commodity price, currency, interest rate, liquidity, equity price and credit risks. The effects are determined by relating the hypothetical change in the risk variable to the balance of financial instruments at period end date.

The amounts generated from the sensitivity analyses below are forward-looking estimates of market risks assuming certain adverse or favourable market conditions occur. Actual results in the future may differ materially from those projected results and therefore should not be considered a projection of likely future events and gains/losses.

Interest rate sensitivity

General

As Gold Fields has no significant interest bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates. Gold Fields' interest rate risk arises from long-term borrowings.

As of 31 December 2010, Gold Fields' long-term indebtedness amounted to Rnil (June 2010: Rnil) and its short-term indebtedness amounted to R1,352.1 million (June 2010: R4,330.9 million). Gold Fields generally does not undertake any specific action to cover its exposure to interest rate risk, although it may do so in specific circumstances.

INTEREST RATE SENSITIVITY ANALYSIS

The portion of Gold Fields' interest bearing debt at year end that is exposed to interest rate fluctuations in prime interest rate is R1,052.1 million (June 2010: R4,030.9 million).

The table below summarises the effect of a change in finance expense on the company's profit and loss had Prime differed as indicated. The analysis is based on the assumption that the applicable interest rate increased/decreased with all other variables held constant.

	Change in interest expense for interest rate changes					
Sensitivity to interest rates	-1.5% R million	-1.0% R million	-0.5% R million	0.5% R million	1.0% R million	1.5% R million
31 December 2010						
Sensitivity to Prime interest rates	**(5.7)**	**(3.8)**	**(1.9)**	**1.9**	**3.8**	**5.7**
Change in finance expense	**(5.7)**	**(3.8)**	**(1.9)**	**1.9**	**3.8**	**5.7**
30 June 2010						
Sensitivity to Prime interest rates	(40.6)	(27.0)	(13.5)	13.5	27.0	40.6
Change in finance expense	(40.6)	(27.0)	(13.5)	13.5	27.0	40.6

11. CAPITAL MANAGEMENT

Capital is managed on a Group basis only and not on a company basis. Refer to note 37 in the Group financial statements.

Major group investments - direct and indirect
for the period ended 31 December 2010

	Notes	Shares held 31 December 2010	Shares held 30 June 2010	Group beneficial interest 31 December 2010 %	Group beneficial interest 30 June 2010 %	Book value in holding company: Shares 31 December 2010 R m	Book value in holding company: Shares 30 June 2010 R m	Book value in holding company: Loans[6] 31 December 2010 R m	Book value in holding company: Loans[6] 30 June 2010 R m
SUBSIDIARIES									
Listed									
Gold Fields La Cima S.A.	5	**1,256,864,979**	1,256,864,979	**80.7%**	80.7%	**-**	-	**-**	-
Unlisted									
Abosso Goldfields Limited									
- Class "A" shares	2	**38,394,000**	38,394,000	**71.1%**	71.1%	**-**	-	**-**	-
- Class "B" shares	2	**4,266,000**	4,266,000	**71.1%**	71.1%	**-**	-	**-**	-
Agnew Gold Mining Company (Pty) Limited	4	**54,924,757**	54,924,757	**100.0%**	100.0%	**-**	-	**-**	-
Beatrix Mines Limited	1	**96,549,020**	96,549,020	**100.0%**	100.0%	**206.8**	206.8	**-**	-
Beatrix Mining Ventures Limited	1	**9,625,001**	9,625,001	**100.0%**	100.0%	**120.4**	120.4	**(136.8)**	(136.8)
Driefontein Consolidated (Pty) Limited	1	**1,000**	1,000	**100.0%**	100.0%	**-**	-	**(13.1)**	(13.1)
GFI Joint Venture Holdings (Pty) Ltd	1	**311,668 564**	311,668,564	**100.0%**	100.0%	**-**	-	**219.6**	987.0
GFI Mining South Africa (Pty) Limited	1	**1,000**	1,000	**100.0%**	100.0%	**-**	3,138.2	**320.6**	1,648.6
GFL Mining Services Limited	1	**235,676,387**	235,676,387	**100.0%**	100.0%	**17,425.9**	17,425.9	**9,955.1**	9,653.6
Gold Fields Ghana Limited	2	**711**	711	**71.1%**	71.1%	**-**	-	**-**	-
Gold Fields Group Services (Pty) Ltd	1	**1**	1	**100.0%**	100.0%	**-**	-	**145.2**	282.9
Gold Fields Holdings Company (BVI) Limited	3	**4,077**	4,077	**100.0%**	100.0%	**-**	-	**-**	-
Gold Fields Operations Limited	1	**156,279,947**	161,753,619	**100.0%**	100.0%	**-**	-	**219.6**	987.0
Gold Fields Orogen Holdings (BVI) Limited	3	**230**	230	**100.0%**	100.0%	**-**	-	**-**	-
Kloof Gold Mining Company Limited	1	**138,600,000**	138,600,000	**100.0%**	100.0%	**602.8**	602.8	**(610.2)**	(610.2)
Newshelf 899 (Pty) Limited	1	**90,000,000**	-	**100.0%**	-	**23,210.9**	-	**-**	-
St Ives Gold Mining Company (Pty) Limited	4	**281,051,329**	281,051,329	**100.0%**	100.0%	**-**	-	**-**	-
Total						**41,566.8**	21,494.1	**10,100.0**	12,799.0

1 - Incorporated in the Republic of South Africa
2 - Incorporated in Ghana
3 - Incorporated in the British Virgin Islands
4 - Incorporated in Australia
5 - Incorporated in Peru
6 - The loans are unsecured, interest free and have no fixed repayment terms.

	Shares held		Group beneficial interest	
	31 December 2010	30 June 2010	31 December 2010 %	30 June 2010 %
OTHER				
Listed associates				
Rusoro Mining Limited	**140,000,001**	140,000,001	**26.4%**	26.4%
Listed equity investments				
Atacama Pacific Gold Corporation	**4,945,598**	-	**13.4%**	-
Clancy Exploration Limited	**3,479,069**	3,479,069	**3.2%**	4.2%
CMQ Resources Inc.	**1,071,000**	1,071,000	**16.4%**	16.4%
Conquest Mining Limited	**51,783,388**	51,783,388	**8.9%**	14.7%
Fjordland Exploration Incorporated	**1,818,182**	-	**2.7%**	-
Gold One International Limited (previsously Aflease Gold Limited)	**12,500,000**	12,500,000	**1.5%**	1.6%
Gold Quest Mining Corporation	**13,962,500**	13,962,500	**15.1%**	15.2%
Medoro Resources	**1,321,062**	3,963,186	**0.9%**	1.0%
Mvelaphanda Resources Limited	**8,397,858**	8,397,858	**3.9%**	3.9%
Orsu Metals Corp (formerly Lero Gold Corp)	**1,134,919**	1,134,919	**0.7%**	0.7%
Radius Gold Inc.	**3,625,124**	3,625,124	**4.9%**	6.8%

Only major investments are listed individually.

Segment report

Financial summary - R million

	South Africa			Ghana		Peru	Australia		
	KDC	Beatrix	South Deep[1]	Tarkwa	Damang	Cerro Corona	St Ives/ Agnew	Corporate and other[2]	Group Consolidation
INCOME STATEMENT for the 6 month period ended 31 December 2010									
Revenue	5,814.5	1,849.7	1,343.4	3,342.4	1,085.7	1,903.7	2,968.7	-	18,308.1
Operating costs	(3,809.7)	(1,233.5)	(996.0)	(1,466.6)	(527.9)	(552.9)	(1,634.4)	-	(10,221.0)
Gold inventory change	-	-	-	(20.2)	3.8	11.4	78.6	-	73.6
Operating profits	2,004.8	616.2	347.4	1,855.6	561.6	1,362.2	1,412.9	-	8,160.7
Amortisation and depreciation	(874.6)	(263.1)	(269.9)	(310.4)	(90.4)	(207.5)	(682.4)	(77.7)	(2,776.0)
Net operating profit/(loss)	1,130.2	353.1	77.5	1,545.2	471.2	1,154.7	730.5	(77.7)	5,384.7
Other expenditure	(1,093.2)	(351.7)	(158.9)	(82.5)	(42.9)	(51.0)	(45.9)	(1,536.6)[3]	(3,362.7)
Investment income	42.5	12.3	7.1	4.3	-	-	14.1	11.6	91.9
Finance expense	(12.7)	(1.5)	(11.2)	(4.4)	(0.8)	(35.4)	(8.3)	(175.2)	(249.5)
Royalties	(84.7)	(9.2)	(6.7)	(62.2)	(22.4)	(52.2)	(72.0)	-	(309.4)
Current taxation	(146.3)	(2.7)	-	(391.1)	(133.0)	(336.4)	-	(129.4)	(1,138.9)
Deferred taxation	240.3	(56.2)	(4.3)	(41.0)	8.9	(13.6)	(183.8)	(3.5)	(53.2)
Profit/(loss) for the period	76.1	(55.9)	(96.5)	968.3	281.0	666.1	434.6	(1,910.8)	362.9
Profit/(loss) attributable to:									
- Owners of the parent	76.1	(55.9)	(96.5)	688.5	199.8	537.5	434.6	(1,860.4)	(76.3)
- Non-controlling interest holders	-	-	-	279.8	81.2	128.6	-	(50.4)	439.2
BALANCE SHEET as at 31 December 2010									
Total assets (excluding deferred taxation)	13,080.5	1,603.4	854.3	8,054.8	1,687.8	7,176.3	9,101.0	29,503.1	71,061.2
Total liabilities (excluding deferred taxation)	2,950.5	(627.8)	455.5	1,278.3	475.7	1,947.7	1,260.9	9,636.5	17,377.3
Net deferred taxation liabilities	3,548.1	870.1	4.3	1,253.6	106.9	237.8	1,263.8	(223.2)	7,061.4
Capital expenditure	1,265.8	304.6	1,003.2	832.3	401.7	224.0	574.8	33.4	4,639.8

The above is a geograhical analysis presented by location of assets.

The Group is primarily involved in gold mining, exploration and related activities. Activities are conducted and investments held both inside and outside South Africa. The segment results have been prepared and presented based on management's reporting format. The Group's gold mining operations are managed and internally reported based on the following geographical areas: in South Africa the KDC division, the Beatrix division and the South Deep mine, in Ghana the Tarkwa and Damang mines, in Australia, St Ives and Agnew mines and in Peru, Cerro Corona. The Group also has exploration interests which are included in the "Corporate and other" segment. (Refer to accounting policies on segment reporting on page 246).

1 The income statement and balance sheet of South Deep is that of the operating mine and does not include any of the adjustments made in respect of the purchase price allocation. South Deep Gold mine, being an unincorporated joint venture, is not liable for taxation. Taxation included in South Deep is indicative, as tax is provided in the holding company at a rate of 40%.

2 "Corporate and other" represents the items to reconcile segment data to consolidated financial statement totals. Included in "Corporate and other" is goodwill relating to the acquisition of South Deep. This does not represent a separate segment as it does not generate revenue.

3 Other expenditure "Corporate and other" comprise share-based payments of R1,045.0 million, exploration expenses of R325.0 million, feasibility and evaluation costs of R66.4 million, share of losses of associate after taxation of R206.6 million, loss on disposal of investments of R2.5 million, and the balance of R108.9 million income consists mainly of corporate related cost recoveries.

Financial summary - R million

	South Africa				Ghana		Peru	Australia	Corporate	
	Driefontein	Kloof	Beatrix	South Deep[1]	Tarkwa	Damang	Cerro Corona	St Ives/ Agnew	and other[2]	Group Consolidation
INCOME STATEMENT for the year ended 30 June 2010										
Revenue	5,843.6	4,648.1	3,218.7	2,188.5	5,988.9	1,719.6	3,118.6	4,839.3	-	31,565.3
Operating costs	(3,832.1)	(3,424.3)	(2,272.9)	(1,674.6)	(2,933.4)	(990.5)	(1,024.2)	(3,018.3)	-	(19,170.3)
Gold inventory change	-	-	-	-	86.6	(15.9)	10.2	97.3	-	178.2
Operating profits	2,011.5	1,223.8	945.8	513.9	3,142.1	713.2	2,104.6	1,918.3	-	12,573.2
Amortisation and depreciation	(621.7)	(800.3)	(541.6)	(452.5)	(841.7)	(130.0)	(419.1)	(885.4)	(145.0)	(4,837.3)
Net operating profit/(loss)	1,389.8	423.5	404.2	61.4	2,300.4	583.2	1,685.5	1,032.9	(145.0)	7,735.9
Other (expenditure)/income	(194.1)	(180.1)	(61.4)	(148.4)	(81.4)	(28.8)	(361.9)	(51.8)	715.7[3]	(392.2)
Investment income	119.5	80.7	15.9	4.9	2.4	4.1	-	24.8	52.4	304.7
Finance expense	(16.8)	(6.8)	(3.2)	(44.2)	(3.5)	(0.4)	(41.9)	(17.1)	(358.8)	(492.7)
Royalties	(43.6)	(8.2)	(5.4)	(4.0)	(220.1)	(62.5)	(78.2)	(121.0)	-	(542.9)
Current taxation	(203.4)	(20.1)	(2.1)	-	(312.7)	(152.0)	(310.2)	(4.3)	(226.4)	(1,231.2)
Deferred taxation	(200.9)	(116.5)	(141.1)	49.3	(260.7)	4.1	(204.6)	(263.0)	26.3	(1,107.1)
Profit/(loss) for the year	850.5	172.5	206.9	(81.0)	1,424.5	347.7	688.7	600.5	64.2	4,274.5
Profit/(loss) attributable to:										
- Ordinary shareholders	850.5	172.5	206.9	(81.0)	1,012.8	247.2	555.8	600.5	66.2	3,631.4
- Non-controlling interest holders	-	-	-	-	411.7	100.5	132.9	-	(2.0)	643.1
BALANCE SHEET as at 30 June 2010										
Total assets (excluding deferred taxation)	8,148.8	5,005.9	1,063.3	998.9	8,016.7	1,343.0	6,706.7	8,195.2	28,861.7	68,340.2
Total liabilities (excluding deferred taxation)	2,325.6	1,081.3	(870.0)	596.9	1,094.6	278.0	1,650.2	1,195.5	8,396.5	15,748.6
Deferred taxation	1,995.1	1,793.3	813.9	-	1,362.4	129.3	252.3	1,046.2	(249.8)	7,142.7
Capital expenditure	1,139.6	1,104.4	650.6	1,613.3	1,126.3	226.1	648.8	1,198.8	34.4	7,742.3

The above is a geograhical analysis presented by location of assets.

The Group is primarily involved in gold mining, exploration and related activities. Activities are conducted and investments held both inside and outside South Africa. The segment results have been prepared and presented based on management's reporting format. The Group's gold mining operations are managed and internally reported based on the following geographical areas: in South Africa the Driefontein division, the Kloof division, the Beatrix division and the South Deep mine, in Ghana the Tarkwa and Damang Mines, in Australia, St Ives and Agnew mines and in Peru, Cerro Corona. The Group also has exploration interests which are included in the "Corporate and other" segment. (Refer to accounting policies on segment reporting on page 246).

1 The income statement and balance sheet of South Deep is that of the operating mine and does not include any of the adjustments made in respect of the purchase price allocation. South Deep Gold mine, being an unincorporated joint venture, is not liable for taxation. Taxation included in South Deep is indicative, as tax is provided in the holding company at a rate of 40%.

2 "Corporate and other" represents the items to reconcile segment data to consolidated financial statement totals. Included in "Corporate and other" is goodwill relating to the acquisition of South Deep. This does not represent a separate segment as it does not generate revenue.

3 Other expenditure "Corporate and other" comprise share-based payments of R184.1 million exploration expenses of R577.0 million, share of gains of associate after taxation of R118.3 million, impairment of investments of R257.8 million, profit on disposal of investments of R846.9m, realised gain on financial instruments (Eldorado top-up shares) of R402.1 million and the balance of R367.3 million income consists mainly of corporate related cost recoveries.

GOLD FIELDS

Segment report (continued)

Financial summary - US$ million

	South Africa			Ghana		Peru	Australia		
	KDC	Beatrix	South Deep [1]	Tarkwa	Damang	Cerro Corona	St Ives/ Agnew	Corporate and other [2]	Group Consolidation
INCOME STATEMENT for the 6 month period ended 31 December 2010									
Revenue	**814.3**	**259.1**	**188.2**	**468.1**	**152.1**	**266.6**	**415.8**	**-**	**2,564.2**
Operating costs	**(533.6)**	**(172.8)**	**(139.5)**	**(205.4)**	**(73.9)**	**(77.4)**	**(228.9)**	**-**	**(1,431.5)**
Gold inventory change	**-**	**-**	**-**	**(2.8)**	**0.5**	**1.6**	**11.0**	**-**	**10.3**
Operating profits	**280.7**	**86.3**	**48.7**	**259.9**	**78.7**	**190.8**	**197.9**	**-**	**1,143.0**
Amortisation and depreciation	**(122.5)**	**(36.8)**	**(37.8)**	**(43.5)**	**(12.7)**	**(29.1)**	**(95.6)**	**(10.8)**	**(388.8)**
Net operating profit/(loss)	**158.2**	**49.5**	**10.9**	**216.4**	**66.0**	**161.7**	**102.3**	**(10.8)**	**754.2**
Other expenditure	**(153.1)**	**(49.3)**	**(22.3)**	**(11.6)**	**(6.0)**	**(7.1)**	**(6.4)**	**(215.2)[3]**	**(471.0)**
Investment income	**6.0**	**1.7**	**1.0**	**0.6**	**0.1**	**-**	**2.0**	**1.5**	**12.9**
Finance expense	**(1.8)**	**(0.2)**	**(1.6)**	**(0.6)**	**(0.1)**	**(5.0)**	**(1.2)**	**(24.5)**	**(35.0)**
Royalties	**(11.8)**	**(1.3)**	**(0.9)**	**(8.7)**	**(3.1)**	**(7.3)**	**(10.2)**	**0.0**	**(43.3)**
Current taxation	**(20.5)**	**(0.4)**	**-**	**(54.8)**	**(18.6)**	**(47.1)**	**-**	**(18.1)**	**(159.5)**
Deferred taxation	**33.7**	**(7.9)**	**(0.6)**	**(5.7)**	**1.2**	**(1.9)**	**(25.7)**	**(0.6)**	**(7.5)**
Profit/(loss) for the period	**10.7**	**(7.9)**	**(13.5)**	**135.6**	**39.5**	**93.3**	**60.8**	**(267.7)**	**50.8**
Profit/(loss) attributable to:									
- Owners of the parent	**10.7**	**(7.9)**	**(13.5)**	**96.4**	**28.1**	**75.3**	**60.8**	**(260.6)**	**(10.7)**
- Non-controlling interest holders	**-**	**-**	**-**	**39.2**	**11.4**	**18.0**	**-**	**(7.1)**	**61.5**
BALANCE SHEET as at 31 December 2010									
Total assets (excluding deferred taxation)	**1,937.9**	**237.5**	**126.6**	**1,193.3**	**250.0**	**1,063.2**	**1,348.3**	**4,370.9**	**10,527.7**
Total liabilities (excluding deferred taxation)	**437.1**	**(93.0)**	**67.5**	**189.4**	**70.5**	**288.5**	**186.8**	**1,427.7**	**2,574.5**
Net deferred taxation liabilities	**525.6**	**128.9**	**0.6**	**185.7**	**15.8**	**35.2**	**187.2**	**(33.1)**	**1,046.1**
Capital expenditure	**177.3**	**42.7**	**140.5**	**116.6**	**56.3**	**31.4**	**80.5**	**4.7**	**649.8**

The above is a geograhical analysis presented by location of assets.

The Group is primarily involved in gold mining, exploration and related activities. Activities are conducted and investments held both inside and outside South Africa. The segment results have been prepared and presented based on management's reporting format. The Group's gold mining operations are managed and internally reported based on the following geographical areas: in South Africa the KDC division, the Beatrix division and the South Deep mine, in Ghana the Tarkwa and Damang mines, in Australia, St Ives and Agnes mines and in Peru, Cerro Corona. The Group also has exploration interests which are included in the "Corporate and other" segment. (Refer to accounting policies on segment reporting on page 246).

US dollar figures may not add as they are rounded independently.

Year end exchange rate of R6.75/US$.

Average exchange rate for the six months to December 2010 of R7.14/US$.

1 The income statement and balance sheet of South Deep is that of the operating mine and does not include any of the adjustments made in respect of the purchase price allocation. South Deep Gold mine, being an unincorporated joint venture, is not liable for taxation. Taxation included in South Deep is indicative, as tax is provided in the holding company at a rate of 40%.

2 "Corporate and other" represents the items to reconcile segment data to consolidated financial statement totals. Included in "Corporate and other" is goodwill relating to the acquisition of South Deep. This does not represent a separate segment as it does not generate revenue.

3 Other expenditure "Corporate and other" comprise share-based payments of US$146.4 million, exploration expenses of US$45.5 million, feasibility and evaluation costs of US$9.3 million, share of losses of associate after taxation of US$28.9 million, loss on disposal of investments of US$0.4 million and the balance of US$15.3 million income consists mainly of corporate related cost recoveries.

Financial summary - US$ million

	South Africa				Ghana		Peru	Australia	Corporate	
	Driefontein	Kloof	Beatrix	South Deep[1]	Tarkwa	Damang	Cerro Corona	St Ives/ Agnew	and other[2]	Group Consolidation
INCOME STATEMENT for the year ended 30 June 2010										
Revenue	770.9	613.2	424.7	288.7	790.1	226.9	411.4	638.4	-	4,164.3
Operating costs	(505.6)	(451.8)	(299.9)	(220.9)	(387.0)	(130.7)	(135.0)	(398.2)	-	(2,529.1)
Gold inventory change	-	-	-	-	11.4	(2.1)	1.3	12.9	-	23.5
Operating profits	265.3	161.4	124.8	67.8	414.5	94.1	277.7	253.1	-	1,658.7
Amortisation and depreciation	(82.0)	(105.6)	(71.5)	(59.7)	(111.0)	(17.2)	(55.3)	(116.8)	(19.1)	(638.2)
Net operating profit/(loss)	183.3	55.8	53.3	8.1	303.5	76.9	222.4	136.3	(19.1)	1,020.5
Other (expenditure)/income	(25.6)	(23.8)	(8.1)	(19.6)	(10.7)	(3.8)	(47.7)	(6.8)	94.3[3]	(51.8)
Investment income	15.8	10.6	2.1	0.6	0.3	0.6	-	3.3	6.9	40.2
Finance expense	(2.2)	(0.9)	(0.4)	(5.8)	(0.5)	(0.1)	(5.5)	(2.3)	(47.3)	(65.0)
Royalties	(5.8)	(1.1)	(0.7)	(0.5)	(29.0)	(8.2)	(10.3)	(16.0)	-	(71.6)
Current taxation	(26.8)	(2.6)	(0.3)	-	(41.3)	(20.1)	(40.9)	(0.5)	(29.9)	(162.4)
Deferred taxation	(26.5)	(15.4)	(18.6)	6.5	(34.4)	0.5	(27.0)	(34.7)	3.5	(146.1)
Profit/(loss) for the year	112.2	22.6	27.3	(10.7)	187.9	45.8	91.0	79.3	8.4	563.8
Profit/(loss) attributable to:										
- Ordinary shareholders	112.2	22.6	27.3	(10.7)	133.6	32.5	73.5	79.3	8.7	479.0
- Non-controlling interest holders	-	-	-	-	54.3	13.3	17.5	-	(0.3)	84.8
BALANCE SHEET as at 30 June 2010										
Total assets (excluding deferred taxation)	1,076.5	661.3	140.5	132.0	1,059.0	177.4	886.0	1,082.6	3,812.6	9,027.8
Total liabilities (excluding deferred taxation)	307.2	142.8	(114.9)	78.9	144.6	36.7	218.0	157.9	1,109.2	2,080.4
Deferred taxation	263.6	236.9	107.5	-	180.0	17.1	33.3	138.2	(33.0)	943.6
Capital expenditure	150.3	145.7	85.8	212.8	148.6	29.8	85.6	158.2	4.5	1,021.4

The above is a geograhical analysis presented by location of assets.

The Group is primarily involved in gold mining, exploration and related activities. Activities are conducted and investments held both inside and outside South Africa. The segment results have been prepared and presented based on management's reporting format. The Group's gold mining operations are managed and internally reported based on the following geographical areas: in South Africa the Driefontein division, the Kloof division, the Beatrix division and the South Deep mine, in Ghana the Tarkwa and Damang mines, in Australia, St Ives and Agnes mines and in Peru, Cerro Corona. The Group also has exploration interests which are included in the "Corporate and other" segment. (Refer to accounting policies on segment reporting on page 246).

US dollar figures may not add as they are rounded independently.

Year-end exchange rate of R7.57/US$.

Average exchange rate for the year ended 30 June 2010: R7.58/US$.

1 The income statement and Balance sheet of South Deep is that of the operating mine and does not include any of the adjustments made in respect of the purchase price allocation. South Deep Gold mine, being an unincorporated joint venture, is not liable for taxation. Taxation included in South Deep is indicative, as tax is provided in the holding company at a rate of 40%.

2 "Corporate and other" represents the items to reconcile segment data to consolidated financial statement totals. Included in "Corporate and other" is goodwill relating to the acquisition of South Deep. This does not represent a separate segment as it does not generate revenue.

3 Other expenditure "Corporate and other" comprise share-based payments of US$24.3 million, exploration expenses of US$76.1, share of gains of associate after taxation of US$15.6 million, impairment of investments of US$34.0 million, profit on disposal of investments of US$111.8 million, realised gain on financial instruments (Eldorado top-up shares) of US$53.0 million and the balance of US$48.4 income consists mainly of corporate related cost recoveries.

Shareholders' information

Analysis of shareholders' information at 31 December 2010

Shareholder spread	No. of shareholders	%	No. of Shares	%
1 - 1,000 shares	14,507	82.72	2,754,666	0.38
1,001 - 10,000 shares	2,073	11.82	6,171,765	0.86
10,001 - 100,000 shares	614	3.50	22,326,804	3.10
100,001 - 1,000,000 shares	284	1.62	81,102,290	11.25
1,000,001 shares and over	59	0.34	608,441,362	84.41
Total	17,537	100.00	720,796,887	100.00

Distribution of shareholders	No. of shareholders	%	No. of Shares	%
American Depositary Receipts	3	0.02	269,715,981	37.41
Banks	223	1.27	214,148,712	29.71
Brokers	110	0.63	18,318,924	2.54
Close Corporations	188	1.07	286,763	0.04
Control Account	1	0.01	1,347,376	0.19
Endowment Funds	74	0.42	1,331,854	0.18
Individuals	13,819	78.80	7,265,652	1.01
Insurance Companies	41	0.23	8,270,424	1.15
Investment Companies	14	0.08	8,268,299	1.15
Medical Aid Schemes	23	0.13	757,816	0.11
Mutual Funds	379	2.16	68,316,963	9.48
Nominees and Trusts	1,780	10.15	25,610,617	3.55
Other Corporations	158	0.90	473,524	0.07
Pension Funds	382	2.18	77,869,088	10.80
Private Companies	290	1.65	1,539,368	0.21
Public Companies	51	0.29	3,750,132	0.52
Share Trust	1	0.01	13,525,394	1.88
Total	17,537	100.00	720,796,887	100.00

Public/non-public shareholders	No. of shareholders	%	No. of Shares	%
Non - Public Shareholders (Directors, Thusano Share Trust)	4	0.02	13,535,616	1.88
Public Shareholders	17,533	99.98	707,263,389	98.12
Total	17,537	100.00	720,796,887	100.00

Beneficial shareholders holding of 3% or more	No. of Shares	%
Government Employees Pension Fund	43,747,857	6.07
First Eagle Investment Management LLC	40,019,844	5.55
Tradewinds Global Investors, LLC	28,157,099	3.90
Paulson & Co. Inc.	24,050,000	3.34
JR Nominees Pty Ltd	22,218,653	3.08

Foreign Custodian shareholders holding of 3% or more	No. of Shares	%
BNY Mellon Nominees UK	282,090,130	39.12
Bank of New York Depositary Receipts	269,715,981	37.40
State Street Bank and Trust Company	57,064,340	7.91
Chase Nominees Limited	39,700,952	5.51
The Bank of New York (Nominees) Limited	32,113,291	4.45
Nortrust Nominees Limited	24,067,246	3.34

Operating and financial information by mine
for the period ended 31 December 2010

(All companies are wholly owned except for Tarkwa and Damang in Ghana (71.1%) and Cerro Corona in Peru (80.7%))

South African Operations - KDC

	Tonnes	Yield*	Gold produced		Cash cost	Net earnings	
Year to 30 June	milled	g/tonnes	Kilograms	000' ounces	US$/oz	R million	US$ million
1939-2005	458,323,900	11.6	5,331,856	171,423	n/a	n/a	n/a
2006	10,533,000	6.1	64,184	2,064	341	854.9	133.6
2007	10,481,000	5.8	60,323	1,940	357	1,794.6	249.3
2008	9,934,000	5.5	54,398	1,749	420	2,181.2	299.9
2009	9,536,000	4.8	45,812	1,473	474	2,194.1	243.5
2010	10,383,000	3.8	39,700	1,277	726	1,023.0	135.0
Six months to December 2010	5,152,000	3.8	19,719	634	832	1,130.2	158.3
Total	**514,342,900**	**10.9**	**5,615,992**	**180,560**			

Includes Venterspost from 1939, Libanon from 1949, West Driefontein from 1952, Kloof from 1968, East Driefontein from 1972 and Leeudoorn from 1991.

* Combined surface and underground yield.

South African Operations - Beatrix Mine (includes ORYX as from F2000)

	Tonnes	Yield*	Gold produced		Cash cost#	Net earnings#	
Year to 30 June	milled	g/tonnes	Kilograms	000' ounces	US$/oz	R million	US$ million
1985-2005	57,164,000	5.4	311,517	10,015	n/a	n/a	n/a
2006	3,551,000	5.2	18,541	596	354	185.3	29.0
2007	3,590,000	4.7	16,903	543	377	370.8	51.5
2008	3,215,000	4.2	13,625	438	515	332.4	45.7
2009	2,991,000	4.1	12,164	391	552	321.8	35.7
2010	3,051,000	4.0	12,188	392	740	206.9	27.3
Six months to December 2010	1,965,000	3.2	6,282	202	837	353.1	49.5
Total	**75,527,000**	**5.2**	**391,220**	**12,577**			

Beatrix and Oryx became one tax entity as from F2000.

* Combined surface and underground yield.

Includes impairment write-down of R60 million (US$10 million).

ORYX Mine - (changed name to 4 shaft, known as West section from F2005)

	Tons	Yield	Gold produced		Cash cost	Net earnings	
Year to 30 June	milled	g/tonnes	Kilograms	000' ounces	US$/oz	R million	US$ million
1985-1999	**5,656,000**	**3.2**	**18,182**	**585**	**n/a**	**(768.0)**	**(123.5)**

Included in Beatrix since F2000.

South African Operations - South Deep

Year to 30 June	Tonnes milled	Yield* g/tonnes	Gold produced Kilograms	Gold produced 000' ounces	Cash cost US$/oz	Net earnings R million	Net earnings US$ million
2007#	1,104,000	4.6	5,076	163	595	(46.8)	(6.5)
2008	1,367,000	5.3	7,220	232	727	(143.1)	(19.7)
2009	1,241,000	4.4	5,434	175	717	(10.9)	(1.2)
2010	1,681,000	4.9	8,236	265	811	(81.0)	(10.7)
Six months to December 2010	1,241,000	4.4	5,436	175	939	77.5	10.9
Total	**6,634,000**	**4.7**	**31,402**	**1,010**			

For the seven months ended 30 June 2007, since acquisition control.

* Combined surface and underground yield.

Western Africa Region - Ghana Division, Tarkwa Mine - total managed

Year to 30 June	Tonnes milled	Yield g/tonnes	Gold produced Kilograms	Gold produced 000' ounces	Cash cost US$/oz	Net earnings R million	Net earnings US$ million
1994-2005	91,612,559	1.2	108,546	3,490	n/a	1,610.5	210.8
2006	21,487,000	1.0	22,060	709	292	626.2	97.8
2007	22,639,000	1.0	21,684	697	333	841.9	116.9
2008	22,035,000	0.9	20,095	646	430	1,074.6	147.8
2009	21,273,000	0.9	19,048	612	521	900.7	100.0
2010	22,716,000	1.0	22,415	721	536	1,424.5	187.9
Six months to December 2010	11,496,000	1.0	11,261	362	562	1,545.2	216.4
Total	**213,258,559**	**1.1**	**225,109**	**7,237**			

Surface operation from F1999.

Western Africa Region - Ghana Division, Damang Mine - total managed

Year to 30 June	Tonnes milled	Yield g/tonnes	Gold produced Kilograms	Gold produced 000' ounces	Cash cost US$/oz	Net earnings R million	Net earnings US$ million
2002#-2005	17,279,000	1.8	30,994	997	n/a	575.8	76.1
2006	5,328,000	1.4	7,312	235	341	174.2	27.2
2007	5,269,000	1.1	5,843	188	473	115.1	16.0
2008	4,516,000	1.3	6,041	194	551	187.4	25.9
2009	4,991,000	1.2	6,233	200	660	81.4	9.0
2010	5,028,000	1.3	6,451	207	660	347.7	45.9
Six months to December 2010	2,491,000	1.5	3,637	117	636	471.2	66.0
Total	**44,902,000**	**1.5**	**66,511**	**2,138**			

F2002 - For the five months ended 30 June, since acquisition.

Operating and financial information by mine (continued)

for the period ended 31 December 2010

Australasian region - St Ives Mine

Year to 30 June	Tonnes milled	Yield g/tonnes	Gold produced Kilograms	Gold produced 000' ounces	Cash cost US$/oz	Cash cost A$/oz
2002#-2005	21,960,000	2.7	59,838	1,924	n/a	n/a
2006	6,690,000	2.3	15,440	496	339	453
2007	6,759,000	2.2	15,146	487	424	540
2008	7,233,000	1.8	12,992	418	582	649
2009	7,262,000	1.8	13,322	428	596	805
2010	6,819,000	1.9	13,097	421	710	806
Six months to December 2010	3,284,000	2.3	7,557	243	710	757
Total	**60,007,000**	**2.3**	**137,392**	**4,417**		

F2002 - For the seven months ended 30 June, since acquisition.

Australasian region - Agnew Mine

Year to 30 June	Tonness milled	Yield g/tonnes	Gold produced Kilograms	Gold produced 000' ounces	Cash cost US$/oz	Cash cost A$/oz
2002#-2005	4,299,000	4.6	19,911	640	n/a	n/a
2006	1,323,000	5.2	6,916	222	266	355
2007	1,323,000	5.0	6,605	212	295	377
2008	1,315,000	4.8	6,336	204	445	496
2009	1,066,000	5.6	5,974	192	401	541
2010	883,000	5.8	5,140	165	539	611
Six months to December 2010	417,000	5.9	2,477	80	621	662
Total	**10,626,000**	**5.0**	**53,359**	**1,715**		

For the seven months ended 30 June, since acquisition.

Australasian region - St Ives / Agnew Mine

	Net earnings		
Year to 30 June	R million	US$ million	A$ million
2002#-2005	1,579.5	181.2	296.2
2006	251.8	39.3	52.6
2007	298.6	41.5	52.8
2008	268.3	36.8	41.2
2009	628.9	69.8	94.3
2010	600.5	81.0	89.9
Six months to December 2010	730.5	102.3	109.0
Total	**4,358.1**	**551.9**	**736.0**

F2002 - For the seven months ended 30 June 2002, since acquisition.

South American region - Peru division, Cerro Corona - total managed production

	Tonnes	Yield	Gold produced		Cash cost	Net earnings	
Year to 30 June	milled	g/tonnes	Kilograms	000'[1] ounces	US$/oz	R millioin	US$ million
2009#	4,547,000	1.5	6,822	219	369	229.0	25.4
2010	6,141,000	2.0	12,243	394	348	347.7	90.8
Six months to December 2010	3,102,000	2.0	6,206	200	395	1,154.7	161.7
Total	**13,790,000**	**1.8**	**25,271**	**813**			

Transition from Project to Operation from September 2008.

Note 1 - Cerro Corona is a gold and copper mine. As such, gold produced is based on gold equivalent ounces.

Glossary of terms

ABET	Adult Basic Education and Training
AS/NZ 4801	Australian occupational health and safety management standards
Backfill	Material generally sourced from mine residues and utilised for the filling of mined voids, to ensure long-term stability of excavations and minimise the effects of seismic activity
BEE	Black Economic Empowerment. BEE seeks to ensure that black persons within South Africa gain a significant degree of control in the economy through the possession of equity stakes and the holding of management positions within an institution
Blasthole	A drill hole in a mine that is filled with explosives in order to blast loose a quantity of rock
Bore-hole or drill-hole	Method of sampling rock that has not been exposed by means of obtaining a core of rock (see diamond drill)
Box-hole	A cross raise, normally from the access cross-cut to the reef horizon, for the purpose of drawing broken rock and ore from the reef horizon into a conveyance in the crosscut
Breast mining	A mining method whereby mining advances in the direction of the strike
Bulk mining	Any large-scale, mechanised method of mining involving many thousands of tonnes of ore being brought to surface each day
BVQI	Bureau Veritas Qualite International is a leading global and independent certification body that audits and certifies whether company systems meet the requirements of ISO standards
Carbon-in-Leach	The recovery process in which gold is leached from gold ore pulp by cyanide and simultaneously adsorbed onto activated carbon granules in the same vessel. The loaded carbon is then separated from the pulp for subsequent gold removal by elution. The process is typically employed where there is a naturally occurring gold adsorbent in the ore
Carbon-in-Pulp	The recovery process in which gold is first leached from gold ore pulp by cyanide and then adsorbed onto activated carbon granules in separate vessels. The loaded carbon is then separated from the pulp for subsequent gold removal by elution
Capital expenditure (or capex)	Specific project or ongoing expenditure for replacement or additional equipment, materials or infrastructure
Channel	Water course, also in this sense sedimentary material course
Collective Bargaining Agreement	Collective Bargaining Agreement means a written agreement concerning terms and conditions of employment or any other matter of mutual interest concluded by a trade union(s) and the company
Co-morbidity	Medical term for diseases that commonly co-exist to increase the risk of morbidity
Comminution	The term used to describe the process by which ore is reduced in size in order to liberate the desired mineral from the gangue material in preparation for further processing
Concentrate	A metal-rich product resulting from a mineral enrichment process such as gravity concentration or flotation, in which most of the desired mineral has been separated from the waste material in the ore
Conglomerate	Sedimentary rock comprising eroded, rounded pebbles
Cross-cut	A horizontal underground drive developed perpendicular to the strike direction of the stratigraphy
Cut-off grade	The lowest grade of mineralised rock cut-off grade which determines as to whether or not it is economic to recover its gold content by further concentration
Decline	A surface or sub-surface excavation in the form of a tunnel which is developed from the uppermost point downward
Depletion	The decrease in quantity of ore in a deposit or property resulting from extraction or mining
Development	Is any tunnelling operation, which has for its object either exploration, exploitation or both
Diamond drill	A rotary type of rock drill that cuts a core of rock that is recovered in long cylindrical sections

Dilution	Waste or material below the cut-off grade that contaminates the ore during the course of mining operations and thereby reduces the average grade mined
Dip	Angle of inclination of a geological feature/rock from the horizontal
Dyke	Thin, tabular, vertical or near vertical body of igneous rock formed by the injection of magma into planar zones of weakness
Elution	The chemical process of desorbing gold from activated carbon
Face	The end of a drift, cross-cut or stope at which work is taking place
Facies	A rock unit defined by its composition, internal geometry and formation environment, usually reflecting the conditions of its origin
Fatality rate	Number of deaths per million man-hours worked
Fault	The surface of a fracture along which movement has occurred
Feasibility study	A comprehensive design and costing study of the selected option for the development of a mineral project in which appropriate assessments have been made of realistically assumed geological, mining, metallurgical, economic, marketing, legal, environmental, social, governmental, engineering, operational and all other modifying factors, which are considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable) and the factors reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The overall confidence of the study should be stated
Filtration	Process of separating usually valuable solid material from a liquid
Flotation	The process by which the surface chemistry of the desired mineral particles is chemically modified such that they preferentially attach themselves to bubbles and float to the pulp surface in specially designed machines. The gangue or waste minerals are chemically depressed and do not float, thus allowing the valuable minerals to be concentrated and separated from the undesired material
Footwall	The underlying side of an ore body or stope
Gold equivalent	A quantity of metal (such as copper) converted to an amount of gold in ounces, based on accepted gold and other metal prices. i.e. The accepted total value of the metal based on its weight and value thereof divided by the accepted value of one troy ounce of gold
Grade	The quantity of gold contained within a unit weight of goldbearing material generally expressed in grams per metric tonne (g/t)
Hanging wall	The overlying side of an ore body or slope
Haulage	A horizontal underground excavation which is used to transport mined ore
Head grade	The grade of the material delivered to the processing facility (such as heap leach pad, Mill etc.). The Mineral Reserve declaration is for material as delivered to the processing facility
Hedging	Taking a buy or sell position in futures market. Opposite to a position held in the cash/spot market to minimise the risk of financial loss from an adverse price change
Hydrothermal	Process of injection of hot, aqueous, generally mineral-rich solutions into existing rocks or features
ICVCT	Informed Consented Voluntary Counselling and Testing
Indicated Mineral Resource	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill-holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed

Glossary of terms (continued)

Inferred Mineral Resource	That part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill-holes which may be limited or of uncertain quality and reliability
ISO 14000	International standards for organisations to implement sound environmental management systems
LTIFR	Lost-Time Injury Frequency Rate. Number of lost day injuries expressed in million man hours worked
Lock-up gold	Gold locked as a temporary inventory within a processing plant, or sections thereof, typically milling circuits
Measured Mineral Resource	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are spaced closely enough to confirm geological and grade continuity
Milling	A general term used to describe the process in which the ore is crushed and ground and subjected to physical or chemical treatment to extract the valuable metals to a concentrate or finished product
Mine Health and Safety Act (MHSA)	The South African Mine Health and Safety Act, No 29 of 1996
Mineral Resource	A 'Mineral Resource' is a concentration or occurrence of material of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, or estimated from specific geological evidence, sampling and knowledge interpreted from an appropriately constrained and portrayed geological model. Mineral Resources are subdivided, and must be so reported, in order of increasing confidence in respect of geoscientific evidence, into Inferred, Indicated or Measured categories
Mineral Reserve	A 'Mineral Reserve' is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-Feasibility Study for a project and a Life-of-Mine Plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed
Mineralised	Rock in which minerals have been introduced to the point of a potential ore deposit
Minerals Act	The South African Minerals Act, No 50 of 1999
Normal fault	Fault in which the hanging wall moves downward relative to the footwall, under extensional tectonic conditions
Notional cash expenditure (NCE)	NCE is defined as operating costs plus capital expenditure and is reported on a per kilogram and per ounce basis.
Nugget effect	A measure of the randomness of the grade distribution within a mineralised zone
NUM	National Union of Mine Workers
OHSAS	Management system standards, developed in order to facilitate the integration of quality and occupational health and safety management systems by organisations
Payshoot	Linear to sub-linear zone within a reef for which gold grades or accumulations are predominantly above the cut-off grade
Pillar	Rock left behind to help support the excavations in an underground mine

Probable Mineral Reserve	The economically mineable material derived from a Measured and/or Indicated Mineral Resource. It is estimated with a lower level of confidence than a Proved Mineral Reserve. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out and including consideration of and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified
Project capital	Capital expenditure which is associated with specific projects of a non-routine nature
Proved Mineral Reserve	The economically mineable material derived from a Measured Mineral Resource. It is estimated with a high level of confidence. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified
Reef	Gold bearing sedimentary horizon in the Witwatersrand Basin
SADC	Southern African Development Community
SAMREC Code	The South African code for the reporting of exploration results, Mineral Resources and Mineral Reserves (the SAMREC Code) 2007 Edition
Seismic	Earthquake or earth vibration including those artificially induced by mining operations
Sequential Grid Mining	Mining method incorporating dip pillars and mined on a grid system
Shaft	An opening cut downwards from the surface for transporting personnel, equipment, supplies, ore and waste
Shear	A deformation resulting from stresses that cause contiguous parts of a body of rock to slide relative to each other in a direction parallel to their plane of contact
Stope	The working area from which ore is extracted in an underground mine
Stripping	The process of removing overburden or waste rock to expose ore
Stripping ratio	The ratio of waste tonnes to ore tonnes mined calculated as total tonnes mined less ore tonnes mined divided by ore tonnes mined
Stratigraphy	The science of rock strata, including arrangement according to geographical positioning and chronological order of sequence
Strike	Direction of line formed by the intersection of strata surfaces with the horizontal plane, always perpendicular to the dip direction
Sub-vertical shaft	An opening cut below the surface downwards from an established surface shaft
Surface sources	Ore sources, usually dumps, tailings dams and stockpiles, located at the surface
TEBA	The Employment Bureau of Africa
Tertiary shaft	An opening cut below the surface downwards from an established sub-vertical shaft
The Base Case	The Base Case is established as part of the financial models
Trade union	An association of employees: whose principal purpose is to regulate relations between employees and the company, which has been registered; whose officials have been elected to represent the interests of employees within the workplace; and which is recognised for collective bargaining by the company
Total cash costs	Total cash costs include cost of sales – excluding amortisation and depreciation, rehabilitation costs, general and administration costs, and exploration costs in accordance with the Gold Institute Industry Standard
Vamping	Is the final clean-up of track ballast and/or accumulations in gullies and along transportation routes

Glossary of terms (continued)

Abbreviations and units	
ABET	Adult Basic Education and Training
ADS	American Depository Shares
AIDS	Acquired Immune Deficiency Syndrome
ARC	Assessment and Rehabilitation Centres
ART	Antiretroviral therapy
CBO	Community based organisation
CIL	Carbon-in-leach
CIP	Carbon-in-pulp
CIS	Carbon-in solution
DCF	Discounted Cash Flow
ETF	Exchange traded fund
GFHS	Gold Fields Health Service
GFLC	Gold Fields La Cima
GRI	Global Reporting Initiative
HBC	Home-Based Care
HDSA	Historically disadvantaged South African
HIV	Human Immunodeficiency Virus
LoM plan	Life-of-Mine plan
LTIFR	Lost Time Injury Frequency Rate, quoted in million man hours
NGO	Non-governmental organisation
NUM	National Union of Mineworkers
NYSE	New York Stock Exchange
MCF	Mine Call Factor
OHC	Occupational Health Centre
OT	Occupational Therapy
PHC	Primary Health Clinic
PPI	Producer Price Index
SAMREC	South African code for Reporting of Mineral Resources and Mineral Reserves
SEC	United States Securities Exchange Commission
STI	Sexually Transmitted Infection
TB	Tuberculosis
TEC	Total Employees Costed
UASA	United Association of South Africa (a labour organisation)
VCT	Voluntary Counselling and Testing (for HIV)
cm	centimetre
cm.g/t	gold accumulation
g	gram
g/t	grams per metric tonne – gold grade

ha	hectare
kg	kilogram
km	kilometer
koz	thousand ounces
kt	thousand metric tonnes
ktpa	thousand metric tonnes per annum
ktpm	thousand tonnes per month
m^2	square meter
Moz	million ounces
oz	fine troy ounce equalling 31.10348 grams
t	metric tonne
US$	United States dollar
US$m	million United States dollars
US$/oz	United States dollar per ounce
R	South African rand
R/kg	South African rand per kilogram
Rm	million South African rands
R/t	South African rand per metric tonne

Glossary of terms – Sustainable Development

SUSTAINABLE DEVELOPMENT

- United Nations Global Compact – is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption. Under the Global Compact, companies are brought together with UN agencies, labour groups and civil society.
- Global Reporting Initiative (GRI) – produces one of the world's most prevalent standards for sustainability reporting. Sustainability reporting is a form of value reporting where an organisation publicly communicates their economic, environmental, and social performance.
- ICMM (International Council on Mining and Metals) – CEO led organisation of mining companies that seeks to continually entrench best practice with regard to sustainable development and to provide a platform for member companies to share experiences.

HEALTH, SAFETY AND WELL-BEING

- LTIFR (Lost Time Injury Frequency Rate) – Frequency rate that takes into account, any injury occurring in the workplace where a person is unable to attend a full shift due to this injury at any time following the injury. i.e. It is not only relevant to the shift immediately following.
- SIFR (Serious Injury Frequency Rate) – Frequency rate that takes into account, any injury where a person is defined as an LTI but will be unable to return to work within 14 days of their injury occurring.
- MTIFR (Medically Treated Injury Frequency Rate) – Frequency rate that takes into account, any work related injury where a person is sent to a medical practitioner and is given treatment that cannot be provided on site by a First Aider. e.g. The prescription of a medication that is unavailable over the counter medication from any drug store or Pharmacy, Sutures, X – rays resulting in identifying an injury whether it be a fracture, tendon damage or otherwise. (X – rays are not treated as medical treatment where no injury is found). If the medical practitioner prescribes further treatment such as physiotherapy or chiropractics this would be considered a medically treated injury.
- OHSAS 18001 – An international voluntary standard against which organisations are assessed on their Health and Safety performance. As with other standards, it is based around the setting of objectives and targets and the monitoring of the businesses performance against these.
- AS 4801 – An Australian Standard for occupational health and safety and is currently one of the main system requirements for national, state and local government projects.
- Noise Induced Hearing Loss (NIHL) – is an increasingly prevalent disorder that results from exposure to high-intensity sound, especially over a long period of time.
- Silicosis – is a form of occupational lung disease caused by inhalation of crystalline silica dust, and is marked by inflammation and scarring in forms of nodular lesions in the upper lobes of the lungs.
- Chronic Obstructive Airway Disease (COAD) – refers to chronic bronchitis and emphysema, a pair of commonly co-existing diseases of the lungs in which the airways become narrowed.
- Highly active antiretroviral therapy (HAART) – Treatment with a very potent drug "cocktail" to suppress the growth of HIV, the retrovirus responsible for AIDS.

ENVIRONMENT

- ISO 14001 – An international voluntary standard for environmental management systems. This is one standard in the ISO 14000 series of International Standards on environmental management.
- Environmental Incidences – These are incidences that are classified in accordance with a system designed by Gold Fields that classifies the incident based on its severity. The incidences are classified as follows:
  - Level 1 – incidences of minor non-conformance that result in no negligible adverse environmental impact
  - Level 2 – incidences that result in short-term, limited and non ongoing adverse environmental impacts
  - Level 3 – incidences that result in ongoing, but limited environmental impact
  - Level 4 – incidences that result in medium-term environmental impact
  - Level 5 – incidences that result in long-term environmental impact
- Water withdrawal – The sum of all water drawn into the boundaries of the reporting organisation for any use over the course of the reporting period.
- Water discharge – The sum of water effluents discharged over the course of the reporting period to the receiving environment
- mS/m (milliSiemens/metre) – is the unit used in the measuring of the electrical conductivity of water and provides an indication of overall water quality
- Acid Mine Drainage (AMD) – refers to the outflow of acidic water from (usually abandoned) mines that contain high pyrite levels. It is also known as acid rock drainage (ARD). The acid is formed from the pyrite mineral oxidising and forming sulphuric acid
- Basel Convention – is an international treaty that was designed to reduce the movements of hazardous waste between nations, and specifically to prevent transfer of hazardous waste from developed to less developed countries (LDCs).

SUPPLY CHAIN MANAGEMENT AND MATERIAL STEWARDSHIP

- ICMC (International Cyanide Management Code) – is a voluntary industry programme for manufacture, transport and use of cyanide in gold production.

SOCIAL RESPONSIBILITY AND STAKEHOLDER ENGAGEMENT

- Corporate Social Investment (CSI spend) – total monies disbursed through our foundations to achieve commitments set out in our socio- economic development programmes. In some regions, additional projects may be captured under the CSI spend such as the Black Stars sponsorship in Ghana or potential projects for exploration and project development such as at Chucapaca – should be replaced throughout the report with Local Economic Development
- Local Economic Development (LED) – refers to initiatives and monies disbursed to uplift socio-economic conditions in the communities in which we operate
- AA 1000 SES – is a generally applicable, open-source framework for improving the quality of the design, implementation, assessment, communication and assurance of stakeholder engagement.

OUR PEOPLE

- HDSA – Historically disadvantaged South Africans.

Glossary of terms – Sustainable Development (continued)

ENERGY AND CARBON MANAGEMENT

- Greenhouse gas emission (GHG emissions) – Gases which absorb outgoing terrestrial radiation, such as water vapour, methane, CFCs, and carbon dioxide.
- Scope 1 carbon dioxide (CO_2) emissions – are those directly occurring "from sources that are owned or controlled by the institution, including: on-campus stationary combustion of fossil fuels; mobile combustion of fossil fuels by institution owned/controlled vehicles; and "fugitive" emissions. Fugitive emissions result from intentional or unintentional releases of GHGs.
- Scope 2 CO_2 emissions – are "indirect emissions generated in the production of electricity consumed by the institution."
- Scope 3 CO_2 emissions – are all the other indirect emissions that are "a consequence of the activities of the institution, but occur from sources not owned or controlled by the institution" such as commuting, air travel, waste disposal; embodied emissions from extraction, production, and transportation of purchased goods; outsourced activities; contractor-owned-vehicles; and line loss from electricity transmission and distribution".
- Equivalent carbon dioxide (CO_2-e) – measures for describing how much global warming a given type and amount of greenhouse gas may cause, using the functionally equivalent amount or concentration of carbon dioxide (CO_2) as the reference.

Administration and corporate information

Corporate Secretary

Cain Farrel

Tel: +2711 562 9742
Fax: +2711 562 9829
E-mail: cain.farrel@goldfields.co.za

Registered Offices

Johannesburg
Gold Fields Limited
150 Helen Road
Sandown
Sandton
2196

Postnet Suite 252
Private Bag X30500
Houghton 2041
Tel: +2711 562 9700
Fax: +2711 562 9829

Office of the United Kingdom Secretaries

London
St James's Corporate Services Limited
6 St James's Place
London SW1A 1NP
United Kingdom
Tel: +4420 7499 3916
Fax: +4420 7491 1989

American Depository Receipts Transfer Agent

Bank of New York Mellon
BNY Mellon Shareowner Services
PO Box 358516
Pittsburgh, PA15252-8516

US toll-free telephone: 1888 269 2377
Tel: +1201 680 6825
E-mail: shrrelations@bnymellon.com

Gold Fields Limited

Incorporated in the Republic of South Africa
Registration number 1968/004880/06
Share code: GFI
Issuer code: GOGOF
ISIN – ZAE 000018123

Sustainable Development

Philip Woodhouse
Tel: +2711 562 9700
E-mail: philip.woodhouse@goldfields.co.za

Investor Enquiries

Willie Jacobsz
Tel: +508 839 1188
Mobile: +857 241 7127
E-mail: willie.jacobsz@gfexpl.com

Nikki Catrakilis-Wagner
Tel: +2711 562 9706
Mobile: +2783 309 6720
E-mail: nikki.catrakilis-wagner@goldfields.co.za

Media Enquiries

Sven Lunsche
Tel: +2711 562 9763
Mobile: +2783 260 9279
E-mail: sven.lunsche@goldfields.co.za

Transfer Secretaries

South Africa
Computershare Investor Services (Pty) Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001
PO Box 61051
Marshalltown, 2107
Tel: +2711 370 5000
Fax: +2711 370 5271

United Kingdom
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
England
Tel: 0871 664 0300 or
[from overseas] +4420 8639 3399
Fax: +4420 8658 3430
E-mail: ssd@capitaregistrars.com

Website

http://www.goldfields.co.za

Listings

JSE / NYSE / NASDAQ Dubai: GFI
NYX: GFLB
SWX: GOLI

Notice of annual general meeting

Gold Fields Limited (Registration number 1968/004880/06)
Share code: GFI
Issuer code: GOGOF
ISIN: ZAE000018123

Notice is hereby given that the annual general meeting of shareholders of Gold Fields Limited for the six month period ended 31 December 2010, as a result of the change in year end from 30 June to 31 December, will be held at 150 Helen Road, Sandown, Sandton on Tuesday, 17 May 2011 at 09:00, to consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out below under Part A or Part B, as the case may be, in the manner required by the applicable Companies Act and subject to the applicable Listings Requirements of JSE Limited ("JSE Listings Requirements") and other stock exchanges on which the company's ordinary shares are listed.

PART A - RESOLUTIONS IF THE COMPANIES ACT, 71 OF 2008, AS AMENDED ("2008 ACT") HAS TAKEN EFFECT PRIOR TO OR ON THE DATE OF THE MEETING:

Presentation of annual financial statements

The consolidated audited annual financial statements of the company and its subsidiaries, incorporating the auditors' and directors' reports for the six month period ended 31 December 2010, have been distributed as required and will be presented.

ORDINARY RESOLUTION NUMBER 1

Re-appointment of auditors

"Resolved that KPMG Inc. be hereby re-appointed to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting of the company."

ORDINARY RESOLUTION NUMBER 2

Election of director

"Resolved that Mr MS Moloko, who was appointed to the Board on 24 February 2011 and who retires in terms of the Memorandum of Incorporation, and who is eligible and available for re-election, is hereby re-elected as a director of the company."

A brief CV is set out on 33 of the annual report.

ORDINARY RESOLUTION NUMBER 3

Re-election of director

"Resolved that Mr K Ansah, who was first appointed to the Board on 4 March 2004 and who retires in terms of the Memorandum of Incorporation, and is eligible and available for re-election, is hereby re-elected as a director of the company."

A brief CV is set out on page 32 of the annual report.

ORDINARY RESOLUTION NUMBER 4

Re-election of director

"Resolved that Mr DN Murray, who was first appointed to the Board on 1 January 2008 and who retires in terms of the Memorandum of Incorporation, and is eligible and available for re-election, is hereby re-elected as a director of the company."

A brief CV is set out on page 33 of the annual report.

ORDINARY RESOLUTION NUMBER 5

Re-election of director

"Resolved that Ms GM Wilson, who was first appointed -to the Board on 1 August 2008 and who retires in terms of the Memorandum of Incorporation, and is eligible and available for re-election, is hereby re-elected as a director of the company."

A brief CV is set out on page 33 of the annual report.

Notice of annual general meeting (continued)

ORDINARY RESOLUTION NUMBER 6

Election of the Audit Committee - Election of Ms GM Wilson (Chair)

"Resolved that GM Wilson, who was first appointed to the Board on 1 August 2008, be hereby elected a member and Chair of the Audit Committee with effect from the end of this meeting in terms of section 94(2) of the 2008 Act"

ORDINARY RESOLUTION NUMBER 7

Election of the Audit Committee - Election of Mr RP Menell

"Resolved that RP Menell, who was first appointed to the Board on 8 October 2008, be hereby elected a member of the Audit Committee with effect from the end of this meeting in terms of section 94(2) of the 2008 Act"

ORDINARY RESOLUTION NUMBER 8

Election of the Audit Committee - Election of Mr DMJ Ncube

"Resolved that DMJ Ncube, who was first appointed to the Board on 15 February 2006, be hereby elected a member of the Audit Committee with effect from the end of this meeting in terms of section 94(2) of the 2008 Act."

ORDINARY RESOLUTION NUMBER 9

Election of the Audit Committee - Election of Mr RL Pennant-Rea

'Resolved that RL Pennant-Rea, who was first appointed to the Board on 1 July 2002, be hereby elected a member of the Audit Committee with effect from the end of this meeting in terms of section 94(2) of the 2008 Act."

EXPLANATORY NOTE ON ORDINARY RESOLUTIONS NUMBER 6 TO 9

In terms of the 2008 Act, the Audit Committee is no longer a committee of the Board but a committee elected by the shareholders at each annual general meeting. In terms of the draft regulations published in November 2010 (and assuming that the regulations when finally promulgated will not differ materially), at least one-third of the members of the company's Audit Committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. As can be seen from the CV's of the proposed members, they have experience in audit, accounting, exploration and economics amongst others.

Brief CVs of each director standing for election as a member of the Audit Committee are set out on pages 32-33 of the annual report.

In terms of principle 3.10 of the King III report, the Audit Committee should report internally to the Board and shareholders on how it has discharged its duties.

ORDINARY RESOLUTION NUMBER 10

Approval for the issue of authorised but unissued ordinary shares

"Resolved that, as required by the company's Memorandum of Incorporation, but subject to the provisions of section 41 of the 2008 Act and the JSE Listings Requirements, the directors be authorised to allot and issue from the authorised but unissued ordinary share capital of the company, shares representing not more than 10% (ten per cent) of the issued share capital of the company from time to time, after setting aside so many shares as may be required to be allotted and issued by the company in terms of any share plan or scheme for the benefit of employees, such authority to endure until the forthcoming annual general meeting of the company (whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 (fifteen) months of the date of this meeting)."

Notice of annual general meeting (continued)

ORDINARY RESOLUTION NUMBER 11

Approval for the issue of authorised but unissued non-convertible redeemable preference shares

"Resolved that, as required by the company's Memorandum of Incorporation, but subject to the provisions of section 41 of the 2008 Act and the JSE Listings Requirements, the directors be authorised to allot and issue all or any part of the authorised but unissued non-convertible redeemable preference shares of the company at their discretion, such authority to endure until the forthcoming annual general meeting of the company (whereupon this authority shall lapse unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 (fifteen) months of the date of this meeting), subject to all applicable legislation, the requirements of any recognised stock exchange on which the shares in the capital of the company may from time to time be listed and with such rights and privileges attached thereto as the directors may determine."

ORDINARY RESOLUTION NUMBER 12

Issuing equity securities for cash

"Resolved that, subject to the passing of ordinary resolutions numbers 10 and 11, the directors of the company be and are hereby authorised, until the forthcoming annual general meeting of the company (whereupon this authority shall lapse unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 (fifteen) months of the date of this meeting), to allot and issue equity securities for cash subject to the JSE Listings Requirements and the 2008 Act on the following basis:

(a) the allotment and issue of equity securities for cash shall be made only to persons qualifying as public shareholders as defined in the JSE Listings Requirements and not to related parties

(b) equity securities which are the subject of issues for cash:

(i) in the aggregate in any one financial year may not exceed 10% (ten per cent) of the company's relevant number of equity securities in issue of that class

(ii) of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible

(iii) as regards the number of securities which may be issued (the 10% (ten per cent) limit referred to in (i)), same shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application, less any securities of the class issued, or to be issued in future arising from options/convertible securities issued, during the current financial year, plus any securities of that class to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten or acquisition (which had final terms announced) may be included as though they were securities in issue at the date of application

(c) the maximum discount at which equity securities may be issued is 10% (ten per cent) of the weighted average traded price on the JSE of such equity securities over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the company

(d) after the company has issued equity securities for cash which represent, on a cumulative basis within a financial year, 5 (five) or more of the number of equity securities of that class in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the effect of the issue on the net asset value and earnings per share of the company

(e) the equity securities which are the subject of the issue for cash are of a class already in issue or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue."

In terms of the JSE Listings Requirements, a 75% (seventy-five per cent) majority is required of votes cast in favour of such ordinary resolution by all equity securities holders present or represented by proxy at the general meeting convened to approve the above resolution regarding the waiver of the pre-emptive rights.

Notice of annual general meeting (continued)

NON-BINDING ORDINARY RESOLUTION NUMBER 13

Endorsement of the Remuneration Policy

"To endorse through a non-binding advisory vote, the company's remuneration policy (excluding the remuneration of the non-executive directors and the members of Board committees for their services as directors and members of Board committees), as set out in the Remuneration Report contained in the annual financial statements."

EXPLANATORY NOTE ON ORDINARY RESOLUTION NUMBER 13

In terms of King III, every year, the company's remuneration policy should be tabled for a non-binding advisory vote at the annual general meeting. The essence of this vote is to enable the shareholders to express their views on the remuneration policies adopted and on their implementation.

Accordingly, the shareholders are requested to endorse the company's remuneration policy as recommended by King III.

SPECIAL RESOLUTION NUMBER 1

Increase of Audit Committee non-executive directors' fees

"Resolved that the fees payable to the Audit Committee members be increased with effect from 1 June 2011 as follows:

	Annual fee
Retainer for	
The Chair of the Audit Committee	From R205,000.00 to R256,000.00
Retainer for	
A member of the Audit Committee	From R126,000.00 to R133,000.00

EXPLANATORY NOTE ON SPECIAL RESOLUTION NUMBER 1

The proposed increase in the Audit Committee fees take into account the increase in demands on the role of the Audit Committee members and potential risks attached to the position in terms of personal liability.

After considering the report from the Non-Executive Director Remuneration Committee, based on the survey by LMO Executive Services, it is proposed that an increase of 25% (twenty-five per cent) be granted to the Chair of the Audit Committee and 5.55% (five point five five per cent) to the members of the Committee.

Notice of annual general meeting (continued)

SPECIAL RESOLUTION NUMBER 2

Acquisition of company's own shares

"Resolved that, pursuant to the Memorandum of Incorporation of the company, the company or any subsidiary of the company is hereby authorised by way of general approval, from time to time, to acquire ordinary shares in the share capital of the company in accordance with the 2008 Act and the JSE Listings Requirements, provided that:

(i) the number of ordinary shares acquired in any one financial year shall not exceed 20% (twenty per cent) of the ordinary shares in issue at the date on which this resolution is passed

(ii) this authority shall lapse on the earlier of the date of the next annual general meeting of the company or the date 15 (fifteen) months after the date on which this resolution is passed

(iii) the repurchase must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty

(iv) the company only appoints one agent to effect any repurchase(s) on its behalf

(v) the price paid per ordinary share may not be greater than 10% (ten per cent) above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which a purchase is made

(vi) the number of shares purchased by subsidiaries of the company shall not exceed 10% (ten per cent) in the aggregate of the number of issued shares in the company at the relevant times

(vii) the repurchase of shares by the company or its subsidiaries may not be effected during a prohibited period, as defined in the JSE Listings Requirements

(viii) after a repurchase, the company will continue to comply with all the JSE Listings Requirements concerning shareholder spread requirements

(ix) an announcement containing full details of such acquisitions of shares will be published as soon as the company and/or its subsidiaries have acquired shares constituting, on a cumulative basis 3% (three per cent) of the number of shares in issue at the date of the general meeting at which this special resolution is considered and if approved, passed, and for each 3% (three per cent) in aggregate of the initial number acquired thereafter"

Notice of annual general meeting (continued)

EXPLANATORY NOTE ON SPECIAL RESOLUTION NUMBER 2

The reason for and effect of this special resolution is to allow the company and/or its subsidiaries by way of a general authority to acquire its own issued shares, thereby reducing the total number of ordinary shares of the company in issue. At the present time, the directors have no specific intention with regard to the utilisation of this authority which will only be used if the circumstances are appropriate. Any decision by the directors, after considering the effect of a repurchase of up to 20% (twenty per cent) of the company's issued ordinary shares, to use the general authority to repurchase shares of the company or Group will be taken with regard to the prevailing market conditions and other factors and provided that, after such acquisition, the directors are of the opinion that:

(i) the company and its subsidiaries will be able to pay their debts in the ordinary course of business for a period of 12 (twelve) months after the date of this notice

(ii) recognised and measured in accordance with the accounting policies used in the latest audited annual Group financial statements, the assets of the company and its subsidiaries will exceed the liabilities of the company and its subsidiaries for a period of 12 (twelve) months after the date of this notice

(iii) the ordinary capital and reserves of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the period of 12 (twelve) months after the date of this notice

(iv) the working capital of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the period of 12 (twelve) months after the date of this notice

The company will ensure that its sponsor will provide the necessary letter on the adequacy of the working capital in terms of the JSE Listings Requirements, prior to the commencement of any purchase of the company's shares on the open market.

The JSE Listings Requirements require, in terms of section 11.26, the following disclosures, which appear in this annual report:

- Directors and management – refer to pages 32 to 39 of the annual report
- Major shareholders – refer to page 316 of the annual financial report
- Material change – there were no material changes in the annual financial report
- Directors' interests in securities – refer to page 223 of the annual financial report
- Share capital of the company – refer to page 218 of the annual financial report
- Responsibility Statement – refer to page 192 of the annual financial report

The directors of the company are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the Group's financial position, save for the summons received on 21 August 2008, by Gold Fields Operations Limited (formerly known as Western Areas Limited), a subsidiary of the company, of which the shareholders were informed.

On 21 August 2008, Gold Fields Operations Limited, a subsidiary of Gold Fields Limited ("WAL"), received a summons from Randgold and Exploration Company Limited ("R&E"), and African Strategic Investment (Holdings) Limited. The summons claims that during the period that WAL was under the control of Brett Kebble, Roger Kebble and others, WAL assisted in the unlawful disposal of shares owned by R&E in Randgold Resources Limited ("Resources") and Afrikander Lease Limited, now known as Uranium One. WAL's assessment remains that it has sustainable defences to these claims and, accordingly, WAL's attorneys have been instructed to vigorously defend the claims. The claims have been computed in various ways. The highest claims have been computed on the basis of the highest prices of Resources and Uranium One between the dates of the alleged unlawful acts and March 2008 (approximately R12 billion). The alternative claims have been computed on the basis of the actual amounts allegedly received by WAL to fund its operations (approximately R519 million). The claims lie only against WAL, which holds a 50% (fifty per cent) stake in the South Deep mine. This alleged liability is historic and relates to a period of time prior to Gold Fields purchasing the company. The plaintiffs have failed, to date, to prosecute their claims and the action remains in abeyance. Other than the summons described above, 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.

Notice of annual general meeting (continued)

The directors jointly and severally accept full responsibility for the accuracy of information pertaining to the special resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the resolution contains all information required by the 2008 Act and the JSE Listings Requirements.

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries between the date of signature of the audit report and the date of this notice.

PART B - RESOLUTIONS IF THE COMPANIES ACT, 61 OF 1973, AS AMENDED (“1973 ACT”) IS STILL IN EFFECT AS AT THE DATE OF THE MEETING:

ORDINARY RESOLUTION NUMBER 1

Adoption of financial statements

“Resolved that the consolidated audited annual financial statements of the company and its subsidiaries, incorporating the auditors’ and directors’ reports for the six month period ended 31 December 2010, be received and adopted.”

ORDINARY RESOLUTION NUMBER 2

Re-appointment of auditors

Resolved that KPMG Inc. be hereby appointed to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting of the company.”

ORDINARY RESOLUTION NUMBER 3

Re-election of director

“Resolved that Mr MS Moloko, who was appointed to the Board on 24 February 2011 and who retires in terms of the articles of association, and who is eligible and available for re-election, is hereby re-elected as a director of the company.”

A brief CV is set out on 33 of the annual report.

ORDINARY RESOLUTION NUMBER 4

Re-election of director

“Resolved that Mr K Ansah, who was appointed to the Board on 4 March 2004 and who retires in terms of the articles of association, and is eligible and available for re-election, is hereby re-elected as a director of the company.”

A brief CV is set out on 32 of the annual report.

ORDINARY RESOLUTION NUMBER 5

Re-election of director

“Resolved that Mr DN Murray, who was appointed to the Board on 1 January 2008 and who retires in terms of the articles of association, and is eligible and available for re-election, is hereby re-elected as a director of the company.”

A brief CV is set out on 33 of the annual report.

ORDINARY RESOLUTION NUMBER 6

Re-election of director

“Resolved that Ms GM Wilson, who was appointed to the Board on 1 August 2008 and who retires in terms of the articles of association, and is eligible and available for re-election, is hereby re-elected as a director of the company.”

A brief CV is set out on 33 of the annual report.

Notice of annual general meeting (continued)

ORDINARY RESOLUTION NUMBER 7

Placement of unissued ordinary shares under the control of the directors

"Resolved that the authorised but unissued ordinary share capital of the company, representing not more than 10% (ten per cent) of the issued share capital of the company from time to time, after setting aside so many shares as may be required to be allotted and issued by the company in terms of any share plan or scheme for the benefit of employees, be and is hereby placed under the control of the directors of the company until the forthcoming annual general meeting of the company (whereupon this authority shall lapse unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 (fifteen) months of the date of this meeting), on the basis that such directors be and are hereby authorised in terms of section 221(2) of the 1973 Act Act, to allot and issue all or part thereof in their discretion, subject to the provisions of the Companies Act and the JSE Listings Requirements."

ORDINARY RESOLUTION NUMBER 8

Placement of non-convertible redeemable preference shares under the control of the directors

"Resolved that the non-convertible redeemable preference shares in the authorised but unissued share capital of the company be and are hereby placed under the control of the directors for allotment and issue at the discretion of the directors of the company until the forthcoming annual general meeting of the company (whereupon this authority shall lapse unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 (fifteen) months of the date of this meeting), subject to all applicable legislation, the requirements of any recognised stock exchange on which the shares in the capital of the company may from time to time be listed and with such rights and privileges attached thereto as the directors may determine."

ORDINARY RESOLUTION NUMBER 9

Issuing equity securities for cash

"Resolved that, pursuant to the articles of association of the company, and subject to the passing of ordinary resolutions number 7 and 8, the directors of the company be and are hereby authorised until the forthcoming annual general meeting of the company (whereupon this authority shall lapse unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 (fifteen) months of the date of this meeting), to allot and issue equity securities for cash subject to the JSE Listings Requirements and subject to the 1973 Act on the following basis:

(a) the allotment and issue of equity securities for cash shall be made only to persons qualifying as public shareholders as defined in the Listings Requirements of the JSE and not to related parties

(b) equity securities which are the subject of issues for cash:

   (i) in the aggregate in any one financial year may not exceed 10% (ten per cent) of the company's relevant number of equity securities in issue of that class

   (ii) of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible

   (iii) as regards the number of securities which may be issued (the 10% (ten per cent) limit referred to in (i)), same shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application, less any securities of the class issued, or to be issued in future arising from options/convertible securities issued, during the current financial year, plus any securities of that class to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten or acquisition (which had final terms announced) may be included as though they were securities in issue at the date of application

(c) the maximum discount at which equity securities may be issued is 10% (ten per cent) of the weighted average traded price on the JSE of such equity securities over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the company

Notice of annual general meeting (continued)

(d) after the company has issued equity securities for cash which represent, on a cumulative basis within a financial year, 5 (five) or more of the number of equity securities of that class in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including the effect of the issue on the net asset value and earnings per share of the company

(e) the equity securities which are the subject of the issue for cash are of a class already in issue or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue"

In terms of the JSE Listings Requirements, a 75% (seventy-five per cent) majority is required of votes cast in favour of such resolution by all equity securities holders present or represented by proxy at the general meeting convened to approve the above resolution regarding the waiver of the pre-emptive rights.

ORDINARY RESOLUTION NUMBER 10

Increase of Audit Committee non-executive directors' fees

"Resolved that the fees payable to the Audit Committee members be increased with effect from 1 June 2011 as follows:

	Annual fee
Retainer for	
The Chair of the Audit Committee	From R205,000.00 to R256,000.00
Retainer for	
A member of the Audit Committee	From R126,000 to R133,000.00

EXPLANATORY NOTE ON ORDINARY RESOLUTION NUMBER 10

The proposed increase in the Audit Committee fees take into account the increase in demands on the role of the Audit Committee members and potential risks attached to the position in terms of personal liability.

After considering the report from the Non-Executive Director Remuneration Committee, based on the survey by LMO Executive Services, it is proposed that an increase of 25% (twenty-five per cent) be granted to the Chair of the Audit Committee and 5.55% (five point five five per cent) to the members of the Committee.

SPECIAL RESOLUTION NUMBER 1

Acquisition of company's own shares

"Resolved that, pursuant to the articles of association of the company, the company or any subsidiary of the company is hereby authorised by way of general approval, from time to time, to acquire ordinary shares in the share capital of the company in accordance with the new Companies Act and the JSE Listings Requirements, provided that:

(i) the number of ordinary shares acquired in any one financial year shall not exceed 20% (twenty per cent) of the ordinary shares in issue at the date on which this resolution is passed

(ii) this authority shall lapse on the earlier of the date of the next annual general meeting of the company or the date 15 (fifteen) months after the date on which this resolution is passed

(iii) the repurchase must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty

(iv) the company only appoints one agent to effect any repurchase(s) on its behalf

(v) the price paid per ordinary share may not be greater than 10% (ten per cent) above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which a purchase is made

Notice of annual general meeting (continued)

(vi) the number of shares purchased by subsidiaries of the company shall not exceed 10% (ten per cent) in the aggregate of the number of issued shares in the company at the relevant times

(vii) the repurchase of shares by the company or its subsidiaries may not be effected during a prohibited period, as defined in the JSE Listings Requirements

(viii) after a repurchase, the company will continue to comply with all the JSE Listings Requirements concerning shareholder spread requirements

(ix) an announcement containing full details of such acquisitions of shares will be published as soon as the company and/or its subsidiaries have acquired shares constituting, on a cumulative basis 3% (three per cent) of the number of shares in issue at the date of the general meeting at which this special resolution is considered and if approved, passed, and for each 3% (three per cent) in aggregate of the initial number acquired thereafter"

EXPLANATORY NOTE ON SPECIAL RESOLUTION NUMBER 1

The reason for and effect of this special resolution is to allow the company and/or its subsidiaries by way of a general authority to acquire its own issued shares, thereby reducing the total number of ordinary shares of the company in issue. At the present time, the directors have no specific intention with regard to the utilisation of this authority which will only be used if the circumstances are appropriate. Any decision by the directors, after considering the effect of a repurchase of up to 20% (twenty per cent) of the company's issued ordinary shares, to use the general authority to repurchase shares of the company or Group will be taken with regard to the prevailing market conditions and other factors and provided that, after such acquisition, the directors are of the opinion that:

(i) the company and its subsidiaries will be able to pay their debts in the ordinary course of business for a period of 12 (twelve) months after the date of this notice

(ii) recognised and measured in accordance with the accounting policies used in the latest audited annual Group financial statements, the assets of the company and its subsidiaries will exceed the liabilities of the company and its subsidiaries for a period of 12 (twelve) months after the date of this notice

(iii) the ordinary capital and reserves of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the period of 12 (twelve) months after the date of this notice

(iv) the working capital of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the period of 12 (twelve) months after the date of this notice

The company will ensure that its sponsor will provide the necessary letter on the adequacy of the working capital in terms of the JSE Listings Requirements, prior to the commencement of any purchase of the company's shares on the open market.

The JSE Listings Requirements require, in terms of section 11.26, the following disclosures, which appear in this annual report:

- Directors and management – refer to pages 32 to 39 of the annual report
- Major shareholders – refer to page 316 of the annual financial report
- Material change – there were no material changes in the annual financial report
- Directors' interests in securities – refer to page 223 of the annual financial report
- Share capital of the company – refer to page 218 of the annual financial report
- Responsibility Statement – refer to page 192 of the annual financial report

The directors of the company are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the Group's financial position, save for the summons received on 21 August 2008, by Gold Fields Operations Limited (formerly known as Western Areas Limited), a subsidiary of the company, of which the shareholders were informed.

Notice of annual general meeting (continued)

On 21 August 2008, Gold Fields Operations Limited, a subsidiary of Gold Fields Limited ("WAL"), received a summons from Randgold and Exploration Company Limited ("R&E"), and African Strategic Investment (Holdings) Limited. The summons claims that during the period that WAL was under the control of Brett Kebble, Roger Kebble and others, WAL assisted in the unlawful disposal of shares owned by R&E in Randgold Resources Limited ("Resources") and Afrikander Lease Limited, now known as Uranium One. WAL's assessment remains that it has sustainable defences to these claims and, accordingly, WAL's attorneys have been instructed to vigorously defend the claims. The claims have been computed in various ways. The highest claims have been computed on the basis of the highest prices of Resources and Uranium One between the dates of the alleged unlawful acts and March 2008 (approximately R12 billion). The alternative claims have been computed on the basis of the actual amounts allegedly received by WAL to fund its operations (approximately R519 million). The claims lie only against WAL, which holds a 50% (fifty per cent) stake in the South Deep mine. This alleged liability is historic and relates to a period of time prior to Gold Fields purchasing the company. The plaintiffs have failed, to date, to prosecute their claims and the action remains in abeyance. Other than the summons described above, 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.

The directors jointly and severally accept full responsibility for the accuracy of information pertaining to the special resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the resolution contains all information required by the 1973 Act and the JSE Listings Requirements.

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries between the date of signature of the audit report and the date of this notice.

A shareholder entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the company. Proxy forms must reach the registered office, or the London secretaries, or the Johannesburg or London transfer office of the company at least 48 (forty-eight) hours before the time of the meeting.

By order of the directors

C Farrel
Corporate Secretary
Johannesburg
23 March 2011

Form of proxy

Gold Fields Limited (Registration number 1968/004880/06)
Share code: GFI
Issuer code: GOGOF
ISIN: ZAE000018123

Please ensure that both Part A and Part B of the proxy form are completed in full, clearly indicating your voting instructions and duly signed.

I/we (name in block letters)

of (address in block letters)

being a shareholder(s) of Gold Fields Limited

hereby appoint   of

or, failing him/her   of

or, failing him/her, the Chair of the meeting as my/our proxy to attend, speak and, on a poll vote on my/our behalf at the annual general meeting of shareholders of Gold Fields Limited to be held on Tuesday, 17 May 2011 at 09:00, and at any adjournment thereof, and to vote or abstain from voting as follows on the resolutions to be proposed at such meeting:

PART A - RESOLUTIONS IF THE COMPANIES ACT, 71 OF 2008, AS AMENDED ("2008 ACT") HAS TAKEN EFFECT PRIOR TO OR ON THE DATE OF THE MEETING:	For	Against	Abstain
Ordinary resolution number 1 Re-appointment of auditors			
Ordinary resolution number 2 Election of director			
Ordinary resolution number 3 Re-election of director			
Ordinary resolution number 4 Re-election of director			
Ordinary resolution number 5 Re-election of director			
Ordinary resolution number 6 Election of the Audit Committee - Election of Ms GM Wilson (Chair)			
Ordinary resolution number 7 Election of the Audit Committee - Election of Mr RP Menell			
Ordinary resolution number 8 Election of the Audit Committee - Election of Mr DMJ Ncube			
Ordinary resolution number 9 Election of the Audit Committee - Election of Mr RL Pennant-Rea			
Ordinary resolution number 10 Approval for the issue of authorised but unissued ordinary shares			
Ordinary resolution number 11 Approval for the issue of authorised but unissued non-convertible redeemable preference shares			
Ordinary resolution number 12 Issuing equity securities for cash			
Ordinary resolution number 13 Endorsement of the Remuneration Policy			
Special resolution number 1 Increase of Audit Committee non-executive directors' fees			
Special resolution number 2 Acquisition of company's own shares			

Form of proxy

PART B - RESOLUTIONS IF THE COMPANIES ACT, 61 OF 1973, AS AMENDED ("1973 ACT") IS STILL IN EFFECT AS AT THE DATE OF THE MEETING:	For	Against	Abstain
Ordinary resolution number 1 Adoption of financial statements			
Ordinary resolution number 2 Re-appointment of auditors			
Ordinary resolution number 3 Election of director			
Ordinary resolution number 4 Re-election of director			
Ordinary resolution number 5 Re-election of director			
Ordinary resolution number 6 Re-election of director			
Ordinary resolution number 7 Placement of unissued ordinary shares under the control of the directors			
Ordinary resolution number 8 Placement of non-convertible redeemable preference shares under the control of the directors			
Ordinary resolution number 9 Issuing equity securities for cash			
Ordinary resolution number 10 Increase of Audit Committee non-executive directors' fees			
Special resolution number 1 Acquisition of company's own shares			

A shareholder entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and on a poll, vote in his/her stead. A proxy need not be a shareholder of the company.

Every person present and entitled to vote at the annual general meeting as a shareholder or as a representative of a body corporate shall on a show of hands have one vote only, irrespective of the number of shares such person holds or represents, but in the event of a poll, every share shall have one vote.

Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast.

If you return this form duly signed without any specific directions, the proxy will vote or abstain at his/her discretion.

Signed at on 2011

Name in block capitals

Singiture

Assisted by me (where applicable)

This proxy form is not for use by holders of American Depository Receipts issued by the Bank of New York Mellon.

Notes to the form of proxy

1. A form of proxy is only to be completed by those shareholders:
   - holding shares in certified form; or
   - recorded on sub-register electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker and wish to attend the annual general meeting, must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A signatory/ies to the proxy form may insert the name of a proxy or the name of an alternative proxy in the blank spaces provided with or without deleting "the Chair of the meeting", but any such deletion must be initialled by the signatory/ies. Any insertion or deletion not complying with the aforegoing will be deemed not to have been validly effected. The person at the meeting whose name appears first on the list of names above, shall be the validly appointed proxy for the shareholder at the meeting.
4. A shareholder's instructions to the proxy must be indicated in the appropriate blocks provided. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy or to cast all those votes in the same way, but the total of that shareholder's votes cast and in respect whereof abstention is directed, may not exceed the total of the votes exercisable by the shareholder or the proxy. Failure to comply with the above or to provide voting instructions or the giving of contradictory instructions will be deemed to authorise the proxy to vote or abstain from voting at the meeting as such proxy deems fit in respect of all that shareholder's votes exercisable at that meeting.
5. Any alteration or correction made to this proxy form must be initialled by the signatory/ies.
6. Documentary evidence establishing the authority of a person signing this proxy form in a responsible capacity must be attached to this proxy form unless previously recorded by the company.
7. When there are joint holders of shares, any one holder may sign the proxy form.
8. Where applicable the spouse's consent must be obtained.
9. The completion and lodging of this proxy form will not preclude the shareholder who grants this proxy from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
10. Completed proxy forms should be returned to the registered offices in Johannesburg or one of the transfer offices of the company at either of the addresses given below at least 48 hours before the time of the meeting.

TRANSFER OFFICES

South Africa

Computershare Investor Services (Pty) Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001
PO Box 61051
Marshalltown, 2107

Tel: +2711 370 5000
Fax: +2711 688 5248

United Kingdom

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
England

Tel: 0871 664 0300
From overseas +4420 8639 3399
Fax: +4420 8658 3430