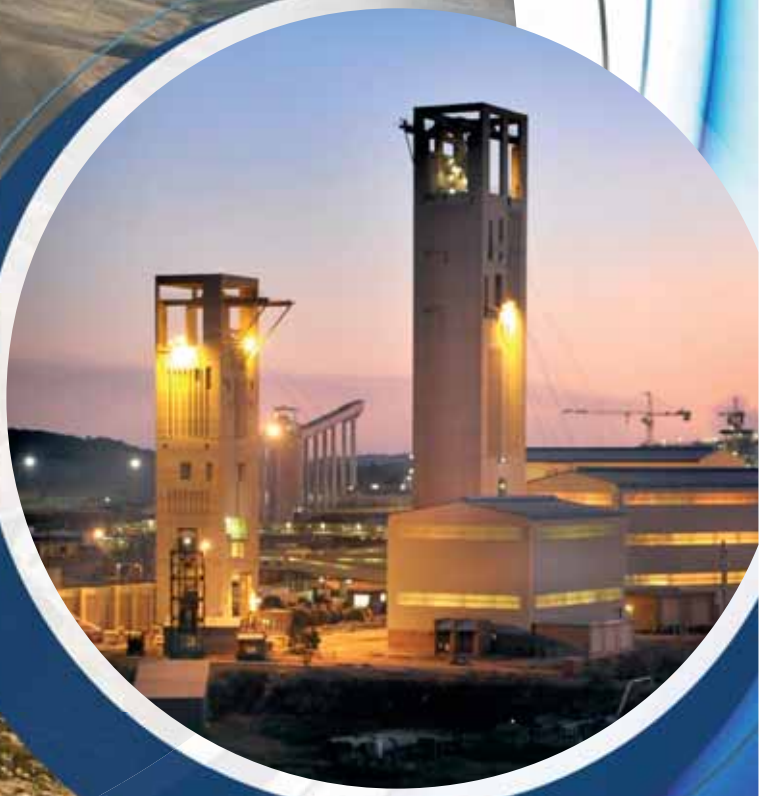
GOLD FIELDS

Annual report for the year ended 30 June 2010



Annual report for the year ended 30 June 2010

[leveraged to gold]

"The most significant value opportunity in the sector."

Scope of this report

This report provides an overview of Gold Fields' four South African and five international operations for the year ended 30 June 2010, on a Group and mine-by-mine basis. It details the company's financial statements and Mineral Reserves and Mineral Resources and looks ahead to the Group's prospects for the next four quarters as it expands its global footprint. The Sustainable Development section of the report covers the activities of all of our existing mines as well as parts of our exploration and business development activities for the year 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 South Africa, Ghana, Australia, Peru and elsewhere; the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions, exploration and development activities; decreases in the market price of gold or copper; hazards associated with underground and surface gold mining; labour disruptions; availability terms and deployment of capital or credit; changes in government regulations, particularly environmental regulations; and new legislation affecting mining and mineral rights; changes in exchange rates; currency devaluations; inflation and other macro-economic factors, industrial action, temporary stoppages of mines for safety reasons; and the impact of the Aids crisis in South Africa. These forward looking statements speak only as of the date of this document. The company undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

Back - *Tarkwa Gold Mine, Ghana*
Front *(large)* **-** *Chucapaca exploration project, Peru*
Front *(small)* **-** *South Deep Mine, South Africa*

Global presence at a glance

Who we are | Where we operate

South Africa Region

1. Driefontein Gold Mine

Production › 22,076 kg *(709,800 oz)*
Total cash cost › R168,568/kg *(US$692/oz)*
NCE › R225,208/kg *(US$924/oz)*
Mineral Reserves › 17.2 Moz
Mineral Resources › 52.0 Moz
Employees in service › 16,031

2. Kloof Gold Mine

Production › 17,624 kg *(566,500 oz)*
Total cash cost › R187,154/kg*(US$768/oz)*
NCE › R256,962/kg *(US$1,054/oz)*
Mineral Reserves › 9.5 Moz
Mineral Resources › 77.9 Moz
Employees in service › 14,490

3. Beatrix Gold Mine

Production › 12,188 kg *(391,900 oz)*
Total cash cost › R180,358/kg *(US$740/oz)*
NCE › R239,867/kg *(US$984/oz)*
Mineral Reserves › 5.7 Moz
Mineral Resources › 17.1 Moz
Employees in service › 9,987

4. South Deep Gold Mine

Production › 8,236 kg *(264,800 oz)*
Total cash cost › R197,669/kg *(US$811/oz)*
NCE › R399,211/kg *(US$1,638/oz)*
Mineral Reserves › 29.3 Moz
Mineral Resources › 63.6 Moz
Employees in service › 2,787

Who we are | Where we operate

West Africa Region

1. Tarkwa Gold Mine

Production › 22,415 kg *(720,700 oz)*
Total cash cost › R130,636/kg *(US$536/oz)*
NCE › R181,115/kg *(US$743/oz)*
Mineral Reserves › 9.9 Moz
Mineral Resources › 15.3 Moz
Employees in service › 2,154

2. Damang Gold Mine

Production › 6,451 kg *(207,400 oz)*
Total cash cost › R160,890/kg *(US$660/oz)*
NCE › R188,591/kg *(US$774/oz)*
Mineral Reserves › 2.1 Moz
Mineral Resources › 4.7 Moz
Employees in service › 428

Who we are | Where we operate

Australasia Region

1. St Ives Gold Mine

Production › 13,097 kg *(421,100 oz)*
Total cash cost › R173,085/kg *(A$806/oz, US$710/oz)*
NCE › R238,345/kg *(A$1,110/oz, US$978/oz)*
Mineral Reserves › 2.3 Moz
Mineral Resources › 6.9 Moz
Employees in service › 326

2. Agnew Gold Mine

Production › 5,140 kg *(165,200 oz)*
Total cash cost › R131,323/kg *(A$611/oz, US$539/oz)*
NCE › R213,132/kg *(A$992/oz, US$875/oz)*
Mineral Reserves › 1.2 Moz
Mineral Resources › 4.0 Moz
Employees in service › 142

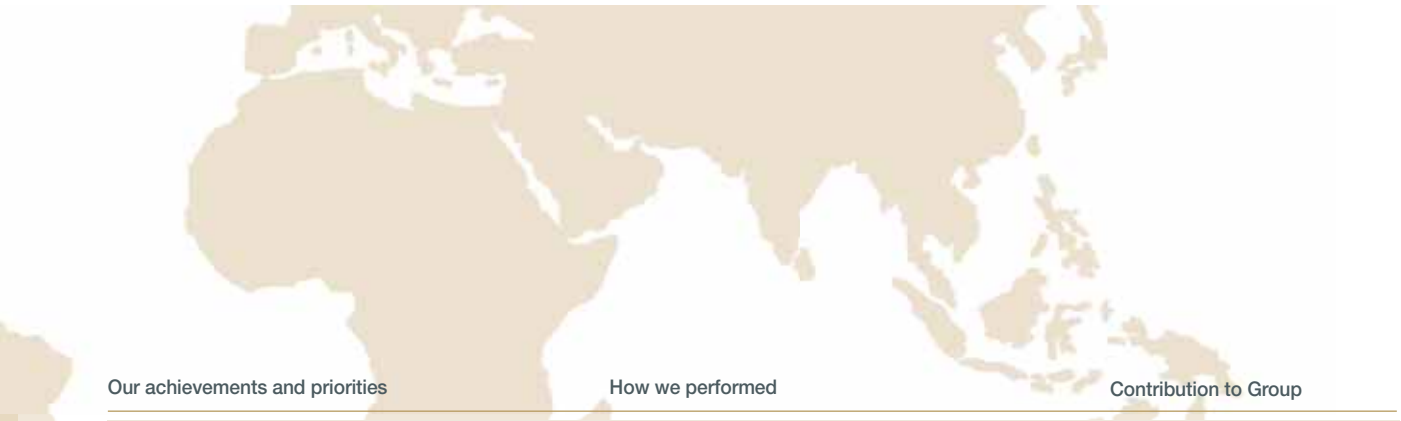
Who we are | Where we operate

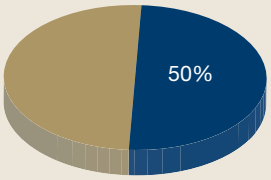
South America Region

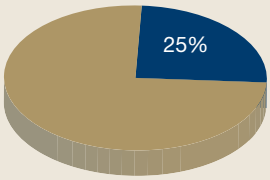
1. Cerro Corona Mine

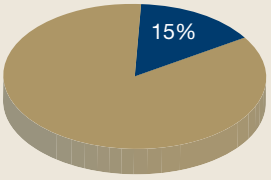
Production › 12,243kg *(393,600 oz)*
Total cash cost › R84,737/kg *(US$348/oz)*
NCE › R136,650/kg *(US$561/oz)*
Mineral Reserves › 5.3 Moz *(gold equivalent)*
Mineral Resources › 8.7 Moz *(gold equivalent)*
Employees in service › 310

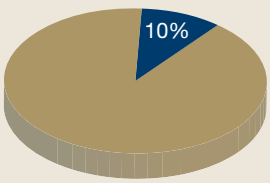
Mineral Resources and Mineral Reserves are managed unless otherwise stated. South Africa Region excludes WWTTP Gold and Uncle Harry's 14.6 Moz Inferred Mineral Resources.



Our achievements and priorities	How we performed	Contribution to Group
› Continued improvement in overall safety performance › South Deep build-up on track with 52 per cent production increase › South Deep new order mining right executed › Beatrix pioneers carbon trading in gold industry › IAS/SAMREC Award for best R&R reporting See pages 19 – 20 and 34 – 35	**Revenue from continuing operations** -1% (FY2009: R16,065.5 million) **R15,898.9 million**	

Our achievements and priorities	How we performed	Contribution to Group
› No fatalities during the year › CIL plant at Tarkwa resulted in record production levels › Secondary crusher commissioned at Damang › Decision to move to owner mining at Damang See pages 20 and 46 – 51	**Revenue from continuing operations** +43% (2009: US$712.9 million) **US$1,017.0 million**	

Our achievements and priorities	How we performed	Contribution to Group
› Termination of the Morgan Stanley royalty at St Ives for A$308 million › Major discovery in the developing Argo-Athena camp › Owner mining at Agnew implemented See pages 21 and 52 – 57	**Revenue from continuing operations** -2% (2009: A$741.0 million) **A$724.4 million**	

Our achievements and priorities	How we performed	Contribution to Group
› Excellent safety record › Las Aquailas construction completed to 3,740 metres above sea level › First full year of production at Cerro Corona above expectation › Detailed engineering of oxide plant under way See pages 21 and 58 – 63	**Revenue from continuing operations** +124% (2009: US$183.8 million) **US$411.4 million**	

NCE: Notional Cash Expenditure – operating costs, including general and administration costs plus capital expenditure, including brownfields exploration.

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Gold Fields profile

Gold Fields is one of the world's largest unhedged producers of gold with attributable production of 3.5 million gold equivalent ounces per annum from nine operating mines in South Africa, Ghana, Australia and Peru. Gold Fields also has an extensive growth pipeline with both greenfields and near-mine exploration projects at various stages of development. Gold Fields has total attributable gold equivalent Mineral Reserves of 78 million ounces and Mineral Resources of 281 million ounces. Gold Fields is listed on JSE Limited (primary listing), the New York Stock Exchange (NYSE), the NASDAQ Dubai Limited, the Euronext in Brussels (NYX) and the Swiss Exchange (SWX).

The Gold Fields vision

To be the global leader in sustainable gold mining

Our values

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

Financial 2010 financial performance

for the year ended 30 June 2010

Financial summary[1]

Rand million, unless otherwise stated

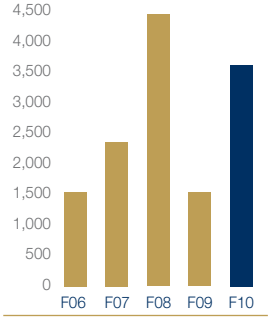
	F2010	F2009	F2008	F2007	F2006
Revenue	**31,565**	29,087	23,010	19,434	14,605
Basic earnings – cents per share	**515**	229	683	423	313
Headline earnings – cents per share	**449**	431	459	392	303
Dividends declared – cents per share[2]	**120**	110	185	185	150
Total assets	**68,340.2**	65,254.6	62,915.5	53,925.0	31,635.2
Shareholders' equity	**45,448.9**	42,669.4	42,561.2	37,106.3	20,001.5
Cash and cash equivalents	**3,790.5**	2,803.9	2,007.3	2,310.1	1,617.5
Cash flows from operating activities[3]	**8,506.6**	6,000.8	6,692.1	1,201.4	3,804.8
Cash generated/(utilised)	**999.3**	804.1	(478.0)	693.4	(1,781.6)
Market and ratio analysis					
Debt leverage					
EBITDA	**12,573.2**	11,463.3	9,040.8	7,739.5	5,138.8
Net debt	**4,696.6**	6,091.6	4,990.8	4,579.0	725.8
Net debt: EBITDA	**0.37**	0.53	0.55	0.59	0.14
Other					
Net asset value per share (Rand)	**64.38**	60.55	65.16	56.90	40.42
Exchange rates					
Average rate US$1 = R	**7.58**	9.01	7.27	7.20	6.40
Closing rate US$1 = R	**7.57**	8.06	8.00	7.15	7.43
Share price performance					
Ordinary shares (Rand)					
– high	**114.74**	123.50	135.00	173.80	164.00
– low	**83.30**	54.00	87.01	109.40	68.02
– year end	**103.80**	93.52	99.50	109.40	162.00
Average daily volume of shares traded ('000)	**2,678**	3,047	2,903	2,581	2,073
American Depository Receipts (US$)					
– high	**15.82**	13.99	19.60	24.48	26.95
– low	**10.99**	4.64	10.66	15.48	10.59
– year end	**13.37**	12.05	12.65	15.70	22.90
Average daily volume of shares traded ('000)	**5,907**	7,635	6,368	3,141	2,289
Number of shares in issue ('000)	**705,904**	704,750	653,201	652,158	494,825
Market capitalisation at year end (Rm)	**73,272**	65,908	64,993	71,346	80,162

[1] *Figures are based on last published and audited annual financial statements.*

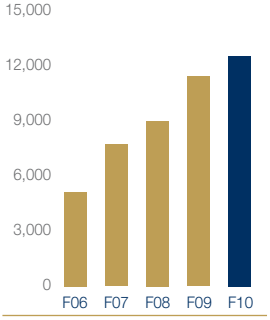
[2] *This relates to the interim and final dividend for the financial year.*

[3] *Cash flows from operating activities in financial 2007 impacted by buy-back of Western Areas Limited hedge book.*

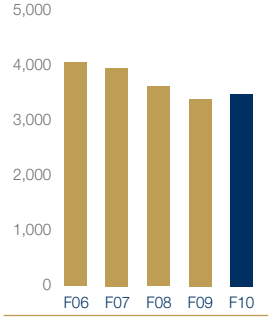
Headline earnings per share
(R million)



Operating profit
(R million)



Attributable gold production
('000 ounces)



Financial 2010 operating performance

for the year ended 30 June 2010

Operating summary[1]

		F2010	F2009	F2008	F2007	F2006
Salient features						
Gold produced – attributable	kg	**108,765**	106,186	113,154	123,534	126,712
	'000oz	**3,497**	3,414	3,638	3,972	4,074
Total cash cost	R/kg	**157,360**	149,398	111,315	86,623	67,988
	US$/oz	**646**	516	476	374	330
Notional Cash Expenditure	R/kg	**224,979**	221,153	186,088	135,666	89,961
	US$/oz	**923**	763	796	585	437
Gold price	R/kg	**264,468**	253,459	190,623	147,595	107,918
	US$/oz	**1,085**	875	816	638	524
Operating profit	Rm	**12,573**	11,463	9,041	7,740	5,139
Operating margin	%	**40**	39	39	40	35
NCE margin	%	**15.0**	12.4	0.5	8.2	16.7

[1] *Figures are based on last published and audited annual financial statements.*

Financial 2010 highlights

- Second consecutive record safety year in a row
- Attributable gold production increased two per cent to 3.5 million ounces
- Operating margin of 40 per cent
- NCE margin of 15 per cent
- US$311 million of free cash flow generated*
- Net debt of R4,697 million (US$620 million), down from R6,092 million (US$756 million) in financial 2009
- New regional structure bedded down
- South Deep production up 52 per cent year on year and on track to achieve end-2014 full production target
- Tarkwa production up 18 per cent after completion of CIL plant commissioning
- Cerro Corona production up 79 per cent
- Damang secondary crusher commissioned
- Athena project on track to commence production in early 2011
- Chucapaca initial Mineral Resource of 5.6 million gold equivalent ounces announced
- South Deep mining rights approved and 2014 BEE ownership target secured

* *Cash flows from operating activities before dividend less cash flow from investing activities.*

Message from the Chair

> I am pleased with the way in which we have repositioned Gold Fields. The company now offers investors a vehicle that they can confidently use to diversify their investment risk, and to participate in the real upside of the gold price. Few gold companies can do the same.

Dear shareholders

During another year of significant turmoil on the global economic landscape, the performance of gold has been reassuring. Gold has extended its 10-year bull run by again establishing an all-time record price at US$1,265 per ounce, as investors everywhere, large and small, continued to seek protection against the ever-present threat of financial volatility and economic dislocation.

The contagion, which first affected global banks and insurance companies in mid-2008, grew into a full-blown economic crisis in 2009. It was met with a concerted stimulus response by governments and multi-lateral financial organisations, ensuring that the worst effects of the crisis were mitigated. As a result economic growth, albeit subdued, has returned to most developed and emerging markets this year.

But despite the best efforts of the custodians of the global economy, it will take considerable time for these excesses to work their way out of the system. Whatever the remedies prescribed, it is likely that global inflationary pressures will re-emerge over time and for major global currencies to be at significant risk of devaluation while the world moves falteringly towards what we all hope is an eventual universal economic recovery.

What is clear is that gold has over the past year further consolidated its position as an important "new" asset class, offering investors relative security at a time when many other asset classes did not. Given this environment, combined with the well-documented constraints in new global mine supplies, the positive outlook for gold is unlikely to change in the foreseeable future.

It is against this backdrop that I am pleased with the way in which we have repositioned Gold Fields. The company now offers investors a vehicle that they can use with confidence to diversify their investment risk, and to participate in the real upside of the gold price.

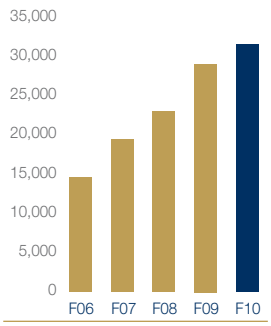
While our shares continue to trade at a significant discount to those of our North American peers in particular, I am confident that the work we have done over the past two years has repositioned Gold Fields as a very significant value opportunity.

Our strategy, which I expounded in some detail in last year's annual report, continues to be focused on:

- Sweating our assets;
- Growing Gold Fields; and
- Securing our future.

Over the past year we have made considerable progress in the further implementation of this strategy: the benefits in each of the three strategic areas are becoming evident and are enumerated in the remainder of the annual report.

Revenue
(R million)



Safe production remains our single most important value and during the past year the Board continued to actively engage with management to ensure that every possible step was taken to improve our safety performance. I am encouraged by the fact that during financial 2010 we again saw an improvement: the total number of fatal injuries decreasing by 14 per cent from 22 in financial 2009 to 18 in financial 2010. This follows on a 55 per cent improvement in financial 2009, when fatal injuries were reduced from 47 to 22.

While we are pleased that the safety trends are moving in the right direction, we are deeply saddened that fatal accidents on our mines still occur. We deeply regret each one of these fatalities and your Board is committed to working with management to ensure that all serious and fatal accidents are eliminated. We believe that this is indeed possible and will not rest until *Zero Harm* is a reality at our operations. The fact that all of our South African mines have during the past years managed to operate for extended periods without any fatal accidents is proof of this. It is pleasing to report that all of our international mines had a fatality-free year.

Message from the Chair continued

Last year I indicated that Gold Fields' operations had achieved a new level of stability, predictability and consistency, which established a platform for an improved performance going forward. It is pleasing to report that, after several years of declining production and despite a number of unplanned safety-related production stoppages in South Africa during the first half of the financial year, we have now reached a turning point: Attributable gold production increased by two per cent to 3.5 million ounces, up from the 3.4 million ounces produced in financial 2009. It is our view that this is a solid base from which we expect to see further production improvement in the coming years.

Our financials have mirrored this trend with earnings increasing by 136 per cent to R3,631 million (US$479 million) in the year ended June 2010 compared with R1,536 million (US$171 million) previously.

Of some concern are indications that input cost inflation is starting to rear its head again, a trend we expect to continue in the year ahead, in particular if the current strong revival of the global commodities sector is sustained. Our response at Gold Fields has been to pre-empt this development through a relentless focus on costs. To this end, and to ensure that we maintain a minimum 20 per cent notional cash expenditure (NCE) or real free cash flow margin, we have commenced a far-reaching business process re-engineering exercise at our three established South African mines, at Tarkwa in Ghana and at St Ives in Australia.

Notional cash expenditure remains the most important yardstick by which we measure our financial performance as we believe it is the only true measure of free cash flow generation. This metric has now been firmly established within the company and it is pleasing to note that some of our peer companies have started to adopt it as well. It would certainly offer investors greater cost transparency of the global mining sector.

Turning to the company's growth strategy it is pleasing to report that we have seen considerable progress with Gold Fields' strategy to expand significantly beyond the South African home base. Our pipeline of growth projects, both near-mine and greenfields, hold great promise. At St Ives and Agnew in Australia and Damang in Ghana we have made new discoveries which will be brought to account over the next few years, growing the Mineral Reserve positions of these mines and contributing to increased production.

On the greenfields exploration front the most exciting news during the past year was progress at the Chucapaca project in Peru. Gold Fields, together with its joint venture partner Buenaventura, announced an initial Mineral Resource estimate of 5.6 million gold equivalent ounces at Chucapaca, with significant mineralisation potential beyond the extent of the current drilling. Indications are that Chucapaca will become Gold Fields' second mine in South America and the next of our new-generation international growth projects. Equally prospective is our Yanfolila project in Mali, where we are investing heavily in exploration drilling and are targeting an initial two million ounce starter project. We should be in a position to make construction decisions on both of these projects within the next three years.

In South Africa the South Deep Gold Mine remains our principal growth project. South Deep has had a very good year both in terms of gold output and the ongoing development of the mine. Production has increased by 52 per cent year-on-year to 265,000 ounces, which sets this mine up to progress towards full production of between 750,000 and 800,000 ounces a year by the end of 2014. South Deep, one of the few deep-level mines in the world that is fully mechanised, is Gold Fields' most important development project and has been appropriately resourced for certain success. We are confident South Deep will not disappoint investors.

After the close of the year under review the South African Department of Mineral Resources approved the conversion of the South Deep old-order mining right into a new-order mining right, which includes an additional portion of contiguous ground known as Uncle Harry's. This, together with the previous conversions for Driefontein, Kloof and Beatrix granted in 2007, means that all of Gold Fields' South African mines have now been granted their new-order mining rights.

In addition, we have finalised the terms of three new empowerment transactions that will help us meet our commitment to achieve the 2014 Black Economic Empowerment ownership targets. These deals comprise an employee share option plan for 10.75 per cent of GFIMSA, a Broad-based Black Economic Empowerment (BEE) transaction for ten per cent of South Deep and a similar BEE deal for one per cent of GFIMSA, excluding South Deep. Our aim is to have all three of these transactions executed by the end of the calendar year, which should lay to rest concerns investors may have about the empowerment status of Gold Fields in South Africa.

Moving to external factors impacting on our company. Over the past few years I have noted with great concern the emergence of a trend around the globe for governments and other stakeholders to seek to impose ever-rising cost imposts on the mining industry. The most visible example of this during the past year was the attempt by the Australian government to impose a 40 per cent supertax on its mining sector. Fortunately sanity prevailed and

gold was excluded from the proposed tax. However, despite the pull-back by the Australian government, there is very little evidence to suggest that authorities elsewhere will ease the industry's substantial regulatory and financial burden. To the contrary, taxes and royalties are being increased in most of the countries in which we operate, while the costs of state services, such as energy provision, are escalating sharply. Furthermore, mining companies are also being asked to take on ever-increasing socio-economic responsibilities among the communities in which they operate. Gold Fields prides itself on being a responsible and dedicated corporate citizen and our sustainability report details our extensive strategies, policies and projects in this area. But there is a very real risk that countries that introduce and entrench such punitive impositions will find themselves increasingly by-passed as the mining industry scouts for new exploration projects. This can only be to the detriment of these nations and their people.

It is imperative that we share these concerns in open dialogue with all the stakeholders in the jurisdictions in which Gold Fields operates. Stakeholder relationship management is a central theme of the new sustainable development framework which we introduced and bedded down during the past financial year. I am particularly pleased with the continuing maturity we are successfully developing in relationships with trade unions and other employee representative organisations.

Equally important are the relationships that we maintain with our host and neighbouring communities, who are, in the final analysis, the granters of our licences to operate. It remains a highest priority for Gold Fields to be viewed by our communities as a caring, responsible and responsive corporate citizen.

In all of the countries in which we operate the availability of appropriate skills in the required numbers remains a significant challenge. I reported last year that we had instituted a number of programmes to nurture and retain the skills in the company while at the same time attracting new talent. These efforts continue apace and remain high on our agenda.

A critical component in our strategy to retain and attract the best talent in the industry is to offer them an appropriate work-life balance. As we strive towards greater productivity at all our operations it is proving difficult to achieve this critical balance. While not a sole panacea, I believe that the governments in many countries would do well by employees and the wider population if they considered the introduction of daylight savings time. This would not only benefit industry through greater levels of productivity, but undoubtedly improve the quality of life of all citizens.

In conclusion, on behalf of the Board I would like to commend our Chief Executive Officer, Nick Holland, his executive team and all our employees for their unstinting commitment and dedication to the Gold Fields cause and vision.

I would also like to express my sincere appreciation to my fellow directors for the enthusiasm and energy which they bring to our Board deliberations. After several changes in the composition of the Board over the past two years, the Gold Fields Board has developed into a cohesive and strong unit, well endowed with a good mix of the right skills and expertise to lead this company into the future.

It is with great sadness that we bade farewell to our fellow director John Hopwood, who passed away in March 2010 after a brave battle with cancer. John joined the Board in February 2006 and made a positive contribution to its deliberations right up to the end. He will be missed.

Looking to the future, I have decided that this is an appropriate time in the evolution of Gold Fields to take my leave and to hand the responsibility for this great company to a new person with a fresh eye and a firm hand.

I am very pleased that Dr Mamphela Ramphele has agreed to take on this challenge. Albeit diminutive in stature, she is a giant on the South African and global corporate, social and political stages and brings with her a wealth of experience and wisdom from which Gold Fields will undoubtedly benefit. Mamphela joined the Board on 1 July 2010 as Deputy Chair and I will hand over the reins to her at the annual general meeting in November, at which time I take retirement after over 40 years with the company.

It has been an honour for me to serve Gold Fields and its stakeholders as Chair and, prior to that, in the various roles and capacities that punctuated my career with this great company.

I will continue to watch from the sidelines with considerable interest as Gold Fields moves towards the achievement of its vision of being the global leader in sustainable gold mining. In my view the achievement of this vision is inevitable.

Thank you for your support over the years.

Alan J Wright
Chair

Message from the Chief Executive Officer

> Our goal is to operate sustainably over the medium to long term at a 25 per cent free cash-flow margin on a NCE basis.

Introduction

Dear shareholders

In reviewing the performance of Gold Fields over the past year, the one fact that stands out is that the company offers investors an outstanding value opportunity in the current rising gold price environment. As we move forward we aim to advance our overarching strategic objective of generating free cash flow, and growing the Notional Cash Expenditure (NCE) margin on every ounce of gold we produce.

We believe that the following strategies, all of which are in the process of being implemented, will move us towards that objective and so underpin our value proposition to investors.

[**Strategic objective 1:** Safe production]

In addition to being our first value and an overarching moral imperative, safe production is the single most important driver of sustainable, profitable production. During financial 2010 we achieved a second record safety year in succession with appreciable improvements on all important safety indicators. In particular we saw a further 14 per cent reduction in the number of fatal injuries at our mines in South Africa, which follows on a 55 per cent improvement in financial 2009. All of our international mines were free of fatal accidents during financial 2010.

During financial 2010 we achieved a second record safety year in succession. The significant improvement in safety in general, and the more than 60 per cent improvement in fatal injuries in the South Africa Region over the past two years, in particular, together with the reduction of associated, often extended and unplanned safety closures, should reflect in increased production going forward.

As a result of the significant improvement in safety in the South Africa Region over the past two years, as well as closer co-operation with the Mining Inspectorate of the South African Department of Mineral Resources (DMR) in January 2010, we did not experience any extended unplanned safety closures at our mines during the second half of financial 2010. This is a trend which we intend to continue into financial 2011 and beyond.

While our ultimate goal is the total elimination of all serious and fatal injuries, we are planning a further 25 per cent improvement in all safety indicators at our mines in the South Africa Region as well as our international mines for the 12 months to end-June 2011. We will further enhance our extensive safety interventions with a new focus on “engineering out” safety risks, and advancing compliance by winning the hearts and minds of our people through positive behaviour re-enforcement.

The significant improvement in safety in general, and the more than 60 per cent improvement in fatal injuries in the South Africa Region over the past two years, in particular, together with the reduction of associated, often extended and unplanned, safety closures, should reflect in increased production going forward. Our health and safety interventions are discussed in more detail on pages 17 and 18 of this report, as well as on pages 107 to 109 of the sustainability section of this annual report.

Message from the Chief Executive Officer continued

[Strategic objective 2: Growing the free cash flow margin per ounce produced]

Gold Fields' overarching strategy remains focused on the three core pillars of sweating our assets; growing Gold Fields; and securing our future, all aimed at enhancing our ability to generate free cash flow as measured on a Notional Cash Expenditure[1] (NCE) basis.

During financial 2011 the emphasis will be on establishing and maintaining a 20 per cent NCE margin, up from the 15 per cent achieved during financial 2010.

While this strategy remains fully relevant and in place, the emphasis over the next 12 months will be on establishing and maintaining a 20 per cent NCE margin, up from the 15 per cent achieved during financial 2010. To this end a comprehensive Business Process Re-engineering project has commenced at all three of the established South African mines (Driefontein, Kloof and Beatrix), Tarkwa in Ghana and St Ives in Australia.

The region specific interventions are discussed in more detail in the regional overviews.

[Strategic objective 3: A rising production trend]

Gold Fields is on a rising production trend. During financial 2010 our attributable production increased by three per cent from 3.41 to 3.50 million ounces of gold. By mid-calendar 2011 we are planning to increase output to between 3.50 and 3.80 million attributable gold equivalent ounces[2], as we continue to build up towards our strategic goal of approximately five million attributable ounces of gold, either in development or in production, by 2015. It is important to note that we aim to grow our production on a per share basis, which means growth without diluting shareholder value.

Gold Fields is on a rising production trend. We are planning a further increase in production, to between 3.5 and 3.8 million attributable ounces of production by the second quarter of 2011, as we continue to build up to our strategic goal of five million ounces of gold, either in development or in production, during 2015.

The target of five million ounces is underpinned by:

- The completion of the South Deep project in South Africa and the build-up to its full production run rate of between 750,000 and 800,000 ounces per year by the end of 2014;
- A return to stability and consistent production from the three mature mines in the South Africa Region (Driefontein, Kloof and Beatrix), albeit at lower levels than achieved in previous years, but similar to financial 2010 levels. This will be achieved on the back of the significant improvement in safety recorded over the past two years and the consequent reduction in unplanned safety closures, as well as an increase in ore reserve development and mining flexibility over the next two to three years;
- A wide range of near mine and organic growth opportunities at our existing mines in the West Africa, Australasia, and South America regions; and
- A rapidly maturing greenfields exploration pipeline headed by four advanced stage projects, of which at least two, Chucapaca in Peru and Yanfolila in Mali, are expected to reach construction decisions within the next three years.

Inherent in the 2015 target of five million ounces is the objective of rebalancing the portfolio by sourcing around 60 per cent of our production from our three international regions and approximately 40 per cent

from the South Africa Region by 2015. During financial 2010 we saw attributable international production increase by 13 per cent from 1.38 million ounces to 1.56 million ounces and the geographic distribution of our production diversity further to 45 per cent from our international regions and 55 per cent from the South Africa Region. This compares with 40 per cent from our international regions and 60 per cent from the South Africa Region during financial 2009.

In support of this objective our exploration budget for the next four quarters is about US$150 million, almost unchanged from the financial 2010 number, which reflects the continued strong quality of the projects in the portfolio as well as the increased evaluation activities at the more advanced projects in the pipeline. All of the near mine and greenfields projects referred to above are discussed in more detail in the Growth strategy section on pages 21 to 24, as well as in the Exploration and business development section on pages 64 to 69.

[**Strategic objective 4:** Maintaining a strong balance sheet]

Considering the significant growth opportunities in the Group and amid continued tightness in bank lending, it is pleasing to report that Gold Fields' balance sheet, already one of the healthiest in the industry, was further strengthened during financial 2010 with the completion of the restructuring of our debt profile.

During financial 2010 we accessed the commercial paper market in South Africa to benefit from lower interest rates. This was backed up with three to five-year committed facilities. We also completed the re-financing of a US$311 million facility with a US$450 million purchase, with tenure of three-and-a-half years. These transactions enabled the Group to significantly reduce its interest bill in financial 2010 and should result in improving our cost of funding going forward.

With net debt of only US$620 million, strong free cash flows and available secured credit facilities in excess of US$1 billion, Gold Fields is in an excellent financial health and able to fund the majority of its growth projects from existing sources.

As at 30 June 2010, Gold Fields had net debt of R4,697 million (US$620 million), comprising R5,232 million (US$691 million) short-term and R3,255 million (US$430 million) long-term debt with cash of R3,790 million (US$501 million). In addition the Group has a liquid investment portfolio, consisting primarily of investments in Mvelaphanda Resources (3.9 per cent) and Russian resources group Rusoro (26.4 per cent), which was valued at R627 million (US$83 million) at the end of June 2010.

With net debt of only US$620 million, positive free cash flows and committed credit facilities in excess of US$1 billion, Gold Fields is in excellent financial health and able to fund the majority of its growth projects from internal cash flows and existing sources. Over the next few months Gold Fields will continue to explore ways to further strengthen its balance sheet without diluting shareholder value and, specifically, to avoid dilution of the amount of gold produced on a per share basis.

During financial 2010 Gold Fields sold its 19.9 per cent stake in Sino Gold Limited to Eldorado Gold Corporation for a total consideration of approximately US$282 million paid in Eldorado shares, earning Gold Fields a profit of US$57 million. The Eldorado shares, including a subsequent "top-up", were sold in financial 2010 for US$361 million earning a profit of US$46 million.

Message from the Chief Executive Officer continued

Table 1

The table sets out progress made against strategic objectives set for financial 2010

Strategic objective 1

To further enhance our health and safety performance.

During financial 2010 we saw a further significant improvement in the overall safety performance of the Group with the achievement of a second successive record safety year. In particular, the all-important Fatal Injury Frequency Rate improved by a further 14 per cent over the record improvement achieved in financial 2009 – fatal injuries improved from 22 in financial 2009 to 18 in financial 2010 while the serious injury frequency rate improved by 20 per cent. The first follow-up health and safety audit by DuPont in the South Africa Region indicated a significant improvement in the overall safety culture in the region, which indicates that our efforts to boost safety on a sustainable basis are delivering results, and that our first value, if we cannot mine safely, we will not mine, has been thoroughly entrenched throughout the company.

Strategic objective 2

To increase development and open up our ore bodies, in particular at Driefontein, Kloof and Beatrix in the South Africa Region, which will improve flexibility and underpin more stable production.

During financial 2010 overall development at these three mines increased by two per cent from 75,542 meters to 77,188 meters. However, the all-important mechanised flat-end development on all of the long-life shafts, which is critical to move us towards our ultimate goal of 24 months of opened-up ore reserves, increased from a total of 36 per cent during financial 2009 to 68 per cent by the end of financial 2010. This lays the foundation for achieving the target.

Strategic objective 3

To maintain momentum in the build-up of South Deep towards its target of producing between 750,000 and 800,000 ounces per annum by the end of 2014.

During financial 2010 gold production at South Deep increased by 52 per cent from 175,000 ounces in financial 2009 to 265,000 ounces. During the year a new capital control system, the PRISM system, was implemented at the mine to improve controls over capital expenditure. The mission critical shaft deepening project at the ventilation shaft commenced on schedule on 14 April 2010 and full calendar operations (Fulco) were re-introduced to underpin the planned production build-up over the next few years.

Strategic objective 4

To achieve greater stability, predictability and consistency in production, and to work towards a target of producing between 925,000 and 950,000 attributable ounces per quarter and between 3.50 and 3.80 million ounces for the 12 months to end-June 2011.

During financial 2010 Group gold production increased by two per cent from 3.4 to 3.5 million attributable ounces, which is within five per cent of the targeted quarterly range of between 925,000 and 950,000 ounces. It is also a significant improvement over the historical ten per cent planning gap between targets and actual production. To achieve greater stability, consistency and predictability in production performance, significant enhancements were made to the planning and forecasting systems on the mines.

Table 1 (continued)

Achievement against specific strategic objectives for financial 2010

Strategic objective 5

To increase skills levels across the company by improving our ability to attract and retain key personnel through a more aggressive programme of recruitment, review of remuneration models, and enhancing our education and training initiatives.

During financial 2010 significant progress was made to improve the ability of the Group to attract and retain key personnel and several initiatives were launched to address critical skills shortages. These are described on page 26 of my report as well as on pages 100 to 105 of the sustainability report. In addition, progress was made in providing technical services and capital project management skills to the international regions through the appointment of an Executive Vice-President, International Technical Services and Capital Projects, and the establishment of a specialist team of technical experts. They will provide the international regions with the required technical leadership as well as project management skills for capital projects.

Strategic objective 6

To further improve our performance in the field of sustainable development and, in particular, to improve our environmental footprint.

During the year under review the Gold Fields Sustainable Development Framework was embedded in the company. A wide range of projects was undertaken across all our mines to further enhance their sustainability. These range from social and community development projects to the commitment to further improve our environmental compliance in all of the regions in which we operate. These initiatives are described in more detail in the sustainable development section of this report. In addition a comprehensive review of environmental compliance was conducted in the South Africa, Australasia and West Africa regions and action plans formulated and implemented to address weaknesses and further improve environmental compliance.

Strategic objective 7

To further entrench the regionalisation strategy by bolstering the new executive teams in each of the regions, to drive the operational performance and advance our growth strategy.

During financial 2010 the new regional organisation structure was fully implemented and new executive teams put in place. The supporting structures in the regions are now being optimised. As a consequence of moving operational support and control from the corporate office to the regions, the corporate office in Johannesburg was rationalised to focus on the formulation and implementation of Group strategy; policies and standards; deciding on the allocation of capital; and the performance of Group quality assurance and quality control.

Message from the Chief Executive Officer continued

Table 2

The table sets out the specific objectives we have set ourselves over the next year

Strategic objective 1: Safety

To improve performance against all safety indicators by at least 25 per cent in the South Africa Region and by 20 per cent in the international regions.

Strategic objective 2: Production

To improve the key controllable elements of the business, namely mining mix, quality and volume, with a view to producing between 3.50 and 3.80 million attributable ounces of gold during the 12 months to end-June 2011.

Strategic objective 3: Notional Cash Expenditure margin

To achieve an NCE margin of 20 per cent in the 12 months to end-June 2011 across the Group. To this end a Business Process Re-engineering programme is being implemented at the Driefontein, Kloof and Beatrix Gold Mines in the South Africa Region as well as Tarkwa in Ghana and St Ives in Australia. This will entail a significant focus on operating costs, the rationalisation of on-mine and regional overhead cost structures and a review of the mine-to-mill processes.

Strategic objective 4: Regional organisational structure

To further strengthen the new Regional Organisational Structure and to optimise the supporting structures in the West Africa, Australasia and South America Regions for appropriately resourced operational, financial and human resources functions.

Strategic objective 5: Ore Reserve development and flexibility

Through increased Ore Reserve development to advance opening up of ore bodies to improve flexibility at the long-life shafts at Driefontein, Kloof and Beatrix. The aim is to achieve greater consistency and reliability of operational performance.

Strategic objective 6: Energy management and consumption

To develop strategies for the optimisation of energy management and consumption throughout the Group. Each region needs to offset known and anticipated cost increases by saving a further five per cent of electricity consumption up until the second quarter of calendar 2011.

Strategic objective 7: Skills requirements

To take the steps required to ensure that the Group has an adequate supply of critical skills in all key disciplines, specifically through competitive recruitment strategies and practices. Retention strategies are aimed at ensuring that existing employees are afforded opportunities for growth through improved education and training; talent management and mentorship; and leadership development.

Strategic objective 8: Group transformation

To significantly advance the transformation objectives of the Group in line with the requirements of the South African Mineral Resources Development Act of 2002 and the associated Mining Charter. These include the transformation of the Group's Board of Directors and Executive Committee; the ongoing fulfilment of the Social and Labour Plan commitments at the South African mines; the implementation of the South Deep mining rights conversion; and the execution of the three transactions proposed for securing the 2014 requirements for Black Economic Empowerment ownership of the South African assets.

Strategic objective 9: Stakeholder relations management

To further advance positive and mutually beneficial relationships between the company and its many stakeholders, specifically governments, organised labour and host communities, in each of the jurisdictions in which we operate.

Strategic objective 10: Growth projects

To continue the momentum achieved in the production build-up at the South Deep project and to ensure the delivery of the milestones required to achieve the production target of between 750,000 and 800,000 ounces of gold by the end of 2014.
To complete the construction of the Athena underground mine at the St Ives Gold Mine in Australia and to commence production early in calendar 2011. Furthermore, to complete the feasibility study of the Hamlet project and to commence construction also in the first quarter of 2011.
To complete the feasibility study and commence construction of the oxide plant at the Cerro Corona Mine in Peru during the first quarter of calendar 2011.

Health and safety

Gold Fields' health and safety philosophy is premised on our most important value and the overarching moral imperative that if we cannot mine safely, we will not mine. This gives rise to the objective of striving towards a *Zero Harm* working environment for all our people.

This philosophy is informed, first and foremost, by the fact that there is no price to be placed on human health and safety. There is also the economic reality that a stable, predictable and consistent operational performance is possible only in an environment free from accident-induced interruptions to operations or other threats to the health and safety of employees.

While our efforts have met with appreciable success across all safety indicators during financial 2010, led by a further 18 per cent improvement in the number of fatalities at our South African mines, I deeply regret each one of the 18 fatal injuries that we were unable to prevent. My executive team and I consider each one of these incidents as a fundamental failure of our safety systems. I can only reiterate the personal commitment I made in last year's annual report to eliminate all serious and fatal injuries on our mines. I am conscious of the magnitude of this extraordinarily challenging commitment and the moral and commercial implications for our company of a failure to do so.

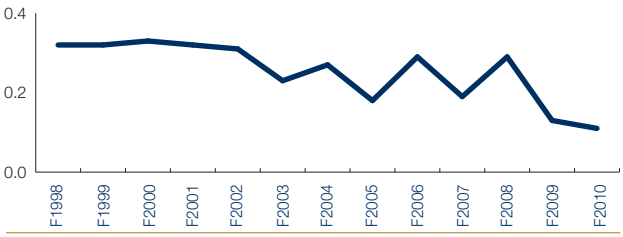
During financial 2010 the first priority was to ensure that we not only sustained the new approach to safety launched in financial 2009, but to ensure that it is firmly embedded and entrenched as our single most important value. A safe environment is, and will continue to be, a prerequisite foundation for consistent and predictable production.

The experience of employee dynamics over the years has led us to adopt a more comprehensive approach to the general well-being, and therefore the productivity, of our staff. To this end we pursue a broad range of interventions encapsulated in the 24 Hours in the Life of a Gold Fields Employee programme. This programme was first launched in the South Africa Region in financial 2009 and implemented in three international regions during financial 2010. Based on the Total Well-being Philosophy, the programme is aimed at improving every facet of the life of each employee and includes interventions in the fields of occupational health and safety, healthcare, living conditions, nutrition, sport and recreation and education.

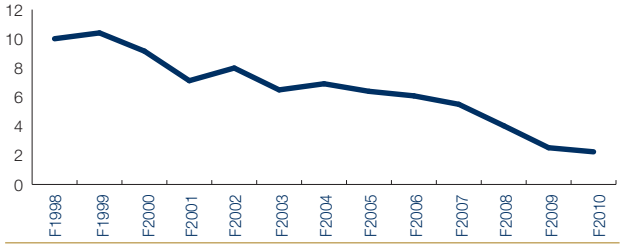
Fundamental to this comprehensive approach is the principle of inclusiveness, especially in the field of occupational safety. During financial 2010 we continued to experience extraordinary co-operation on all safety-related matters from the vast majority of our employees, including those in the employ of contractors; the leadership of our employee representative organisations and unions at the mines; as well as the governments of the countries in which we operate. Without the support of each one of these stakeholder groups we would not have achieved the significant improvements in safety that we recorded in both financial 2009 and financial 2010. Special mention must be made of the Directorate for Mine Health and Safety in the Department of Mineral Resources (DMR) of South Africa, with whom we have developed a constructive working relationship, which continues to guide us as improvements in safety at our South African mines become more challenging to achieve. This improved relationship can also be credited, to some extent, for the significant improvement in safety in the South Africa Region, as well as the subsequent return to greater production stability, predictability and consistency in the region.

It is indeed gratifying to report that, while we were not able to match the improvements in safety performance recorded in financial 2009, our singular focus on injury prevention has for the second year in a row resulted in a record safety year with significant improvements in most safety indicators.

Fatal Injury Frequency Rate
(per million man hours worked)



Serious Injury Frequency Rate
(per million man hours worked)



Message from the Chief Executive Officer continued

The all important group Fatal Injury Frequency Rate for the Group showed a 15 per cent improvement from 0.13 per million man hours worked in financial 2009 to 0.11 in financial 2010, following on a 56 per cent improvement during financial 2009. The Lost Time Injury Frequency Rate showed a six per cent improvement to 4.07 per million man-hours worked in financial 2010 compared to 4.35 in financial 2009.

All our international mines completed the year without fatal accidents. Although the overall lost time injury frequency rate remained virtually unchanged year on year, it is pleasing to note that the Agnew Gold Mine in Australia and the Cerro Corona Mine in Peru managed to produce without a lost time injury for most of the year under review.

In the South Africa Region we formulated a set of safe production rules supported by a new project called the Safe Production Management Programme. The safe production rules have been rolled out to all employees in their preferred languages, and have also been integrated into the induction processes through which all new employees, employees returning from leave and contractors are exposed to operational safety standards, systems, rules and procedures. The Safe Production Management Programme, which is principally focused on the prevention of serious and fatal accidents, consists of two overarching themes, namely 1) “engineering out” of safety risks and, 2) to advance compliance by winning the hearts and minds of our people by reinforcing positive behaviour.

The safe production rules work hand-in-hand with the well-established stop, think, fix, verify and continue campaign, which has a significant impact on the safety behaviour and awareness of employees.

Following on its health and safety review commissioned in 2008 DuPont completed a follow-up review of all of the mines in the South Africa Region in April 2010. It confirmed that the various programmes have resulted in a greater maturity in our approach to safety and have served to entrench an improved safety mindset within the company. The review also identified a number of areas for further improvement and appropriate interventions are currently being implemented.

In support of the Safe Production Management Programme, a Seismic Task Team, comprising both internal and external experts, was established early in financial 2010 to study and advise Gold Fields on reducing the prevalence and impact of seismic-related incidents. The impact of the task team has been significant in that their recommendations have resulted in a reduction of 82 per cent in the number of seismic related fatalities, from 11 in financial 2009 to two in financial 2010.

During financial 2010 the implementation of the safe production rules at our international mines was complemented by a variety of region-specific safety interventions. DuPont will undertake follow-up health and safety reviews in the international regions during the next few months.

The OHSAS 18001 Safety Management System is a Group standard within Gold Fields as well as a certification requirement. With the achievement of certification by the Cerro Corona Mine during financial 2010, all mines in the Group are now OHSAS 18001 certified. During financial 2010 all of the other mines in the Group underwent external OHSAS 18001 compliance audits and maintained their certification.

While we have made significant progress in our overall safety performance over the past two years, we are fully aware that there remain a number of areas in which we still need to make a quantum shift. Foremost amongst these is the area of employee behaviour and adherence to safety standards and norms, specifically in the South Africa Region. Conventional wisdom is that seismicity and the deep level nature of the South African mines are the causes of the relatively high number of serious and fatal accidents. The reality, however, is that of the 18 fatal injuries recorded in our South African mines during financial 2010, only two can be attributed to seismicity. All of the remainder were preventable or so-called shop floor accidents resulting from risky behaviour, non-adherence to established safety protocols and standards, or inadequate supervision and leadership at different stages of the production process.

During the next 12 months we will continue to further entrench and improve our efforts across the full spectrum of safety interventions to achieve a further 25 per cent average improvement in all safety indicators in all our regions. Our main priority, however, will be to

strengthen the values of personal and collective safety amongst our employees, which is a fundamental prerequisite for the behavioural change required to eliminate preventable shop-floor accidents on our mines.

Greater details on the company's health, safety and well-being initiatives are contained in the review of operations on pages 34 to 63 and the sustainability report on pages 106 to 109.

Operational review

During financial 2010 Group attributable gold production increased by two per cent to 3.50 million ounces from 3.41 million ounces for the year ended June 2009.

In the financial 2009 annual report I indicated that the strategic focus for Gold Fields in financial 2010 would be to consolidate the operational gains made during the prior year, and to further "sweat" our existing assets. In this context, the three outstanding features of the year under review were, firstly, the successful consolidation and further advances in operational gains made in the West Africa, Australasia and South America Regions; secondly, the significant impact of safety related production interruptions on the performance of the three mature mines in the South Africa Region and the steps taken to ameliorate this during the second half of the year and; thirdly, the significant progress made with the South Deep project, which boosted its production by more than 52 per cent during the year.

All three of the international regions enjoyed a successful year, further increasing their combined managed production by 16 per cent from 1.65 million ounces in financial 2009 to 1.91 million ounces in financial 2010.

Group revenue increased by nine per cent (29 per cent in US dollar terms) from R29,087 million (US$3,228 million) to R31,565 million (US$4,164 million). The four per cent higher average rand gold price received at R264,468 per kilogram compares with R253,459 per kilogram achieved for the year ended June 2009. In US dollar terms the average gold price increased by 24 per cent from US$875 per ounce to US$1,085 per ounce and, in Australian dollar terms the price rose by four per cent from A$1,194 per ounce to A$1,236 per ounce. The rand strengthened from US$1 = R9.01 to US$1 = R7.58, or 16 per cent, while the rand/Australian dollar was similar at A$1 = R6.68.

Operating costs, including gold-in-process movements, increased from R17,624 million to R18,992 million, or eight per cent. In dollar terms operating costs were up by 28 per cent from US$1,956 million to US$2,506 million, mainly due to the strengthening of the Rand against the US dollar. The cost increase in rand terms was mainly due to higher electricity costs at the South African and Ghanaian operations and above inflation wage rises at the South African operations. Total cash cost for the Group was up by five per cent from R149,398 per kilogram (US$516 per ounce) to R157,360 per kilogram (US$646 per ounce) due to the above factors combined with lower production from the South Africa and Australasia Regions.

Operating profit was up by 10 per cent from R11,463 million (US$1,272 million) to R12,573 million (US$1,659 million), while profit before taxation and non-recurring items increased by 11 per cent year-on-year from R5,554 million (US$616 million) to R6,179 million (US$815 million).

The movement on non-recurring items year-on-year was positive R2.3 billion (US$278 million) and includes:

- A profit on the sale of our investment in Eldorado and Sino Gold of R1.2 billion (US$157 million) in financial 2010 compared with a net loss of R148 million (US$16 million) on the sale of Orezone Resources and IAMGold shares in financial 2009, and;
- A loss on the write down of our investment in Rusoro of R1,065 million (US$118 million) in financial 2009 compared to a loss of R197 million (US$26 million) in financial 2010.

After accounting for the above items and taxation, net earnings amounted to R3,631 million (US$479 million), compared with R1,536 million (US$171 million) for the year ended June 2009, an increase of 136 per cent.

Earnings, excluding non-recurring items, gains and losses on foreign exchange, financial instruments and losses of associates after taxation, amounted to R2,912 million (US$384 million) for the year ended June 2010 compared with R2,981 million (US$331 million) for financial 2009.

Following is a summary of the key operational indicators of each of our four regions. More details are contained in the Review of Operations on pages 34 to 63 of this annual report.

Message from the Chief Executive Officer continued

South Africa

South Africa Region

	F2010	F2009
Production (oz)	**1,933,000**	2,038,700
Total cash cost (US$/oz)	**740**	510
NCE (US$/oz)	**1,072**	734
NCE margin (%)	**1**	16
Capex (Rm)	**4,508**	3,643
Operating profit (Rm)	**4,695**	6,226
Operating margin (%)	**30**	39

Despite continuous improvements in their safety performances, production at the Driefontein and Kloof Gold Mines was severely impacted by a number of protracted mine-wide safety related closures imposed by the Department of Mineral Resources during the first half of the year. This led to a five per cent decline in gold production from the region, from 2.04 million ounces in financial 2009 to 1.93 million ounces during the year under review. The impact was particularly severe during the third quarter when the knock-on effects of the closures and the Christmas holiday resulted in a production low-point of 0.40 million ounces for the region.

The Driefontein Gold Mine's production decreased by 14 per cent from 0.83 million ounces to 0.71 million ounces due to a decrease in underground grades and volumes mined. At Kloof production dropped by 11 per cent from 0.64 million ounces to 0.57 million ounces. Beatrix Gold Mine's production was unchanged at 0.39 million ounces.

At South Deep, which is in a build-up phase to its full production target of between 750,000 and 800,000 ounces per annum by the end of 2014, gold production increased by 52 per cent from 0.17 million ounces to 0.26 million ounces. The capital development and infrastructure projects that support this build-up progressed broadly in line with plan and cost projections. We also started with the mission critical deepening of the ventilation shaft, which is scheduled for completion by the middle of the 2012 calendar year. Construction of the new tailings storage facility is approximately 50 per cent complete and the first tailings depositions are planned for May 2011.

To further improve our safety management systems and processes, and to mitigate the imposition of unplanned safety stoppages on operations in the South Africa Region, the Mining Inspectorate of the Department of Mineral Resources (DMR) was engaged in a series of workshops. One of the key objectives of these engagements was to form closer co-operation with the Inspectorate on safety issues as well as to discuss measures taken by both parties after an accident at our mines. It is pleasing to report that these interactions, supported by the ongoing improvement in our management of safety generally, ensured that we did not experience any extended, unplanned safety related mine closures during the second half of financial 2010. As a consequence we have seen a return to greater stability, consistency and predictability in the operational performance of the South Africa Region, with a 23 per cent improvement in production to 0.49 million ounces during the final quarter of the year. It is a strategic imperative that this trend be maintained during the next 12 months. The significant improvement in overall safety in the South Africa Region, in conjunction with the reduction of associated unplanned safety closures, should reflect in more consistent production from the region over the next four quarters.

Operating costs in the South Africa Region increased by 14 per cent from R9,840 million (US$1,092 million) for the year ended June 2009 to R11,204 million (US$1,478 million) for financial 2010. This was due to above inflation annual wage increases, the impact of an effective 35 per cent electricity tariff hike in June 2009 and the first of a three-year, 25 per cent per annum increase in electricity costs from April 2010. Costs of other input materials also increased.

West Africa

West Africa Region

	F2010	F2009
Production (oz)	**928,100**	812,800
Total cash cost (US$/oz)	**564**	555
NCE (US$/oz)	**750**	847
NCE margin (%)	**32**	4
Capex (Rm)	**1,352**	1,964
Operating profit (Rm)	**3,855**	2,367
Operating margin (%)	**50**	37

In the West Africa Region total managed gold production increased by 15 per cent from 0.81 million ounces for the year ended June 2009 to 0.93 million ounces for financial 2010. Production at the Tarkwa Gold Mine (71 per cent attributable) increased by 18 per cent to 0.72 million ounces mainly due to the commissioning of the

expanded Carbon in Leach (CIL) plant, which allowed increased throughput from a design capacity of 0.45 million tonnes per month to one million tonnes per month. Gold production from the Damang Gold Mine (71 per cent attributable) increased by five per cent to 0.21 million ounces. During the latter half of the year the installation and commissioning of the new secondary crusher was completed, which will allow the mine to process a greater percentage of harder but higher grade ore and raise production during financial 2011 to between 0.22 and 0.24 million ounces.

Operating costs, including gold-in-process movements, rose from US$450 million for financial 2009 to US$508 million for the year under review, mainly due to costs associated with higher production.

Australasia

Australasia Region

	F2010	F2009
Production (oz)	**586,300**	620,400
Total cash cost (US$/oz)	**662**	536
NCE (US$/oz)	**949**	693
NCE margin (%)	**13**	22
Capex (Rm)	**1,199**	897
Operating profit (Rm)	**1,918**	1,957
Operating margin (%)	**40**	40

Gold production decreased by five per cent from 0.62 million ounces in financial 2009 to 0.59 million ounces in financial 2010. At St Ives production declined by two per cent from 0.43 million ounces to 0.42 million ounces mainly due to less ore mined at the Belleisle underground mine. Production at the Agnew Gold Mine decreased by 11 per cent from 0.19 million ounces to 0.17 million ounces, mainly due to the depletion of Songvang stockpiles in financial 2009. Operating costs, including gold-in-process movements, dropped from A$448 million in financial 2009 to A$437 million in the year under review, mainly due to the buy-back of the Morgan Stanley royalty.

South America

South America Region

	F2010	F2009
Production (oz)	**393,600**	219,300
Total cash cost (US$/oz)	**348**	369
NCE (US$/oz)	**561**	926
NCE margin (%)	**47**	(10)
Capex (Rm)	**649**	1,052
Operating profit (Rm)	**2,105**	915
Operating margin (%)	**67**	55

The Cerro Corona Mine (81 per cent attributable) completed its build-up with gold equivalent production increasing by 77 per cent from 0.22 million gold equivalent ounces in financial 2009 to 0.39 million gold equivalent ounces in the year under review. Operating costs, including gold-in-process movements, rose from US$82 million to US$134 million due to the inclusion of Cerro Corona for the full year.

Greater details on the various operations are contained in the review of operations on pages 34 to 63.

Growth strategy

Gold Fields is on a rising production trend and our targeted production goal is five million ounces per year, either in production or in development, by 2015. The goal is for the South Africa Region to contribute at least two million ounces to that target, and for the international regions (South America, West Africa and Australasia) to contribute approximately one million attributable ounces per year each.

We have well formulated strategies in place to achieve our 2015 production goal through near-mine opportunities and organic growth derived from sweating our assets; bringing our large Mineral Resource and Mineral Reserve base to account; and through exploration success, leveraging off our existing production footprints in the West Africa, South America, Australasia and South Africa regions.

However, we do not pursue growth simply to add incremental ounces to our portfolio. Hence our philosophy that every incremental ounce should be better than the previous ounce in terms of all-in (NCE) costs and, equally important, should offer shareholders growth in ounces per share and enhanced returns on a per share basis.

Message from the Chief Executive Officer continued

Despite the slogan No Mergers & Acquisitions Heroics, we will consider attractive investment opportunities by pursuing an opportunistic strategy on acquisitions of producing or late stage development assets. However, we do believe that a continuing lack of quality gold discoveries in the industry has led to escalating competition for advanced exploration and production assets. This makes value accretive growth through mergers and acquisitions increasingly onerous and prone to dilution of existing shareholders. For this reason we believe that exploration success generally offers the most cost effective path to accretive and value-adding growth.

Our growth strategy is thus premised on creating our own high quality growth opportunities mainly through an aggressive focus on near-mine exploration at our existing assets and an equally aggressive greenfields exploration programme in the regions where we are based and in a limited number of other highly prospective ”new frontiers” around the world.

During financial 2010 Gold Fields spent US$152 million on exploration, which included US$81 million on greenfields exploration and US$71 million on near-mine exploration. The exploration budgets that have been set for the 12 months to end-June 2011 are again higher at US$100 million for greenfields and US$50 million for near-mine exploration, which reflects the improving quality of the projects in the portfolio.

Near-mine exploration

Over the past two years we have identified several significant opportunities to create value from our resource positions at existing mines, over and above our existing Mineral Resource and Mineral Reserve base.

During financial 2008 we discovered the highly prospective new Argo-Athena camp on the lease area of the St Ives Gold Mine in Western Australia, which has the potential to add around five million ounces of gold to the St Ives Mineral Reserve base, and to double the life of this mine from its current level of approximately six years to more than ten years. During financial 2010 we commenced the development of the Athena Project which has an inventory of more than one million ounces and is the first fully defined project within this new camp. The focus during the year under review was on completing the Athena portal and developing the decline to the ore zone, which was intersected on 13 May 2010. Initial production from Athena is scheduled to commence early in the fourth quarter of calendar 2010 and full production is expected to be reached in early 2011.

After completion of the Athena feasibility study, near-mine exploration shifted to the Hamlet discovery about one kilometer east of Athena, where we announced an Indicated and Inferred Mineral Resource of 1.03 million ounces of gold on 20 May 2010. Drilling to expand and upgrade the Mineral Resource base to support a feasibility study is under way and a construction decision is expected during the first quarter of calendar 2011.

Other near-mine opportunities in the Argo-Athena camp were discovered and tested with initial drilling to assess open-pit and underground mining opportunities. The intention over the next 12 months is to advance the exploration of at least two of these discoveries with infill and extensional drilling.

At the Agnew Gold Mine, also in Western Australia, significant progress was made towards the goal of increasing the life of this mine to between five and ten years. Drilling was focused on the underground extension and Mineral Reserve delineation of the Kim South deposit within the Waroonga Complex. Drill testing of the shallow Cinderella deposit, located a short distance from the Agnew processing plant, commenced late in financial 2010 and the intention is to assess the open pit mining potential of the deposit before the end of calendar 2010.

At the Damang Gold Mine in Ghana we increased the Mineral Reserve position to close to two million ounces, which represents a mine life of more than eight years at current production levels. Significant opportunities exist for further growth beyond the current drilling area. The emphasis has been on extensional drilling to the south of the main Damang mine and between some of the smaller surface mines. The objective over the next year is to advance the Greater Damang Super Pit project with additional infill drilling to support a feasibility study decision on an enlarged surface mining operation.

At the Cerro Corona Mine in Peru, a detailed design and feasibility study is under way for the installation of an oxide processing plant to treat 7.5 million tonnes of life-of-mine oxide ore, the bulk of which has already been stored on surface. Should the feasibility study prove positive and the required permits are obtained, construction of the plant will commence in 2011. Early indications are that the oxide stockpiles contain approximately 300,000 ounces of recoverable gold, which could be brought to account over a period of five years. Conversion of additional Mineral Resources into Mineral Reserves at Cerro Corona is another key strategic objective. During the next four quarters we will continue

to analyse alternatives to the current tailings storage capacity constraints and to develop an infill drilling programme.

Greenfields exploration

Gold Fields' greenfields exploration portfolio has matured significantly during financial 2010. We now have a highly prospective pipeline of projects around the world which includes four in the advanced drilling stage. In line with our strategy to grow our international production base by leveraging off our existing footprints in West Africa, South America, and Australasia, our exploration activity is focused largely in these regions.

Good progress was made on the four advanced stage projects and we expect to be in a position to make construction decisions on at least two of these projects, the Chucapaca joint venture project in Peru and the Yanfolila project in Mali, within the next three years.

In May 2010 Gold Fields and its joint venture partner Compania de Minas Buenaventura S.A., ("BVN") announced an Inferred Mineral Resource estimate of 5.6 million gold-equivalent ounces at the Chucapaca project in Peru. In June 2010 the decision was made to advance the project towards pre-feasibility and the next phase of drilling commenced in July 2010.

At the Yanfolila project in Mali, Gold Fields has consolidated a large land position after acquiring Glencar Mining plc in August 2009. Yanfolila includes the Komana, Solona and Sankarani (formerly a joint venture with Gold Fields) projects in the Yanfolila Belt in south-western Mali. Since November 2009 Gold Fields has completed over 100,000 meters of drilling. The initial aim is to drill out a targeted two million ounce deposit within a 30 kilometer radius of the Komana area and reach a construction decision on a "starter project" with three years.

At the Talas joint venture project in Kyrgyzstan, Gold Fields completed its earn-in during February 2010 and now holds a 60 per cent interest in the project with joint venture partner Orsu Metals Corporation holding the remaining 40 per cent. Gold Fields completed a 22,013 meter drilling programme on the Taldybulak deposit at Talas and defined an Indicated and Inferred Mineral Resource estimate of 11.71 million gold-equivalent ounces.

Exploration work at Chucapaca

Message from the Chief Executive Officer continued

Field work was stopped in April 2010 as a result of the political events in Kyrgyzstan. Work will remain suspended until political stability has returned following the successful installation of a new government. In the interim, metallurgical optimisation studies are proceeding to investigate the possibility of increasing recoveries and extracting metals from the oxidised ores.

At the Arctic Platinum project in Finland, Gold Fields has been investigating the use of various on-site hydrometallurgical processing options, instead of off-site smelting, to recover copper, nickel, gold and platinum group elements (platinum, palladium, and rhodium) from the flotation concentrates. The preliminary test work returned positive results and further engineering work was conducted to provide initial operating and capital cost estimates. Planning is under way to process a metallurgical sample through a pilot plant facility during the second half of 2011. Should these efforts deliver positive results Gold Fields will conduct a feasibility study for completion during the second half of 2012.

Objectives for 12 months to end-June 2011

Our strategic exploration objectives are the following:

1. Complete a pre-feasibility study on the Chucapaca project by early calendar 2011 and to declare an Indicated Mineral Resource.
2. Move closer to establishing a two million ounce Mineral Reserve at the Yanfolila project in Mali.
3. Continue the aggressive near-mine exploration programmes at the St Ives, Agnew and Damang Gold Mines to further grow their life-of-mine Mineral Reserves.
4. Complete a feasibility study on the Hamlet deposit at St Ives Gold Mine and commence construction of the project.
5. Find one additional ore source at the Agnew Gold Mine.
6. Add another advanced stage exploration project to our greenfields portfolio.

All of the above projects are described in greater detail in the exploration section on pages 64 to 69.

Sustainable development

The fact that sustainability was introduced as a specific element in our new vision statement, to be the global leader in sustainable gold mining, reflects the importance with which this subject is viewed by Gold Fields. We view sustainable development as a balance between the optimal financial and operational performance of the Group; maintaining of world-class environmental management standards; and contributing meaningfully to socio-economic benefits for the communities in which we operate.

Gold Fields continues to be an active member of the International Council on Metals and Minerals (ICMM) and is a signatory to the United Nations Global Compact. All mines in the Group, as well as the exploration division, have ISO 14001 certified environmental management systems in place and have retained their certifications after undergoing compliance audits during financial 2010.

During financial 2010 Gold Fields also became the first mining house to achieve full Cyanide Code accreditation for its operations. The OHSAS 18001 Safety Management System is a company standard and certification a Group requirement. With Cerro Corona being OHSAS 18001 certified and all the other mines successfully undergoing independent audits verifying their compliance during financial 2010, all mines in the company are now certified.

During the year under review the Gold Fields Sustainable Development Framework was improved and a wide range of projects undertaken at our mines to further enhance their sustainability. These are described in more detail in the sustainable development section of this report. A comprehensive review of environmental compliance was conducted in the South Africa, Australasia and West Africa regions and action plans formulated and implemented to address weaknesses.

Carbon and energy

Addressing energy management is a key deliverable throughout the Group. Rising energy costs and growing concerns about the effect of climate change have elevated the importance of energy efficiency and carbon management on the global agenda. Against this backdrop Gold Fields has been actively aligning the company to a carbon-constrained economy. Our intention is to make low-carbon behaviour and energy efficiency the norm within the company. Therefore existing policies and strategies are being reviewed to move the Group closer to the attainment of these goals. (See chapter on Energy and Carbon Management on pages 114 to 117.)

Integral to this strategy is energy efficiency amid ever-rising energy costs. Specifically in the South Africa Region the target is to deliver an additional five per cent reduction in electricity consumption in each of calendar 2011 and 2012, to offset the 25 per cent per year escalation in electricity costs over the next three years. Similar levels of savings in electricity consumption were achieved in South Africa during financial 2009 and 2010.

Given the high electricity cost increases mooted by the Public Utilities Regulatory Commission (PURC) in Ghana, similar levels of electricity savings will be pursued by our Ghanaian operations.

In line with this new approach to carbon management, Gold Fields has launched a number of initiatives to reduce the greenhouse gases emitted by our operations. In May 2010 we took a significant step on this path by becoming the world's first gold mining company to sell Certified Emissions Reductions (CERs), the financial securities used to trade carbon emissions. Gold Fields will derive the CERs from the capture of methane gas at the Beatrix Gold Mine in South Africa's Free State province. The company will sell 1,700,000 CERs to European energy trading company Mercuria Energy Trading SA under forward contracts which will run until 2016. The Gold Fields/Mercuria CER transaction was recognised by London-based Energy Risk magazine as the "Deal of the Year" for 2010.

For a case study on this project turn to page 116 of the sustainability report.

Stakeholder relationship management

A central pillar of the Gold Fields Sustainable Development Framework is the proactive engagement with and management of the relationships with all stakeholders who have an influence over the affairs of the company or who are impacted by its activities. These include in particular the relationships with our employees and their representative organisations and unions; local, regional and national governments; and the host communities in which we operate or that are affected by our operations.

While we have achieved significant progress in this respect during financial 2010 and all our mines have implemented the ASA 1000 Stakeholder Engagement Standard, a higher level of engagement has become essential to underpin the sustainability of our operations.

This has become evident over the past few years with governments, communities, non-governmental organisations and trade unions in all our jurisdictions seeking and, in some cases, implementing greater cost imposts on the mining industry. The most visible example of this during the past year was the hitherto unsuccessful attempt by the Australian government to impose a 40 per cent super tax on the mining industry. Of great concern, however, is that similar trends are evident in the cost of electricity and other levies imposed by governments in many of the countries in which we operate. There is a very real risk that such additional punitive imposts on mining projects will raise input costs to unsustainable levels, which would have negative consequences for the projects and, by implication, for the affected countries. In the near future Gold Fields will – directly and through various industry forums – escalate its engagement with stakeholders to achieve greater appreciation for the impact these often ill considered demands are having on the sector.

An analysis of Gold Fields' economic impact can be found in the sustainability report on pages 98 and 99.

Black Economic Empowerment

In the South African environment, Black Economic Empowerment (BEE) and transformation in terms of the requirements of the Mineral and Petroleum Resources Development Act of 2002, and the associated Mining Charter, remains a key business imperative and sustainability issue.

During May 2010 the South African Department of Mineral Resources approved the conversion of the South Deep old-order mining rights into a new-order mining right. Included in this approval was an additional portion of ground known as Uncle Harry's, which is contiguous to South Deep. The cumulative effect of this approval, together with the previous conversions for the Driefontein, Kloof and Beatrix Gold Mines granted in January 2007, is that all of Gold Fields' South African mines have now received their new-order mining rights.

In addition, we have developed three further empowerment transactions which, when concluded by the end of the 2010 calendar year, will ensure that we have met our 2014 BEE equity ownership targets. These transactions include an Employee Share Option Plan for 10.75 per cent of GFIMSA; a broad-based BEE transaction for ten per cent of South Deep; and a broad-based BEE transaction for a further one per cent of GFIMSA, excluding South Deep. The three transactions have a combined value of approximately R2.4 billion and are expected to dilute existing shareholders by between two and three per cent.

These transactions represent not only a significant milestone for Gold Fields in terms of our compliance with the BEE objectives of the Mining Charter, but are a reflection of the spirit and intent with which we have embraced transformation as an imperative for our company, our industry and our country. Our philosophy is to advance the sustainability of our business by engaging the

Message from the Chief Executive Officer continued

transformation process substantively, as opposed to following a "tick the box" approach.

As such Gold Fields has been an active participant, through the Chamber of Mines, in the Mining Industry Growth, Development and Employment Task Team (MIGDETT), through which the Department of Mineral Resources (DMR), business and the trade unions are seeking to promote sustainable growth and meaningful transformation of the mining sector. The parties in MIGDETT on 30 June 2010 signed a stakeholder declaration that committed them to achieving a wide range of objectives and targets by 2014 which, once finalised, will be incorporated into an updated Mining Charter.

Gold Fields subscribes to the declaration and is investing funds and resources towards achieving all the commitments spelt out in the declaration, which range from BEE equity ownership to human resource development. Where the company may struggle to achieve some of the targets it will timeously engage with the DMR to seek a mutually acceptable solution.

Having said that, we are showing good progress in transforming Gold Fields into a company that is starting to reflect the demographics of the wider population and one which supports local economic development and preferential procurement. Already we are close to executing the deals that will meet our 2014 BEE equity ownership targets, as outlined on the previous page.

Human resources

Gold Fields' 57,000 employees and contractors are the most critical stakeholders in the company's effort to become the global leader in sustainable gold mining. If we are to achieve the ambitious production goals we have set ourselves – namely to have five million ounces of gold a year either in development or in production by 2015 – we need to have a well informed, appropriately skilled, motivated, productive and healthy workforce.

One of the key challenges that we face across all our operations is the availability of sufficient appropriately skilled and qualified people. Global shortages in technical, engineering and mineral resources skills remain a challenge. For that reason our key priority area for financial 2010 was the development of strategies to address the risk of skills flight and programmes to attract, develop and retain the best skills available.

The adoption of a more competitive remuneration philosophy for the Group is critical in this regard. Our aim is to provide all employees with guaranteed remuneration at the median, and with total remuneration approaching the top quartile. We aim to foster a culture of outstanding rewards for outstanding achievements and, accordingly, high achievers have the opportunity to earn significantly above these levels. This new remuneration philosophy is being rolled-out across the Group.

We have always put a strong emphasis on training our staff and during financial 2010 we invested over R260 million in internal training and skills development initiatives. The accredited Gold Fields Business and Leadership Academy continues to play a vital role in developing the skills required by the company and during the year almost 10,000 employees completed courses at the Academy.

Equally important is that we have a steady supply of new entrants into the company. In financial 2010 Gold Fields awarded 112 university bursaries, 378 technical learnerships and 40 post-graduate assignments. To further strengthen the skills pipeline we also announced a further R28 million investment in skills development in South Africa through a three-year sponsorship of the mining faculties of the University of the Witwatersrand and the University of Johannesburg. In other countries too, Gold Fields is developing closer relationships with tertiary institutions. In Ghana we have a close association with the Takoradi Technical Institute (TTI) in Tarkwa while in Peru our existing relationships with the University of Piura and DBM Perú will soon be augmented by associations with three other universities.

During financial 2010 the regional organisational structures were largely bedded down. Over the next few months the focus will be on optimising these structures and, in particular, ensuring that the operational, financial and human resource structures are optimally staffed and resourced. Focused and region-specific talent management, mentorship and leadership programmes are part of this strategy, as is the mobility of talented people to move between regions as well as between the corporate and regional level at Gold Fields.

An overriding motive though is to nurture and develop domestic talent in each of the countries in which we operate. Transformation and the creation of a diverse and demographically representative workforce is an important sustainability issue. As such the company

strongly supports legislation and guidelines that promote equal opportunity and demographic representation of the workforce. In South Africa, in particular, we are making good strides in complying with Black Economic Empowerment guidelines and regulations.

All these initiatives outlined are focused on protecting and nurturing our human and intellectual capital and developing the leadership at Gold Fields required to achieve our vision of being the global leader in sustainable gold mining. But we also recognise that achievement of this vision will only be possible if we elevate our human resource management practices to a new level of sustainability. Furthermore it means extending our responsibility towards our staff beyond the average eight hours they spend at the workplace to the other 16 hours of the day as well. For this reason we spent the 2010 financial year entrenching our 24 Hours in the Life of a Gold Fields Employee programme, which was launched early last year in the South Africa Region and rolled out to the international regions during the year under review.

Over the next 12 months we will build further on the progress made in all areas of our human resources strategy and specifically focus on the following interventions:

- Intensify our efforts to retain and attract the best quality people to our company;
- Foster a culture of outstanding rewards for outstanding achievements by further entrenching our new remuneration philosophy across the Group;
- Develop an employee value proposition and employee branding strategy with a suite of supporting strategies to encapsulate the benefits accruing to Gold Fields employees. These will be implemented over the next 12 months;
- Implement a work-life balance programme across all levels of the company; and
- Refine our approach to education and training to enable our employees to develop a clear and meaningful career path.

The company's human resources activities are explained in more detail in the sustainability report on pages 98 to 103.

Share price

Based on Bloomberg data the Gold Fields share price opened financial 2010 at R96.74 (US$12.54) per share and closed the year at R103.80 (US$13.37), an increase of seven per cent during the year, which broadly reflects the upward movement in the gold market.

Early in the year the price reached a low of R90.51 (US$10.99) on 9 July 2009, where after the share price again performed strongly through to 3 December 2009, when it reached a high for the year of R114.74 (US$15.82). The price then started a decline in sympathy with the broader gold market, until it bottomed out again at R83.30 (US$11.00) per share in early February 2010. The average share price for the year was R99.24 (US$13.06).

While the decline early in calendar 2010 can be ascribed to the general softness in all gold equities, South African equities, including Gold Fields, continued to underperform their international peers. Gold Fields' share price performance since January 2010 can also be ascribed to the decline in output during the third quarter, resulting from the production interruptions in the South Africa Region late in quarter two, compounded by the extended Christmas break.

Change of year-end to December

To be consistent with industry practice, Gold Fields has decided to change its year-end from June to December, with effect from December 2010. As a result of this an abridged annual report and set of accounts will be produced for the six months to December. The production of the Annual Mineral Resources and Mineral Reserves Declaration will be delayed to coincide with the new year-end. Included in this annual report, however, is a Mineral Resources and Mineral Reserves Report to June 2010, which incorporates material changes to that date.

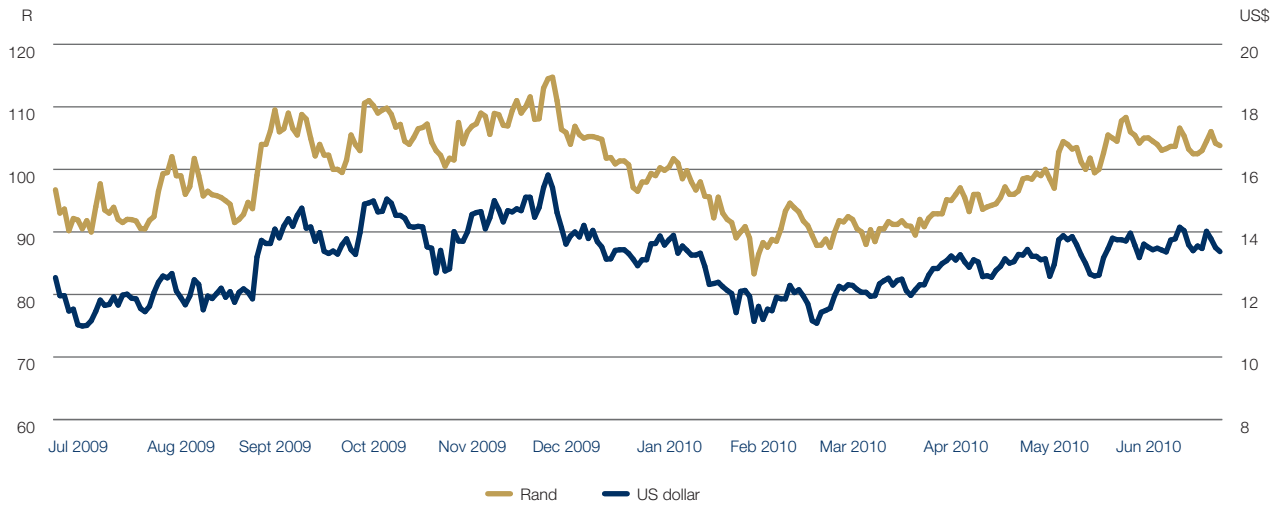
The gold market

Throughout financial 2010 gold consolidated its position as an important "new" asset class, offering investors relative security at a time when many other asset classes were under significant pressure. During the year gold extended its 10-year bull run by again establishing an all-time high price at US$1,265 per ounce. Given the ever-present threat of financial and economic volatility, combined with the well documented constraints in new mine supply globally, the positive outlook for gold is unlikely to change in the foreseeable future.

As I mentioned last year, one of the most significant underpins to the gold price is the real all-in cost (NCE) of producing an ounce of gold. Last year we estimated that to be between US$700 to US$800 per ounce globally. We believe that, on the back of cost pressures that started to emerge again, this range rose to more than US$900 per ounce during financial 2010, with further

Message from the Chief Executive Officer continued

Gold Fields share price in Rand/US$



increases expected over the next 12 months. This should provide a natural long-term floor for the price of gold. While from time to time gold is expected to test this level on the downside, it has real potential to move above that level over the longer term.

Executive changes

The Gold Fields executive team was strengthened during the year under review.

Paul Schmidt was appointed as Financial Director on 6 November 2009. Prior to this he was acting Chief Financial Officer from 1 May 2008 and Financial Controller from 1 April 2003. Mr Schmidt has more than 14 years' experience in the mining industry.

Ben Zikmundovsky joined Gold Fields on 1 August 2009 as Executive Vice-President and Head of International Capital Projects and Technical Services. He is also a member of the Group Executive Committee. Mr Zikmundovsky has over 30 years' experience in the mining, mineral processing, construction and equipment industries worldwide. This is a new position created to take responsibility for project development in our international portfolio, as well as the international technical group. This role is essential to support the new regional structure, as well as the large number of growth projects in progress or in the pipeline at our three international regions.

In December 2009 Glen Baldwin resigned as the Executive Vice-President for the Australasia Region. He was replaced by Richard Weston, who joined the company on 1 June 2010. Mr Weston was formerly senior Vice-President, Operations, for Coeur d'Alene Mines, a gold and silver mining company. In June 2010 Italia Boninelli resigned as Head of Human Resources for the Group. I thank both Mr Baldwin and Ms Boninelli for their outstanding service to Gold Fields and welcome Mr Zikmundovsky and Mr Weston to the Group.

Retirement of Alan Wright as Chair

On 31 May 2010 we announced that Alan Wright intended to retire as Chair and director of Gold Fields with effect from the next annual general meeting on 2 November 2010, and that he will be replaced as Chair by prominent businesswoman and political and social activist, Dr Mamphela Ramphele.

Mr Wright's departure in November will bring to an end a long and distinguished career at Gold Fields, which he joined in 1969. As Chief Executive Officer of Gold Fields of South Africa, an antecedent company to Gold Fields Limited, he was instrumental in the formation of Gold Fields in its current form in 1997. He was Deputy Chair of Gold Fields from 1997 until he took over as Chair in 2005. During his time in the Chair he has successfully guided Gold Fields through some of the most challenging years in

the industry and he has overseen the expansion of the company from its South African base to the globally diversified company that it is today. He has also guided us successfully through a period of significant socio-political transformation, which is further underscored by his retirement and replacement by Dr Ramphele as Chair. His wealth of experience as well as commitment to the company will be missed by all employees. On a personal level, he has been my mentor and I will miss his guidance in the exciting years ahead.

Dr Ramphele joined the Board as non-executive director and Deputy Chair on 1 July 2010 and takes over as Chair at the annual general meeting in November. Dr Ramphele, a former executive of the World Bank and Vice-Chancellor of the University of Cape Town, is a director of Remgro, Anglo American, Medi-Clinic and social entrepreneurial company Letsema Circle.

In Dr Ramphele we have found the ideal person to take over from Mr Wright and, as we advance on our path to being the world's leading sustainable gold producer, I can think of few better candidates than Dr Ramphele to lead us there.

Operational guidance

Over the 12 months to 30 June 2011 Gold Fields plans to produce between 3.5 and 3.8 million attributable equivalent ounces of gold. Total cash costs are estimated at between US$650 per ounce and (R157,000 per kilogram) and US$690 per ounce (R166,000 per kilogram). Notional Cash Expenditure (NCE) per ounce/kilogram, defined as operating costs plus capital expenditure divided by gold production, is estimated between US$925 per ounce (R223,000 per kilogram) and US$975 per ounce (R235,000 per kilogram). This estimate is based on an exchange rate of R7.50:US$1.00 and US$1.00/A$0.88. This guidance is subject to the forward looking statements published on the inside flap of this report. This estimated financial information has not been reviewed and reported on by Gold Fields' auditors in accordance with section 8.40 (a) of the Listings Requirements of the JSE Limited.

Dividend

During financial 2010 Gold Fields continued to apply its policy of paying 50 per cent of its earnings in dividends, after taking account of investment opportunities and growth capital, and in so doing maintained its position as one of the highest dividend payers in the industry. Notwithstanding the difficulties in financial markets, and a commitment to various growth initiatives, an interim dividend of R0.50 per share was declared on 4 February 2010 and paid on 1 March 2010 and a final dividend of R0.70 per share was declared on 7 August 2010 and paid on 30 August 2010.

Conclusion

Financial 2010 was a year of extraordinary challenges, but also a year of extraordinary responses by the people of Gold Fields all over the world. The measure of the spirit and commitment of our people is evident in the manner in which they have responded to the many and varied challenges that came their way. I would like to thank the entire Gold Fields team for their ongoing commitment and the dedication with which they approach the task at hand every day. Without their support none of the achievements described in this annual report would have been possible.

Finally, I would like to express my deepest appreciation to our Chair and the Board of Directors for their ongoing support and the strategic guidance which they gave the executive team and me during the past year.

The next 12 months will undoubtedly bring its own challenges, but together we will continue steadfast on the road towards building Gold Fields to be the global leader in sustainable gold mining. With the support of every member of the team in corporate office, in the regions, and every Gold Fields employee all over the world, I know that our vision of being the global leader in sustainable gold mining is attainable.

NJ Holland
Chief Executive Officer

Board of Directors

Executive directors

1. Nicholas J Holland (51)
Chief Executive Officer
BCom, BAcc, University of the Witwatersrand; CA(SA)

Mr Holland has been an executive director of Gold Fields since 14 April 1998 and became Chief Executive Officer on 1 May 2008. Prior to that he was the company's Chief Financial Officer. Mr Holland has 29 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.

2. Paul A Schmidt (43)
Chief Financial Officer
BCom, University of the Witwatersrand; BCompt (Hons), Unisa; CA(SA)

Mr Schmidt was appointed Chief Financial Officer on 1 January 2009 and joined the Board on 6 November 2009. Prior to this he was acting Chief Financial Officer from 1 May 2008 and Financial Controller from 1 April 2003. He has more than 14 years' experience in the mining industry.

Independent non-executive directors

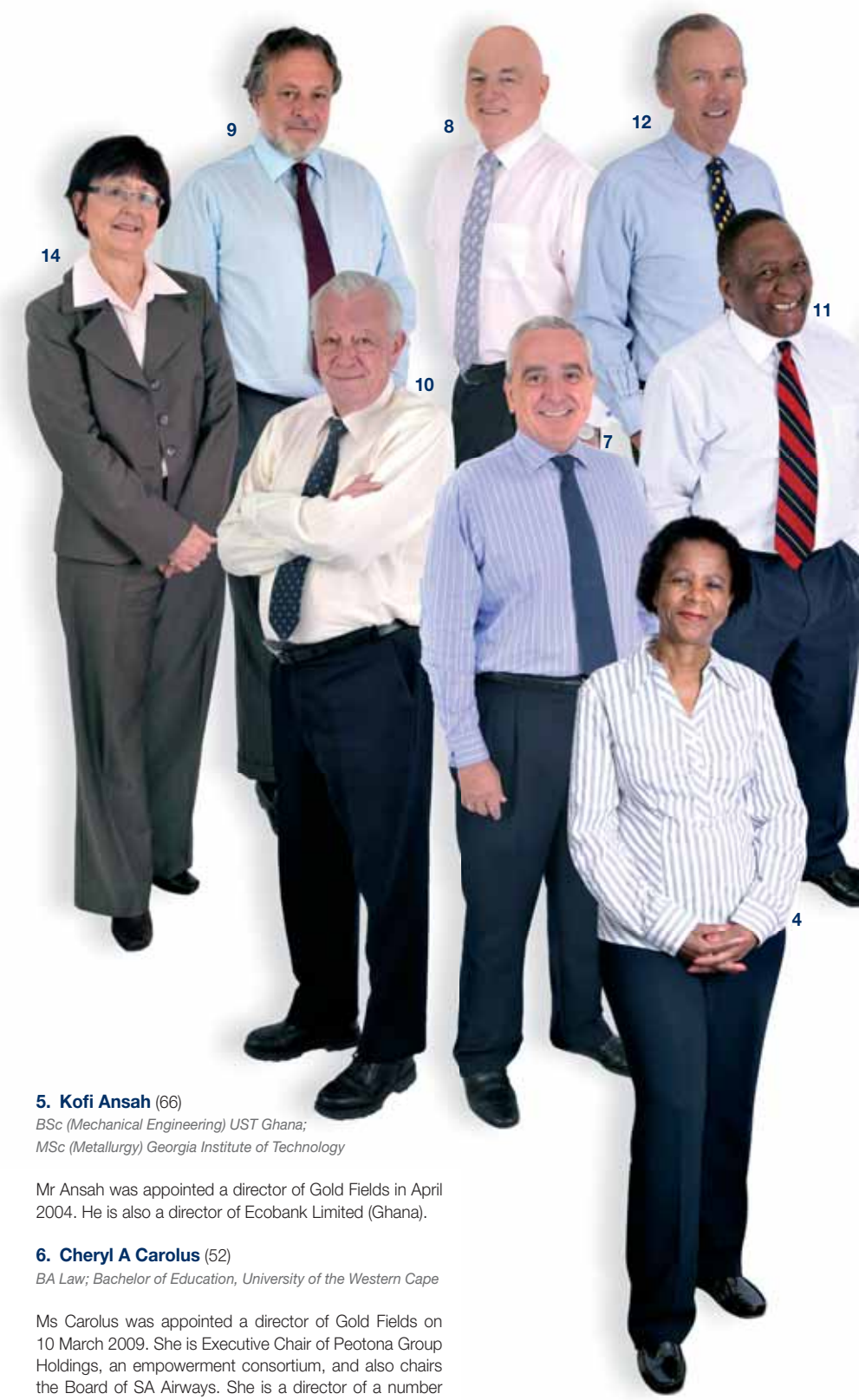
3. Alan J Wright (69)
Chair
CA(SA)

Mr Wright was appointed the non-executive Chair of the Board on 17 November 2005 after serving as Deputy Chair since 1997. Mr Wright has worked for Gold Fields for over 40 years and was the Chief Executive Officer of Gold Fields of South Africa from 1995 to 1998. Mr Wright holds no other directorships.

4. Dr Mamphela Ramphele (62)
Deputy Chair
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 will be 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. 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.

Dr Ramphele served as Co-Chair on the Global Commission for International Migration (GCIM) between 2004 and 2005. Prior to joining the bank, she 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.



5. 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).

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

7. Roberto Dañino (59)

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 USA, he serves on various corporate and non-profit boards in Peru, Canada, the United Kingdom and the USA, including Gold Fields La Cima in Peru. Mr Dañino has practised for over 30 years as a partner of leading law firms in Lima and Washington DC and has extensive experience throughout Latin America. He is a graduate of Harvard Law School and the Pontificia Universidad Catolica del Peru. Mr Dañino 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).

8. Alan R Hill (67)

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

Mr Hill joined the Board on 21 August 2009. Until recently he served on the board of two mining companies, Gabriel Resources and Alamos Gold, of which he was Chair. 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.

9. Richard P Menell (55)

BA (Hons), 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 as President of the Chamber of Mines of South Africa, President and Chief Executive Officer of Teal Exploration and Mining as well as Chair of Anglovaal Mining and Avgold. He is a director of Standard Bank Group amongst various other companies and non-profit organisations.

10. David N Murray (65)

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.

11. Donald MJ Ncube (63)

BA Economics and Political Science, Fort Hare University; Postgraduate Diploma in Labour Relation, 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 executive director of Cincinnati Mining, Chair of Rare Holdings and Badimo Gas and serves on the boards of various other companies.

12. Rupert L Pennant-Rea (62)

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 Group 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.

13. Chris I von Christierson (62)

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.

14. Gayle M Wilson (65)

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 Committee

Executive officers

1. Nicholas J Holland (51)
The profile and photo of this executive appear on page 30 of this report.

2. Paul A Schmidt (43)
The profile and photo of this executive appear on page 30 of this report.

3. 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.

4. Wimpie du Toit (52)
Acting Senior Vice-President: Human Resources
B.Com, Personnel Management, University of Pretoria

Mr du Toit was appointed Head of International Human Resources in November 2008. Prior to this appointment he was Head of Human Resources for the South African Operations from January 2006 and Senior Manager, Human Resources, at Driefontein Gold Mine from 2002. He has been with the Gold Fields Group for 28 years.

5. Cain Farrel (60)
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.

6. Michael D Fleischer (49)
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.

7. Jan W Jacobsz (49)
Senior Vice-President: Head of Investor Relations and Corporate Affairs
BA, University of Johannesburg

Mr Jacobsz was appointed Senior Vice-President, Investor Relations and Corporate Affairs, in 2007. 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.

8. Juan L Kruger (40)
Executive Vice-President: Head of 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 0perations to start the Cerro Corona mine.

9. Tommy D McKeith (46)
Executive Vice-President: Head of 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 17 years before then, the last two – from August 2004 until January 2006 – as Vice-President of Business Development at Gold Fields.

10. Vishnu Pillay (53)
Executive Vice-President: Head of South Africa Region

BSc, MSc at Maharaja Sayajirao University of Baroda, Gujarat, India

Mr Pillay was appointed Executive Vice-President, South Africa Region, from 1 May 2008. He was previously Vice-President and Head of Operations at Driefontein from 2006 and prior to that Senior Consultant, Mineral Resources and Mine Planning. His 25 years at Gold Fields was only interrupted by a brief period with CSIR where he was the Director of CSIR Mining Technology and Group Executive for Institutional Planning and Operations.

11. 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.

12. Richard M Weston (58)
Executive Vice-President: Australasia Region

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.

13. Ben Zikmundovsky (60)
Executive Vice-President: Head of International Capital Projects and International Technical Services

Bachelor of Science, Mechanical Engineering; 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.

South Africa

Improving safety and continually upgrading infrastructure

Vishnu Pillay
Executive Vice-President: South Africa Region

Production outlook for the 12 months to end-June 2011

During financial 2010 the South Africa Region produced 60,124 kilograms of gold (1.9 million ounces) at total cash costs of R180,392 per kilogram (US$740 per ounce) and an NCE of R261,323 per kilogram (US$1,072 per ounce).

The objective for the 12 months to June 2011 is to produce between 2.0 and 2.2 million ounces of gold at cash costs of between R191,000 per kilogram (US$790 per ounce) and R177,000 per kilogram (US$735 per ounce) and an NCE of between R263,300 per kilogram (US$1,090 per ounce) and 246,000 per kilogram (US$1,020 per ounce).

Consistency in safe production will be underpinned by the following strategic interventions:

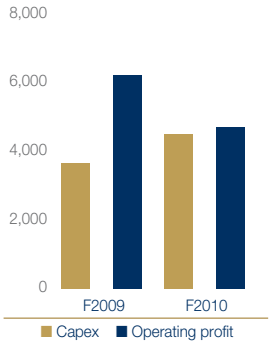
- A further 25 per cent improvement in key health and safety statistics and a reduction in the number of unplanned safety-related mine stoppages or closures;
- Increased ore reserve development rates to improve mining flexibility, especially at the long-life shafts at Driefontein, Kloof and Beatrix;
- Implementation of a mining quality framework to improve the mine call factor, reduce dilution and leverage the mill head grade at Driefontein, Kloof and Beatrix, through a focus on volume, value, quality and old gold (VVQoG);
- An improvement in engineering efficiency, equipment utilisation and planned maintenance across all mines in the region;
- A comprehensive business process re-engineering programme aimed at realising maximum operational potential in conjunction with optimising both direct shaft costs and off-site overheads to deliver planned gold output at an overall notional cash expenditure margin of 20 per cent on a sustainable basis;
- A defined plan at Driefontein, Kloof and Beatrix to stockpile underground reef tonnes on surface to ameliorate business interruptions and holiday breaks at Christmas and Easter;
- Maintaining the momentum in production build-up, capital development and infrastructure installation at the South Deep project;
- A strong focus on performance management, skills development and competency training; and
- Continued focus on productivity improvements, technology and mechanisation implementation and the effective management of energy and utilities consumption into the future.

Introduction

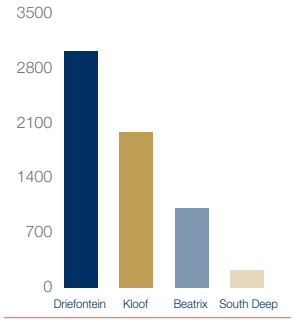
The South Africa Region of Gold Fields is the bedrock on which the company is built. With Mineral Resources of 230 million ounces (inclusive of WWTTP and Uncle Harry's) and a total Mineral Reserves of some 62 million ounces, of which more than 40 million ounces are within reach of existing infrastructure, Gold Fields holds the dominant position in the famous Witwatersrand Basin, the most prolific gold-producing region in the world. The Witwatersrand Basin is home to Gold Fields' famous and mature Driefontein, Kloof, Beatrix Gold Mines, as well the developing South Deep project. These mines remain a key contributor to Gold Fields delivering on its *vision of being the global leader in sustainable gold mining.*

Central to the strategy of Gold Fields is an acknowledgement that production stability in the South Africa Region is a fundamental

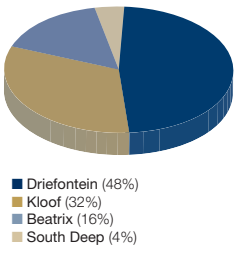
Capex and operating profit
(R million)



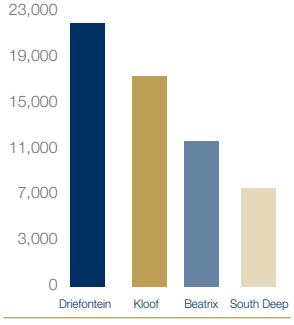
F2010 operating profit by mine
(R million)



F2010 operating profit contribution
(%)



F2010 gold production by mine
(kg)



Review of operations – South Africa Region continued

requirement for Gold Fields to achieve its overall target, which is to have five million ounces, either in production or in development, by 2015. In support of this target, the South Africa Region is expected to produce at least two million ounces of gold per annum sustainably over the medium to long term. However, with the build-up of South Deep project to full production of between 750,000 to 800,000 ounces by the end of 2014, production from the South Africa Region could be considerably higher than two million ounces per annum.

Since financial 2008, Gold Fields has embarked on a large number of strategic interventions to restore the integrity of the production machine in the region, and to stem the tide of declining production which has emerged over the past decade. Significant progress has been made in addressing a wide range of issues germane to the underperformance of the region over this period and, while much remains to be done, a healthy foundation has been created for the South Africa Region to return to greater stability, predictability and consistency in production, and for the region to continue to play an important part in the Gold Fields portfolio of assets for many years to come. These interventions are discussed in more detail below.

The first and most important strategic intervention over the past two years, to restore the production machine has been in the area of safe production. During financial 2010 the region recorded the second record safety year in succession, with improvements recorded against all indicators. Most significantly, the Fatal Injury Frequency Rate showed a 19 per cent improvement from 0.16 per million man hours worked in financial 2009 to 0.13 in financial 2010. This follows on a record 50 per cent improvement achieved during financial 2009. The Serious Injury Frequency Rate improved from 3.22 per million man- hours worked in financial 2009 to 2.81 in financial 2010, which represents an eight per cent improvement. The Lost-Time Injury Frequency rate improved from 5.38 per million man-hours worked in financial 2009 to 4.91 in financial 2010.

People centricity continues to be the key to value addition of the organisation and is vital to enabling the region to deliver to its potential. This represents the most fundamental aspect of the management and leadership of our business and over the next 12 months an increased focus is planned on our people through, in particular, the further improvement of the *24 Hours in the life of a Gold Fields employee* programme. There will be a renewed focus on skills development and competence building at all levels; health and well-being; and the attraction and retention of quality people.

The South Africa Region is fully committed to the Group's number one value *if we cannot mine safely, we will not mine*, and during the year significant progress was made to entrench this as the defining value of our production culture. We deeply regret the 18 fatalities that we had during the year and we view each one of these as a fundamental failure of our safety efforts, which has to be corrected. Despite these tragic events, the leadership and management of the region remains committed to its quest for zero harm and maintaining a safe and healthy working environment for all employees. Our unambiguous commitment and goal is the total elimination of all serious and fatal accidents on our mines. Our conscious and carefully planned efforts towards this goal will continue during over the next 12 months and our objective is to achieve a further 25 per cent improvement against all safety indicators in the region.

Our signature interventions during the year under review were the further institutionalisation of the *Safe Production Rules*, the *Safe Production Management Programme*, and the *stop, think, fix, verify and continue* campaign. We also completed the first follow-up review of our entire safety management system by DuPont. The results of this review were particularly encouraging in that it confirmed that the new safety culture in the region had achieved significant traction since the first review conducted by DuPont in financial 2009.

To ensure the sustainability of our safety interventions and to ensure that we achieve the 2013 mine health and safety milestones set by the Department of Mineral Resources (DMR), we introduced two overarching strategic thrusts during the year. The first is a plan to engineer out risk and the second a programme to ensure compliance.

Engineering integrity is a fundamental requirement for safe production in South Africa's deep-level mines. The programme of infrastructure rehabilitation across all mines in the region continued during the year with the principal projects being the replacement of the water pump column in the Kloof main shaft, the elimination of the secondary support backlog at the Kloof and Driefontein Gold Mines and the introduction of a new planned maintenance system in the region.

- Good progress was made with the installation of the new water pump column at the Kloof main shaft and completion is scheduled, as originally planned, by December 2010.
- The secondary support backlog at all mines in the region has now been eliminated.
- After the implementation of updated ground support protocols in all mines, dedicated support crews now consistently maintain secondary support within 120 meters of current development faces.
- The enhanced maintenance system introduced during financial 2009 was a prime focus during the year and revised protocols are now in place to facilitate rapid management of all planned maintenance issues.

Transformation remains a key objective in the South Africa Region. During the latter part of financial 2010 a significant step forward was taken when the Department of Mineral Resources approved and executed the conversion of the South Deep old-order mining right into new-order mining right. All four mines in the South Africa Region are now in possession of their new-order mining rights. Gold Fields also announced a number of BEE transactions during 2010 which will ensure that the company will achieve its 2014 BEE ownership requirements (full details in the Directors' Report).

Miner at Beatrix headgear.

Review of operations – South Africa Region continued

In financial 2009 Gold Fields also introduced a Seismic Task Team, comprising both internal and external experts, to study and advise Gold Fields on six priority activities aimed at reducing the prevalence and impact of seismic-related incidents. The priority areas are: operational control to standards; mine layouts and support systems; estimating and managing risk; modelling rock responses to seismicity; seismic data collection, processing and analysis; and support to rescue operations. The impact of the task team has been significant in that its recommendations have resulted in a 65 per cent reduction in all seismic-related injuries and an improvement of 82 per cent in the number of seismic-related fatal injuries, from 11 in financial 2009 to two in financial 2010. (For more details refer to page 108 of the sustainability report.)

Sustainable development is a core principle of the overarching Gold Fields approach to business. We will continue to pursue appropriate international best practices that will contribute to the attainment of our long-term goal of the sustainability of our business. During financial 2010 all of the mines in the South Africa Region retained ISO 14001 certification, with South Deep achieving its first certification. Gold Fields became the first mining house with all of its operations meeting in full the requirements of the Cyanide Code, and all of the mines in the region again maintained their OHSAS 18001 certification.

A fundamental requirement of a safe mining culture is **full compliance with** safety protocols, norms, standards and operating procedures. While we have made significant progress in our overall safety performance over the past two years, there remain a number of areas in which a quantum shift is still required. Foremost amongst these is employee behaviour and adherence to full compliance. Of the 18 fatalities recorded in our South African mines during financial 2010, only two can be attributed to seismicity. All of the remainder were preventable, so-called, shop-floor accidents, resulting from risky behaviour, non-adherence to established safety protocols and standards, or inadequate supervision and leadership at different stages of the production process. Our main priority during the next 12 months is to ensure that the safe production rules are rigorously adhered to by strengthening the values of personal and collective safety amongst our employees.

One of the unintended consequences of safety incidents has been the large number of unplanned and often mine-wide safety-related closures imposed by industry regulators on mines following accidents. To mitigate the occurrence of unplanned safety-related mine closures, Gold Fields embarked on a renewed effort to improve and strengthen its safety-related collaboration with all stakeholders, including, specifically, the unions active on our mines, as well as the Mining Inspectorate of the Department of Mineral Resources (DMR). This collective approach to safety lies at the core of the progress that we have made in our management of safety generally.

As a consequence of the much-improved management of safety overall, combined with closer co-operation with the DMR, we saw a significant reduction in the number of safety-related mine-wide closures during the second half of the year. This is a critical development in our efforts to stop the decline in production that has been evident in the South Africa Region over the past few years. Until then, unplanned safety-related production interruptions had been one of the main causes of production volatility in the region. Our single most important objective over the next few years is, through safe production, to prevent unplanned safety-related closures on our mines.

The second strategic intervention over the past two years to restore the production machine in the South Africa Region, is in the area of ore reserve development.

Ore reserve development has fallen behind largely as a result of the redeployment of crews to catch up with the backlog in secondary support which had been allowed to develop over the past decade. The objective is to restore all of the long-life shafts at the Driefontein, Kloof and Beatrix Gold Mines

to at least 24 months of opened-up ore reserves. A new ore reserve reporting protocol has been implemented at all conventional mining shafts, which provides for detailed management of strategies to establish and maintain the targeted 24-month ore reserve position. This protocol differentiates and classifies areas as either "development in progress", "mineable ore reserves", "immediately stopeable reserves" or "remnant and temporarily unavailable areas".

To achieve the required reserve flexibility all flat-end development at the long-life shafts has been converted from conventional to mechanised development, which is significantly more productive and safer. To date more than two-thirds of all development crews at these shafts have made the transition to mechanised development and an improvement in safety, productivity and increased reserve flexibility is already evident.

The third strategic intervention to boost production in the South Africa Region are the **mine call factor (MCF), dilution and quality mining**.

All three of the established mines in South Africa (Driefontein, Kloof and Beatrix) have significant and well-defined Mineral Reserves. During the past few years, however, the recovered grades at these mines have been under pressure as a result of technical challenges in the areas of MCF, dilution and quality mining. Our immediate challenge is to improve the quality of grade delivered to the mill through a significant focus on volume, value, quality and old gold. To this end key variables are monitored, including face advance, fragmentation, mining widths, tonnage accumulations, sweepings and mining mix, to realise tangible improvements in the core areas of reduced dilution and gold loss, reduced grade gaps, increased old gold production and improved mine call factors. These initiatives have been incorporated in a new mining quality framework which has been introduced in the region. This framework forms the cornerstone of our operational management approach and was implemented to assist us in raising gold production levels at the mature mines.

The fourth strategic intervention is improved energy and utilities consumption, with a specific focus on electricity, diesel and water.

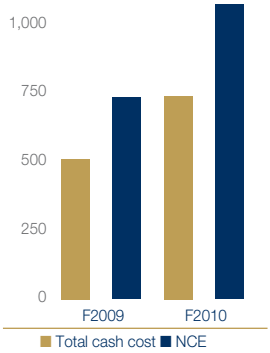
Savings of approximately R130 million per annum were realised by the end of financial 2010. This was achieved by way of a ten per cent reduction in power consumption over the past two years at the Driefontein, Kloof and Beatrix Gold Mines, offset by a 17 per cent increase in consumption at the South Deep project, as it deployed more equipment to facilitate the build-up in production. The total saving in diesel consumption over the same period was about three per cent. These initiatives are essential to offset the known and anticipated cost increases in these commodities over the next number of years. During financial 2010, Eskom, South Africa's electricity utility, announced a 25 per cent tariff increase per year for each of the next three years. Over the next two years our intention is to save a further five per cent in electricity consumption a year. Also in support of these objectives, and in line with the Group's new carbon policy, we have commenced with a number of carbon credit-related projects throughout the region. These are discussed in more detail on pages 116 and 117 of the sustainability section of this report.

The West Wits Tailings Treatment (WWTTP) project (uranium project) progressed significantly during the year under review with the completion of the initial feasibility study during financial 2010. This project aims to assess the viability of extracting gold and uranium, as well as sulphuric acid, from existing tailings facilities. Pursuant to an evaluation of the initial feasibility study it was decided that an additional phase of work was required to further optimise the project and to improve returns. This work is currently underway and will be completed during this calendar year.

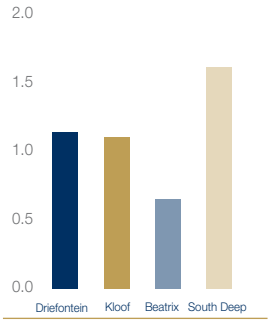
Review of operations – South Africa Region continued

Of significant importance is the upside inherent in South Deep above the base-case target of 750,000 to 800,000 ounces by the end of 2014. This target is premised on a base-case hoisting capacity of only 330,000 tonnes of ore per month from the twin shaft complex, which will be available once the ventilation shaft is completed by mid-2012. However, the previously abandoned south shaft complex which is 1.5 kilometers away from the twin shaft complex and linked to it on the 95-level, has a potential hoisting capacity of an additional 120,000 tonnes per month. This south shaft complex is in the process of being refurbished with a view to bringing it back into production. Already about 60,000 tonnes per month of hoisting capacity is available at this shaft. Once the full refurbishment is concluded, by mid-2012, the combined hoisting capacity available at South Deep will increase from the base-case of 330,000 tonnes per month, to a new level of 450,000 tonnes per month. The implication is that, based on a new higher level of hoisting and processing capacity, the full production target for South Deep could be significantly higher than the current plan of up to 800,000 ounces. Its potential will be evaluated in greater detail over the next six months.

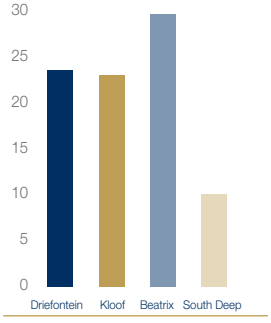
Total cash cost and NCE (US$/oz)



F2010 capital expenditure by mine (R million)



F2010 total development by mine (km)



The fifth strategic intervention is a comprehensive **business process re-engineering programme** (BPRP), which was launched during the latter part of financial 2010.

The BPRP includes a review of the regional business model and underlying organisational structure, as well as the operational production processes from the stope to the mill in each of the three established mines. The objective is to introduce a new business blueprint, together with an appropriate organisational structure, which will support sustainable gold output at an NCE margin of 20 per cent over the next four quarters and 25 per cent over the medium to long term. Specific objectives are to flatten the organisational structure, improve the flow of workers and materials to and from the stope and reduce the cost-intensive footprints of all operations, with commensurate improvements in operating costs resulting in lower pay limits and increased mining flexibility.

The South Deep project is rightly considered to be the most significant development project in the Gold Fields Group. While the three established mines in the South Africa Region are fully capitalised and will continue to make a significant contribution to the Group, the South Deep project will secure the sustainability of the region for many decades to come.

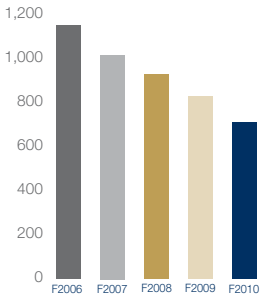
The South Deep project had an outstanding financial year 2010. Production increased by 52 per cent from 175,000 ounces to 265,000 ounces and the build-up is on track to reach its targeted full production run-rate of between 750,000 and 800,000 ounces by the end of 2014. During the year under review the capital development and infrastructure projects that support this build-up progressed to plan. High levels of capital efficiency were achieved with all milestones delivered on time and at costs below budget. During the year the build-up in development meters gathered momentum and the South Shaft was recommissioned for single-shift hoisting. We also started with the mission-critical deepening of the ventilation shaft which is scheduled for completion by the middle of the 2012 calendar year, while concurrent equipping of the upper sections of this shaft is proceeding as planned. Construction of the new tailings storage facility is approximately 50 per cent complete and the first tailings depositions are planned for May 2011. Bringing South Deep into full production, on time and within budget, will remain a priority until the end of 2014.

[Driefontein]

Driefontein's No 1 plant during winter at dusk

- During financial 2010 Driefontein produced 709,800 ounces of gold at a cash cost of R168,568 per kilogram (US$692 per ounce) and an NCE of R225,208 per kilogram (US$924 per ounce).
- During the next 12 months to end-June 2011 the outlook for Driefontein is to produce between 707,300 and 771,600 ounces of gold at a cash cost of between R170,000 and R185,000 per kilogram and an NCE of between R217,000 and R230,000 per kilogram.

Gold produced
('000oz)



The Driefontein Gold Mine, which is located 70 kilometers west of Johannesburg, near Carletonville in the Gauteng province of South Africa, has produced more than 100 million ounces of gold during its 50-year life. Despite its prolific production history, this mine still has 52.0 million ounces of gold Mineral Resources, which includes approximately 17.2 million ounces of Mineral Reserves. Driefontein is a large, well-established deep to ultra-deep-level gold mine with its lowest working level some 3,400 meters below surface. Geologically the Driefontein Gold Mine is located on the north western rim of the famous Witwatersrand Basin, one of the greatest gold regions of the world. Three primary reefs are exploited; the Ventersdorp Contact Reef (VCR) located at the top of the Central Rand Group; the Carbon Leader Reef (CL) near the base; and the Middelvlei Reef (MR), which stratigraphically occurs some 50 to 75 meters above the CL. The mine comprises eight producing shaft systems, that mine different contributions from pillars and open ground, and three gold plants of which one plant processes mainly underground ore, with the remaining two processing surface material.

			F2010	F2009	F2008	F2007	F2006
Main development	Advanced	km	**23.7**	20.1	27.5	28.0	27.4
Main on-reef development	Advanced	km	**3.5**	4.1	5.8	5.3	4.2
	Value	cm g/t	**1,612**	877	1,242	1,307	1,454
Area mined		'000m^2	**504**	530	579	653	680
Productivity		m^2/TEC*	**2.4**	2.6	2.8	3.2	3.4
Tonnes milled	Underground	'000	**2,920**	3,137	3,273	3,812	3,867
	Surface	'000	**3,164**	3,080	2,708	2,840	3,000
	Total	'000	**6,084**	6,217	5,981	6,652	6,867
Yield	Underground	g/t	**6.7**	7.5	8.1	7.6	8.1
	Surface	g/t	**0.8**	0.7	0.8	1.0	1.4
	Combined	g/t	**3.6**	4.2	4.8	4.8	5.2
Gold produced	Underground	kg	**19,532**	23,658	26,591	28,815	31,441
	Surface	kg	**2,544**	2,156	2,274	2,803	4,314
	Total	kg	**22,076**	25,814	28,865	31,618	35,755
	Total	'000oz	**710**	830	928	1,017	1,150
Operating costs	Underground	R/t	**1,222**	1,044	830	653	579
	Surface	R/t	**84**	83	79	65	60
	Total	R/t	**630**	568	490	402	352
Gold sold		kg	**22,076**	25,814	28,865	31,618	35,755
Total cash cost		US$/oz	**692**	448	412	348	315
		R/kg	**168,568**	129,837	96,293	80,457	64,870
Notional cash expenditure		US$/oz	**924**	610	585	476	403
		R/kg	**225,208**	176,838	136,806	110,269	82,872
Net earnings		Rm	**850.5**	1,421.3	1,233.3	1,004.3	645.0
Capital expenditure		Rm	**1,139.6**	1,034.4	1,016.4	815.0	543.3

** TEC = total employees costed.*

Top: Hlanganani Shaft

Bottom: A machine operator holding a steel drill

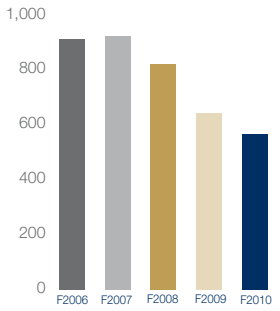
Review of operations – South Africa Region continued

[Kloof]

Kloof main shaft complex

- During financial 2010 Kloof produced 566,500 ounces of gold at a cash cost of R187,154 per kilogram (US$768 per ounce) and an NCE of R256,962 per kilogram (US$1,054 per ounce).
- During the year to June 2011 the outlook for Kloof is to produce between 578,700 and 643,000 ounces of gold at a cash cost of between R180,000 and R195,000 per kilogram and an NCE of between R233,000 and R250,000 per kilogram.

Gold produced
('000oz)



The Kloof Gold Mine, which is located 60 kilometers west of Johannesburg, near Westonaria in the Gauteng province of South Africa, has produced more than 70 million ounces of gold during its 75-year life and was, in its heyday, known as the richest gold mine in the world. While this mine is now in the late summer of its life, it still has a massive 77.9 million ounces of gold Mineral Resources, of which 9.5 million ounces are in Mineral Reserves. A significant opportunity for Kloof is to increase mining flexibility through the development of reserves, and thus extend the life of this mine. Like Driefontein, its neighbouring sister mine, Kloof is a large, well-established intermediate to ultra-deep-level gold mine with its lowest working level some 3,350 meters below surface. Geologically Kloof is located on the main north-western rim of the Witwatersrand Basin and exploits auriferous palaeoplacers (reefs), namely the Ventersdorp Contact Reef (VCR) that constitutes 85 per cent of the underground Mineral Reserve ounces, the Middelvlei Reef (MR), 11 per cent, and two per cent from the Kloof Reef (KR). Kloof consists of five producing shaft systems and two gold plants of which 1 Plant processes surface material while 2 Plant process underground ore.

			F2010	F2009	F2008	F2007	F2006
Main development	Advanced	km	**23.1**	22.8	33.6	35.0	30.4
Main on-reef development	Advanced	km	**4.0**	3.7	5.0	6.1	7.3
	Value	cm g/t	**2,396**	1,777	1,717	1,410	1,788
Area mined		'000m^2	**400**	428	519	620	607
Productivity		m^2/TEC*	**2.1**	2.2	2.6	2.9	3.4
Tonnes milled	Underground	'000	**2,378**	2,398	2,941	3,447	3,206
	Surface	'000	**1,921**	921	1,012	382	460
	Total	'000	**4,299**	3,319	3,953	3,829	3,666
Yield	Underground	g/t	**6.8**	8.1	8.4	8.2	8.7
	Surface	g/t	**0.7**	0.7	0.9	1.2	1.1
	Combined	g/t	**4.1**	6.0	6.5	7.5	7.8
Gold produced	Underground	kg	**16,225**	19,316	24,587	28,260	27,915
	Surface	kg	**1,399**	682	946	445	514
	Total	kg	**17,624**	19,998	25,533	28,705	28,429
	Total	'000oz	**567**	643	821	923	914
Operating costs	Underground	R/t	**1,398**	1,254	893	727	703
	Surface	R/t	**52**	84	62	82	61
	Total	R/t	**797**	929	680	662	622
Gold sold		kg	**17,624**	19,998	25,533	28,705	28,429
Total cash cost		US$/oz	**768**	507	430	366	374
		R/kg	**187,154**	146,930	100,419	84,672	76,918
Notional cash expenditure		US$/oz	**1,054**	698	601	498	472
		R/kg	**256,962**	202,140	140,512	115,377	97,200
Net earnings		Rm	**172.5**	772.8	947.9	790.3	209.9
Capital expenditure		Rm	**1,104.4**	958.6	897.7	775.8	482.7

** TEC = total employees costed.*

Top: New ammonia plant cooling towers at Kloof, 3 Shaft

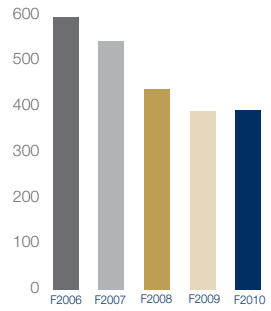
Bottom: Surface man winder at Kloof, 4 Shaft

[Beatrix]

Thickners at No1 metallurgical plant.

- During financial 2010 Beatrix produced 391,900 ounces of gold at a cash cost of R180,358 per kilogram (US$740 per ounce) and an NCE of R239,867 per kilogram (US$984 per ounce).
- For the year to end-June 2011 the outlook for Beatrix is to produce between 385,800 and 424,400 ounces of gold at a cash cost of between R176,800 and R192,000 per kilogram and an NCE of between R226,000 and R242,000 per kilogram.

Gold produced
('000oz)



Located some 240 kilometers south-west of Johannesburg, near the towns of Welkom and Virginia in the Free State province, the Beatrix Gold Mine is the only one of Gold Fields' mines in South Africa which is located on the southern rim of the Witwatersrand Basin. Beatrix has 17.1 million ounces in Mineral Resources and 5.7 million ounces in Mineral Reserves. Beatrix is a large shallow to medium-depth gold mine operating at depths of between 700 meters and 2,200 meters below surface. Geologically the mine is located along the southern rim of the Witwatersrand Basin and exploits auriferous palaeoplacers (reefs) of the Central Rand Group. The Beatrix Reef (BXR), and local facies variations thereof, constitutes 72 per cent of the Beatrix Mineral Reserve, with the Kalkoenkrans Reef (KKR) contributing 28 per cent. The mine consists of four producing shafts and two processing plants, of which 1 Plant processes only underground ore and 2 Plant surface material only.

			F2010	F2009	F2008	F2007	F2006
Main development	Advanced	km	**29.8**	32.6	40.8	43.8	35.9
Main on-reef development	Advanced	km	**5.5**	6.7	8.3	6.4	6.9
	Value	cm g/t	**1,492**	963	974	967	1,135
Area mined		'000m^2	**532**	565	625	703	686
Productivity		m^2/TEC*	**4.3**	4.5	4.9	5.6	5.5
Tonnes milled	Underground	'000	**2,861**	2,991	3,215	3,590	3,551
	Surface	'000	**190**	–	–	–	–
	Total	'000	**3,051**	2,991	3,215	3,590	3,551
Yield	Underground	g/t	**4.2**	4.1	4.2	4.7	5.2
	Surface	g/t	**1.0**	–	–	–	–
	Combined	g/t	**4.0**	4.1	4.2	4.7	5.2
Gold produced	Underground	kg	**11,996**	12,164	13,625	16,903	18,541
	Surface	kg	**192**	–	–	–	–
	Total	kg	**12,188**	12,164	13,625	16,903	18,541
	Total	'000oz	**392**	391	438	543	596
Operating costs	Underground	R/t	**794**	681	536	432	396
	Surface	R/t	**9**	–	–	–	–
	Total	R/t	**745**	681	536	432	396
Gold sold		kg	**12,188**	12,164	13,625	16,903	18,541
Total cash cost		US$/oz	**740**	552	515	377	354
		R/kg	**180,358**	159,799	120,382	87,251	72,768
Notional cash expenditure		US$/oz	**984**	757	723	584	485
		R/kg	**239,867**	219,254	168,903	126,812	99,892
Net earnings		Rm	**206.9**	321.8	332.4	370.8	185.3
Capital expenditure		Rm	**650.6**	629.4	576.6	592.8	447.3

** TEC = total employees costed.*

Top: Conveyor belt feeding broken ore to the metallurgical plant

Bottom: Headgear bin at 3 Shaft

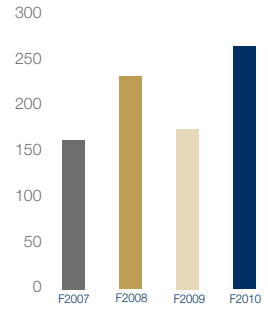
Review of operations – South Africa Region continued

[South Deep]

Backfill distribution plant

- During financial 2010 South Deep produced 264,800 ounces of gold at a cash cost of R197,669 per kilogram (US$811 per ounce) and an NCE of R399,211 per kilogram (US$1,638 per ounce).
- During the year to end-June 2011 the outlook for South Deep is to produce between 321,500 and 353,700 ounces of gold at a cash cost of between R186,000 and R196,000 per kilogram and an NCE of between R360,000 and R385,000 per kilogram.

Gold produced
('000oz)



The South Deep Project is situated some 45 kilometers south-west of Johannesburg, in the districts of Westonaria and Vanderbijlpark in the Gauteng province of South Africa. South Deep, which is a mine in development, was acquired by Gold Fields in December 2006. With some 78.2 million ounces of Mineral Resources (including Uncle Harry's prospecting right area) and 29.3 million ounces of Mineral Reserves, South Deep is one of the greatest undeveloped ore bodies in the world.

South Deep is a long-life, developing deep-level gold mine operating at between 2,000 and 3,000 meters below surface. Located on the north-western rim of the Witwatersrand Basin, South Deep predominantly exploits auriferous palaeoplacer reefs or conglomerates that comprise the Upper Elsburg Reefs of the Mondeor Formation and, to a lesser degree, the Ventersdorp Contact Reef (VCR).

Top: Dump truck and supervision vehicle

Bottom: Construction work performed at the metallurgical plant

			F2010	F2009	F2008	F2007*
Main development	Advanced	km	**10.1**	7.2	5.9	2.9
Main on-reef development	Advanced	km	**5.0**	4.3	3.1	1.7
	Value	cm g/t	**4.8**	5.9	6.0	6.2
Area mined**		'000m²	**0**	0	42.0	48.0
Tonnes milled	Underground	'000	**1,485**	1,038	1,066	776
	Surface	'000	**196**	203	301	328
	Total	'000	**1,681**	1,241	1,367	1,104
Yield	Underground	g/t	**6.3**	6.1	6.5	6.2
	Surface	g/t	**0.6**	1.3	0.8	0.9
	Combined	g/t	**4.9**	4.4	5.3	4.6
Gold produced	Underground	kg	**8,127**	5,178	6,967	4,783
	Surface	kg	**109**	256	253	293
	Total	kg	**8,236**	5,434	7,220	5,076
	Total	'000oz	**265**	175	232	163
Operating costs	Underground	R/t	**1,119**	1,134	1,170	896
	Surface	R/t	**62**	53	54	75
	Total	R/t	**996**	957	924	652
Gold sold		kg	**8,236**	5,434	7,220	5,166
Total cash cost		US$/oz	**811**	717	727	595
		R/kg	**197,669**	207,803	169,889	137,689
Notional cash expenditure		US$/oz	**1,638**	1,403	1,214	854
		R/kg	**399,211**	406,423	283,712	197,636
Net loss		Rm	**(81.0)**	(10.9)	(143.1)	(46.8)
Capital expenditure		Rm	**1,613.3**	1,020.5	784.7	283.4

** South Deep for seven months from 1 December 2006.*

*** VCR conventional mining was stopped in financial 2008.*

The VCR will again be mined in future once mine design and mechanisation plans are complete. South Deep currently operates one gold plant but plans are under way to significantly expand the plant to accommodate the full production capacity of between 330,000 and 450,000 tonnes of ore per month.

Since acquiring this project in 2006, Gold Fields has invested in a major surface exploration drilling programme in Phase 2 and the adjacent Uncle Harry's ground; conducted comprehensive and intensive remodelling of the ore body that has significantly improved grade and tonnage definition to facilitate improved mine design and scheduling; introduced a new capital development and construction plan underpinned by a rigorous capital expenditure system and framework; and suspended all conventional mining methods and converted the mine to a fully mechanised operation. It also introduced a base-case production build-up plan which will see the mine reach a full production run rate of between 750,000 ounces and 800,000 ounces per annum by the end of 2014. The capital development and construction programme supporting this target is progressing to plan and during financial 2010 very high levels of capital efficiency were achieved.

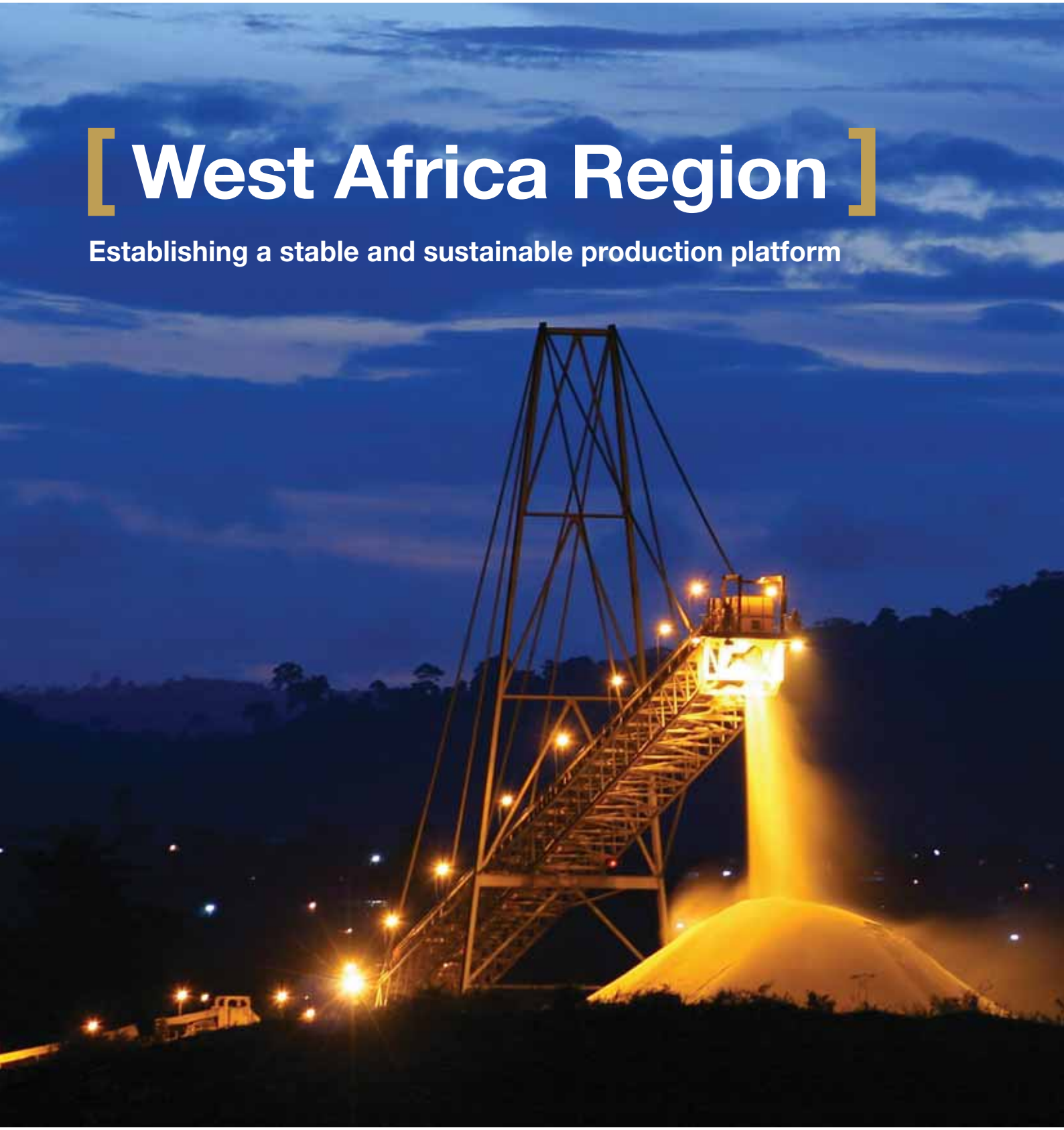
The NCE will remain high over the next two years because the mine is still in a capital development and construction phase. NCE will decline from 2013 onwards as the capital components of the project near completion and the production build-up progresses. The focus for South Deep over the next four years is to complete the shaft infrastructure of the twin shaft complex; the capital development below 95-level; the South Shaft refurbishment; the expansion of the processing facilities to support the combined targeted hoisting capacity of 450,000 tonnes per month; the new tailings management facility; and the opening up of the mechanised de-stress mining horizons to support increased production volumes.

The ore body is accessed from surface through two shaft systems, the new Twin Shaft complex and the original mine's South Shaft complex which is currently being refurbished for full commissioning by mid-2014. The Twin Shaft complex comprises the completed and fully operational Main Shaft, as well as the Ventilation Shaft which is currently being deepened. The Main Shaft comprises a single drop to a depth of 2,995 meters. Deepening and equipping of the Ventilation Shaft commenced during financial 2010 to a similar depth as the Main Shaft. It will be completed by mid-2012, at which time the Twin Shaft complex will have a combined hoisting capacity of 330,000 tonnes of ore per month. During financial 2010 the South Shaft complex was partially refurbished and commissioned for limited hoisting of 60,000 tonnes per month. Upon completion of its refurbishment by mid-2012, the South Shaft complex will add an additional 120,000 tonnes of hoisting capacity to the mine, bringing the total combined hoisting capacity to 450,000 tonnes per month.

The mine has been subdivided into two main areas, namely "above current infrastructure" or "current mine" between 90 and 95-level at 2,656 meters below surface, from where most of the current production originates, and "below current infrastructure" to 110-level at 2,888 meters below surface. Most of the sub 110-level reserves will be mined between 2025 and 2050.

[West Africa Region]

Establishing a stable and sustainable production platform



Peter Turner
Executive Vice-President: West Africa Region

Despite a number of significant operational challenges during financial 2010, the West Africa Region had an outstanding year, laying the foundation for its objective to have at least one million ounces of attributable gold, either in production or in development, by 2015.

At the Tarkwa Gold Mine, our flagship mine in Ghana, the outstanding achievement during financial 2010 was the commissioning of the newly expanded CIL plant and the subsequent build-up to a new record level of production of more than 200,000 ounces during the final quarter of the year. This sets Tarkwa up to increase its managed production on a sustainable basis to between 720,000 and 770,000 over the next 12 months and beyond.

At the Damang Gold Mine the success of the focused near-mine exploration programme increased the life of this mine to at least ten years. Combined with the successful commissioning of a new secondary crusher early in the final quarter, this sets the mine up to increase its managed production to between 220,000 and 240,000 ounces in the year to end-June 2011, with the potential to boost output further beyond that level.

A stable and sustainable production platform of between 940,000 and one million ounces of managed annual production[1] has now been established in Ghana. This leaves a gap of approximate 300,000 ounces to be filled over the next three to four years, in order for the West Africa Region to achieve its one million attributable ounce target by 2015.

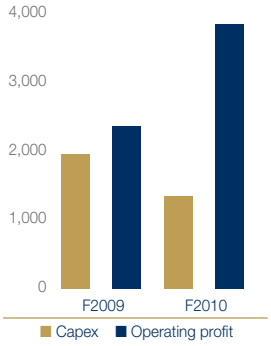
The West Africa Region also had an outstanding safety year with no fatal or serious injuries and a decline in Lost-Time Injuries recorded at both mines. Damang went for 441 shifts without any Lost-Time Injuries and was rewarded for this achievement by again being selected by the Ghana Inspector of Mines as the safest mine in Ghana. Tarkwa, in the same competition, received the award in the most improved mine category. The Group's safe production rules have been fully implemented in the region and the employee response has been positive, fully embracing the Group's number one value, *if we cannot mine safely, we will not mine*. During financial 2010 both mines retained their OSHAS 18001 certification for their safety management systems. During the next 12 months they will participate in a follow-up independent review by DuPont of their safety performance and health and safety management systems and processes.

Both mines also retained the ISO 14001 certification for their environmental management systems after undergoing independent external audits during financial 2010. They are fully compliant with the requirements of the international Cyanide Code, in line with our broader commitment to sustainable development, which forms a core strategic element of our business model. To this end the Gold Fields Ghana Foundation also supports a wide range of projects in the fields of social and economic development, education, and general healthcare.

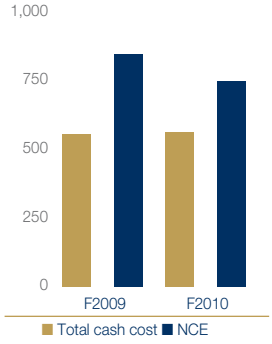
One area of concern in Ghana has been the increased regulatory and fiscal imposts on the mining industry. During the year under review the

[1] *Between 667,000 and 710,000 ounces on an attributable basis – Gold Fields owns 71 per cent of the Tarkwa and Damang Gold Mines*

Capex and operating profit
(R million)



Total cash cost and NCE
(US$/oz)



Review of operations – West Africa Region continued

government passed an amendment to the Minerals and Mining Act, No 703 of 2006, which raised the royalty rate payable by gold mining companies to five per cent of revenue, effective from 19 March 2010. Gold Fields is presently in bilateral discussions with the government about the royalties. Pending the outcome of these discussions we will continue to pay royalty contributions under the old regime of three per cent. In addition, a new temporary national stabilisation levy of five per cent of profits before tax was introduced from July 2009. It remains in effect. Further proposed impositions include a proposed change in capital allowance rates; a forced dividend declaration by companies in which the government holds shares, including Gold Fields; and a change in the list of mining items exempted from import duties. In bilateral discussions with the government we are urging caution about these moves so as to ameliorate the impact on an industry already under severe cost pressure; retain the status of mining as a cornerstone of the Ghanaian economy; and preserve Ghana's enviable status as a mining-friendly country with an enabling legislative and fiscal regime.

Of most concern, however, are the proposed new electricity tariffs being mooted by the Public Utilities Regulatory Commission (PURC). While the previously gazetted electricity rate of 9.90 US cents per kilowatt hour remains in effect at the time of publication of this annual report, indications are that the PURC is in the process of gazetting a new set of power tariffs which could increase rates by as much as 100 per cent. Being a registered bulk user Gold Fields is in a position to negotiate a rate directly with the utility companies, and is in the process of doing so. While the full effect of these impositions cannot be quantified at this time, it is clear that, in the absence of interventions to ameliorate these measures, they could have a material impact on the sustainability of mining operations in Ghana.

In response to the proposed fiscal changes and the significant escalation in electricity and other input costs, a comprehensive business process re-engineering programme was initiated at the Tarkwa Gold Mine during the fourth quarter of financial 2010. The main objective is to reduce operating costs for Tarkwa to achieve an NCE margin of 20 per cent until mid-calendar 2011 and, over the long term, a sustainable NCE margin of at least 25 per cent. This programme will be fully implemented over the next 12 months with tangible results expected over the period.

During financial 2010 the new high-pressure grinding rolls (HPGR) pilot project was successfully concluded at Tarkwa and this technology will now be deployed to reprocess the decommissioned south heap leach pads, host to approximately 51.2 million tonnes of depleted tailings material. It is estimated that these heaps contain about 597,000 ounces of residual gold, which could be recovered over the next ten years at an annual rate of between 30,000 and 40,000 additional ounces.

At the Damang Gold Mine about US$10 million was allocated to an aggressive near-mine exploration programme, with the objective of doubling the life of this mine. The project met its objectives and a further US$10 million was allocated to the exploration programme until mid-calendar 2011.

During financial 2010 the emphasis of the exploration programme was on extensional drilling to the south of the main Damang pit and between some of the smaller surface open pits elsewhere on the property. Positive indications for extensional opportunities were highlighted and during the second half of the year the exploration activities were directed at two core growth projects; the Greater Damang project, which extends for about five kilometers from Huni North in the north to the Nyame prospect in the south, as well as the Greater Amoanda project which runs for two kilometers from the Tomento East surface mine to the south of the Amoanda Mine. The objective until mid-2011 is to advance

the Greater Damang project with additional infill drilling to support a feasibility study decision on the creation of a new Greater Damang super pit. Indications are that the strike length of the proposed Greater Damang super pit could be as much as three kilometers, compared to the current strike length of about 700 meters at the existing Damang pit. Once the Greater Damang super pit project is finalised, attention will move to examining a similar "super pit" at the Greater Amoanda project.

The exploration programme is focused on the generation of higher-grade, harder, fresh ore as opposed to weathered lower-grade and softer-oxide ore, which was predominantly mined in the past. To facilitate processing of the higher-grade fresh ore it was decided to install a new secondary crusher at the Damang Gold Mine. The previous ratio of fresh to oxide ore was 65:35 and the installation of the secondary crusher will change this to a ratio of 95:5. After the successful installation and commissioning of the secondary crusher during the final quarter of financial 2010, production increased to 57,000 ounces during the final quarter and is expected to stabilise between 220,000 and 240,000 ounces per annum by June 2011. It has the potential to rise to the 300,000 ounce mark over the life of this mine.

The West Africa Region is focused on increasing its greenfields exploration activities to support its 2015 target of a million attributable ounces of gold, either in production or in development. To achieve this, an approximate 300,000 ounce gap between that target and our current attributable production has to be filled.

During the year Gold Fields acquired Glencar Mining Plc and consolidated a large land position in southern Mali including the Komana and Solona projects and the Sankarani project which was formerly a joint venture between Gold Fields and Glencar.

Since November 2009 Gold Fields has completed 23,286 meters of diamond drilling, 14,167 meters of reverse circulation (RC) and 87,320 meters of aircore drilling at Yanfolila. Framework, infill RC and diamond drilling were used to delineate shallow resources over the Komana East and West deposits, as well as to test eight initial drilling targets over five licence areas elsewhere at Yanfolila. The aircore drilling was used to sample the bedrock through the laterite cover, which has outlined new target areas with encouraging intercepts at Gonka, Bokoro North, Bokoro Main and Sanioumale West. Our objective is to complete and identify a two million ounce Mineral Resource and complete a scoping study on a starter project by the end of calendar 2011.

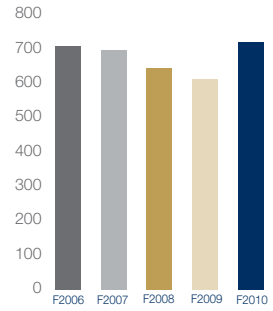
Review of operations – West Africa Region continued

[Tarkwa]

CIL plant at night.

- During financial 2010 Tarkwa produced 720,700 ounces of gold at a cash cost of US$536 per ounce and an NCE of US$743 per ounce.
- For the 12 months to end-June 2011 the outlook for Tarkwa is to produce between 720,000 and 760,000 ounces of gold at a cash cost of between US$580 and US$605 and an NCE of between US$835 and US$860 per ounce.

Gold produced
('000oz)



The Tarkwa Gold Mine is located in south-western Ghana, about 300 kilometers west of Accra, the capital of Ghana. It is situated some four kilometers west of the town of Tarkwa, which has good access roads, an established infrastructure and is served by a main road connecting to the port of Takoradi some 60 kilometers away at the Atlantic coast. The infrastructure of the mine consists of six open pits, two heap leach facilities, and a CIL plant. The ore body consists of a series of sedimentary banket quartz reef units (conglomerates) of the Tarkwain System, that are similar to those mined in the Witwatersrand Basin of South Africa. The operation is currently mining multiple-reef horizons from open pits and there is potential for underground mining in the future. Tarkwa has a Mineral Resource of 15.3 million gold ounces and a Mineral Reserve of 9.9 million ounces.

Top: Plant conveyor before sunset
Bottom: Load and haul before sunset

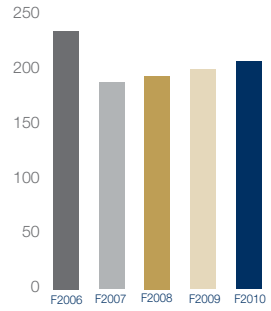
			F2010	F2009	F2008	F2007	F2006
Open-pit mining							
Waste mined		'000t	**112,424**	110,895	93,440	85,508	75,899
Ore mined		'000t	**21,707**	21,689	19,901	22,074	21,037
Head grade		g/t	**1.0**	1.1	1.2	1.2	1.2
Strip ratio		W:O	**5.2**	5.1	4.7	4.0	3.6
Processing							
Tonnes processed	Milled	'000t	**11,182**	7,733	5,571	5,620	4,687
	Heap leach	'000t	**11,534**	13,540	16,464	17,019	16,800
	Total	'000t	**22,716**	21,273	22,035	22,639	21,487
Yield	Milled	g/t	**1.4**	1.4	1.5	1.5	1.6
	Heap leach	g/t	**0.7**	0.7	0.7	0.8	0.9
	Combined	g/t	**1.0**	0.9	0.9	1.0	1.0
Gold produced	Milled	'000oz	**502**	314	267	272	471
	Heap leach	'000oz	**218**	298	379	425	238
	Total	'000oz	**721**	612	646	697	709
	Total	'kg	**22,415**	19,048	20,095	21,684	22,060
Total cash cost		US$/oz	**536**	521	430	333	292
Notional cash expenditure		US$/oz	**743**	881	766	512	364
Net attributable earnings		US$m	**133.6**	71.1	105.1	83.1	69.6
Capital expenditure		US$m	**148.6**	201.1	212.0	107.7	46.8

[Damang]

Damang at night.

- During financial 2010 Damang produced 207,400 ounces of gold at a cash cost of US$660 per ounce and an NCE of US$774 per ounce.
- In the 12 months to end-June 2011 the outlook for Damang is to produce between 220,000 and 240,000 ounces of gold at a cash cost of between US$570 and US$610 per ounce and an NCE of between US$880 and US$920 per ounce.

Gold produced
('000oz)



The Damang Gold Mine is located in south-western Ghana, about 300 kilometers by road, west of Accra, the capital of Ghana and 30 kilometers north of the neighbouring Tarkwa Gold Mine. The mine is served by a main road connecting to the port of Takoradi, some 90 kilometers to the south-east. The mine infrastructure consists of multiple open pits, surface stockpile sources and a CIL plant. The Damang Gold Mine exploits oxide and fresh hydrothermal mineralisation in addition to Witwatersrand-style, palaeoplacer mineralisation, similar to that of the Tarkwa Gold Mine. The mine has a Mineral Resource of 4.7 million gold ounces and a Mineral Reserve of 2.1 million ounces.

Damang recently decided to move towards owner mining at the operation, which should result in a significant cut in the cash costs at the mine.

Top: Aerial view of pit
Bottom: Load and haul

		F2010	F2009	F2008	F2007	F2006
Open-pit mining						
Waste mined	'000t	**8,658**	15,057	27,300	28,109	21,563
Ore mined	'000t	**3,871**	4,402	4,092	3,141	3,172
Head grade	g/t	**1.38**	1.34	1.43	1.20	1.47
Strip ratio	W:O	**2.24**	3.42	6.7	9.0	6.8
Processing						
Tonnes milled	'000t	**5,028**	4,991	4,516	5,269	5,328
Yield	g/t	**1.3**	1.2	1.3	1.1	1.4
Gold produced	kg	**6,451**	6,233	6,041	5,843	7,312
	'000oz	**207**	200	194	188	235
Total cash cost	US$/oz	**660**	660	551	473	341
Notional cash expenditure	US$/oz	**774**	745	753	637	439
Net attributable earnings	US$m	**32.6**	6.5	18.4	11.4	19.4
Capital expenditure	US$m	**29.8**	16.9	28.1	31.7	25.6

[Australasia Region]

Gearing up for reserve growth and life extension

Richard Weston
Executive Vice-President: Australasia Region

The operational activities of Gold Fields in the Australasia Region are centered on the St Ives and Agnew Gold Mines in Western Australia, both of which have highly prospective opportunities for reserve growth and life extension. Gold Fields also has an extensive portfolio of greenfields exploration projects in the region, including the East Lachlan joint venture projects in New South Wales and the Batangas joint venture projects in the Philippines. These are described in more detail in the exploration section on page 67 of this report.

In line with the Group objective to have at least one million ounces of gold, either in production or in development, from the Australasia Region by 2015, the main operational focus during financial 2010 was on stabilising the current mining operations to provide a stable platform for future growth, by leveraging the existing production footprint through near-mine opportunities at both St Ives and Agnew. This strategic focus will be continued over the next 12 months.

During financial 2010 the St Ives and Agnew Gold Mines continued to manage their health and safety performance by:

- Embracing the Group's number one value, *if we cannot mine safely, we will not mine*;
- Implementing the safe production rules; and
- Implementing the *Zero Harm, Zero Hurt* and the total health and safety philosophy embodied in the *Zero Injury Process* (ZIP).

However, while Agnew showed a significant improvement by operating for the whole of financial 2010 without a single Lost-Time injury, St Ives regressed with an increase in Lost-Time injuries from two during financial 2009 to 11 during financial 2010. While this can be attributed largely to the implementation of revised and more stringent protocols for the reporting and treatment of minor injuries in the Australasia Region, a significant effort will be made to improve on this performance. Both St Ives and Agnew retained their OHSAS 18001 certification after undergoing independent external compliance audits during financial 2010. Both are also scheduled for follow-up reviews of their safety performance and management systems and processes by DuPont this year.

Both mines also retained the ISO 14001 certification for their environmental management systems after undergoing independent audits during financial 2010, and are fully compliant with the requirements of the International Cyanide Code.

The St Ives Gold Mine has a very large and well-endowed tenement position, from which it has produced in excess of ten million ounces of gold over its 20-year life. St Ives currently mines ore from the Argo, Cave Rocks and Belleisle underground mines; the Leviathan, Apollo and Agamemnon open-pit mines; and a number of surface stockpile sources. This is treated in the Lefroy mill or through the heap leach plant, depending on grade.

The lower production at St Ives during financial 2010 was mainly the result of unexpected lower grades from the underground mines during the first half of the year, which resulted in the delivery of lower-than-planned average grades to the Lefroy mill. This was further compounded by adverse ground conditions at the Belleisle underground mine during the first half of the year, which delayed the development of the new high-grade Niaid extension to the Belleisle ore body. A focused intervention to improve the average grade to a more sustainable level combined with a stabilisation of ground

Review of operations – Australasia Region continued

conditions at the Belleisle Mine and subsequent increased production from the new Niaid ore body, resulted in an increase in production to a more sustainable level of 117,000 ounces during the final quarter of financial 2010. It is expected that production from the current ore sources will remain stable at between 110,000 and 115,000 ounces per quarter through to June 2011, providing a stable base for future growth.

In line with the Group strategy of *sweating our assets*, a comprehensive business process re-engineering programme was initiated at St Ives during the latter part of financial 2010. The main objective of this programme is to reduce operating costs and improve operating productivity in order for St Ives to operate at an NCE margin of 20 per cent during for the year to end-June 2011 and a sustainable long-term NCE margin of at least 25 per cent.

The most significant new development at St Ives has been the discovery of the new Argo-Athena camp which is located on the St Ives lease area, less than five kilometers from the central Lefroy processing plant. This is one of the most significant new gold discoveries in Western Australia in recent years and will provide St Ives with a longer life and high grade ore bodies. During financial 2010 the focus was on the further exploration of this camp, with the ultimate goal of securing a ten-year life-of-mine and to develop a pipeline of "ready to go" projects.

Early in financial 2010 we commenced the new Athena project, the first fully defined project within the Argo-Athena camp, with a potential of more than one million ounces. The portal of this new underground mine was completed early in financial 2010, after which the focus shifted to developing the decline to the ore zone, which was intersected on schedule on 13 May 2010. Initial production from this project is scheduled to commence early in the first quarter of calendar 2011, and full production is expected towards the end of 2011.

After the definition of Athena was completed, near-mine exploration shifted to the Hamlet discovery which is located about one kilometer east of the Athena Project. On 20 May 2010 a Mineral Resource of 6.6 Mt at 4.86 g/t for 1.03 million ounces of gold was announced for this project. Drilling to further expand the Mineral Resource and support a feasibility study is under way and a construction decision is planned for the first quarter of calendar 2011. When both Athena and Hamlet are in production, the St Ives Gold Mine should have four higher-grade underground mines in operation, which bodes well for the future of this mine.

Other near-mine opportunities were discovered in the Argo-Athena camp during the year and tested with initial drilling to assess open-pit and underground mining potential. The intention is to advance the exploration of at least two of these additional discoveries with infill and extensional drilling by mid-2011.

In view of the significant exploration potential on the St Ives lease area, the royalty payable by St Ives Gold Mine was terminated for a consideration of A$308 million during August 2009. This transaction will contribute to an improved cost profile for the St Ives Gold Mine into the future, especially as production increases from the new Argo-Athena camp.

At Agnew, also in Western Australia, significant progress was made during financial 2010 towards the goal of increasing the life of this mine. The deep directional drilling exploration programme, which was focused on the underground extension and reserve delineation of the Kim south deposit within the Waroonga Complex, successfully delineated the Kim ore body at depth. Agnew is now expected to

achieve its stated aim of five years of Mineral Reserves at the time of the Group's next declaration at the end of the 2010 calendar year.

Over the next 12 months the deep directional drilling programme undertaken at Kim in financial 2010 will be replicated at the adjacent main ore body. Drill testing of the shallow Cinderella deposit, located a short distance from the Agnew processing plant, commenced late in financial 2010 and the open-pit mining potential of this deposit will be assessed before the end of calendar 2010. The objective is to identify an additional ore source to increase mining flexibility and utilise the available mill capacity at this mine.

During the fourth quarter of financial 2010 production from the Agnew Gold Mine declined as a result of adverse ground conditions and an associated paste failure in the lower reaches of the Kim ore body, which restricted access to higher-grade stopes and required lower-grade and out-of-sequence stopes to be mined. Production is expected to improve over the next two quarters, as additional stopes from the main and Rajah ore bodies become available, resulting in improved mining flexibility and production rates.

In view of the significant increase in Mineral Reserves at the Agnew Gold Mine it was decided to convert the mine from contractor mining to owner mining, which will have a significant impact on the cost profile of this mine. The transition, which commenced during the final quarter of financial 2010, impacted on production as a result of the temporary drop in the availability of the mining fleet.

The transition to owner mining; the progressive stabilisation of ground conditions in the Kim ore body, a return to in-sequence mining in the Kim ore body; and an increase in tonnages mined from the Rajah and main ore bodies, should boost production to historical levels by December 2010. The sustainability will be further enhanced through an increased rate of development to build greater flexibility into the mine, as well as through the installation of a return airway ventilation shaft and associated ventilation fans and power upgrades. These developments are essential to ensure the continued sustainability of underground operations of the Waroonga Complex.

Lake Lefroy

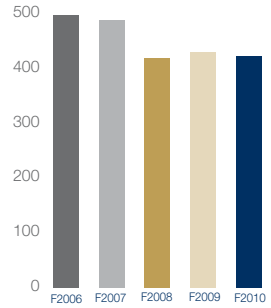
Review of operations – Australasia Region continued

[St Ives]

Lake Lefroy – brownfields exploration drilling

- During financial 2010 St Ives produced 421,100 ounces of gold at a cash cost of A$806 per ounce and an NCE of A$1,110 per ounce.
- For the year to end-June 2011 the outlook for St Ives is to produce between 440,000 and 460,000 ounces of gold at a cash cost of between A$760 and A$785 per ounce and an NCE of between A$1,030 and A$1,060 per ounce.

Gold produced
('000oz)



The lease area of the St Ives Gold Mine extends from about five kilometers to 25 kilometers south-south-west of the town of Kambalda in Western Australia, which is located about 630 kilometers east of Perth and 80 kilometers south of Kalgoorlie, the nearest major town.

The mine exploits structurally controlled hydrothermal gold deposits situated in the Norseman-Wiluna Greenstone Belt, which is part of the Yilgarn Craton, a 2.6 Ga granite-greenstone terrain in Western Australia. Ore is currently mined from three underground mines, three open pits and ten surface stockpile sources, and processed through a carbon in process plant and a heap leach plant. The mine has a Mineral Resource of 6.9 million ounces of gold and a Mineral Reserve of 2.3 million ounces.

Top: Development jumbo – Athena
Bottom: Lefroy ROM – high grade ore from the Agamemnon pit

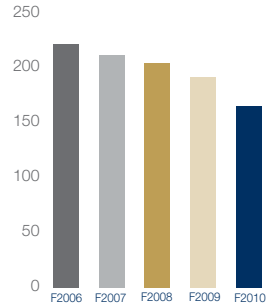
			F2010	F2009	F2008	F2007	F2006
Open-pit mining							
Waste mined		'000t	**34,145**	24,801	29,778	26,828	19,743
Ore mined		'000t	**6,643**	5,799	5,143	3,928	4,487
Head grade		g/t	**1.35**	1.52	1.71	2.23	1.89
Strip ratio		W:O	**3.92**	4.31	5.79	6.83	4.40
Underground mining							
Ore mined		'000t	**1,443**	1,222	901	1,336	1,771
Head grade		g/t	**4.67**	5.06	5.15	5.28	4.59
Processing							
Tonnes processed	Milled	'000t	**4,767**	4,821	4,647	4,669	4,567
	Heap leach	'000t	**2,052**	2,441	2,586	2,090	2,123
	Total	'000t	**6,819**	7,262	7,233	6,759	6,690
Yield	Milled	g/t	**2.5**	2.5	2.5	3.0	3.3
	Heap leach	g/t	**0.5**	0.5	0.6	0.5	0.9
	Total	g/t	**1.9**	1.8	1.8	2.2	2.3
Gold produced		'kg	**13,094**	13,222	12,992	15,146	15,440
		'000oz	**421**	428	418	487	496
Total cash cost		A$/oz	**806**	805	649	540	453
		US$/oz	**710**	596	582	424	339
Notional cash expenditure		A$/oz	**1,110**	1,023	932	738	614
		US$/oz	**978**	757	836	579	459
Capital expenditure		A$m	**116.8**	92.9	120.3	96.6	70.3
Australia consolidated earnings		A$m	**89.9**	94.3	41.2	52.8	52.6

[Agnew]

Agnew mill at dusk.

- During financial 2010 Agnew produced 165,200 ounces of gold at a cash cost of A$611 per ounce and an NCE of A$992 per ounce.
- For the year to end-June 2011 the outlook for Agnew is to produce between 160,000 and 175,000 ounces of gold at a cash cost of between A$595 and A$635 per ounce and an NCE of between A$910 and A$960 per ounce.

Gold produced
('000oz)



The Agnew Gold Mine is located 23 kilometers west of the town of Leinster, which is about 375 kilometers north of Kalgoorlie and 1,000 kilometers north-east of Perth. Ore is mined through a single portal with two decline systems from the Kim and Main ore bodies, which form part of the Waroonga underground mining complex. Ore is processed through a carbon in pulp plant with a 1.3 million tonne per annum capacity. The ore bodies are structurally controlled hydrothermal deposits situated in the Norseman-Wiluna Greenstone Belt, which is part of the Yilgarn Craton, a 2.6 Ga granite-greenstone terrain in Western Australia. Agnew has a Mineral Resource of 4.0 million ounces and a Mineral Reserve of 1.2 million ounces.

Top: Tamrock jumbo in Kim Lode ore drive

Bottom: Waroonga pit – portal access to Waroonga underground

			F2010	F2009	F2008	F2007	F2006
Open-pit mining							
Waste mined		'000t	**–**	–	191	9,315	13,836
Ore mined		'000t	**–**	–	202	1,532	836
Head grade		g/t	**–**	–	3.24	2.58	2.13
Strip ratio		W:O	**–**	–	0.95	6.08	16.04
Underground mining							
Ore mined		'000t	**581**	737	505	394	452
Head grade		g/t	**6.24**	7.94	9.34	11.69	12.10
Processing							
Tonnes milled		'000t	**883**	1,066	1,315	1,323	1,323
Yield		g/t	**5.8**	5.6	4.8	5.0	5.2
Gold produced		kg	**5,140**	5,974	6,336	6,605	6,916
		'000oz	**165**	192	204	212	222
Total cash cost		A$/oz	**611**	541	496	377	355
		US$/oz	**539**	401	445	295	266
Notional cash expenditure		A$/oz	**992**	743	634	602	480
		US$/oz	**875**	550	568	473	358
Capital expenditure		A$m	**62.6**	41.6	37.0	36.3	24.6
Australia consolidated earnings		A$m	**89.9**	94.3	41.2	52.8	52.6

South America Region

Maintaining the production and exploration momentum

Juan Luis Kruger
Executive Vice-President: South America Region

Introduction

During financial 2010 the main focus in the South America Region was to build on the significant operational and financial momentum achieved at the Cerro Corona Mine during financial 2009, and to consolidate the exploration successes at the Chucapaca project.

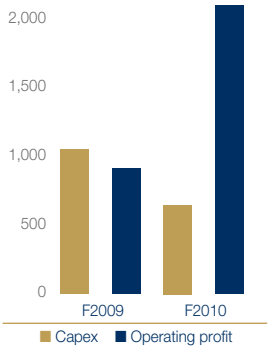
Financial 2010 marked the first year of full production of the Cerro Corona Mine, which is owned by Gold Fields La Cima S.A. (GFLC), in which the Group has an 80.7 per cent interest. During the year under review 13.7 million tonnes of ore and waste were mined in line with the life-of-mine plan, while 6.1 million tonnes of ore were processed. A significant focus on optimising recoveries in the plant resulted in the mine exceeding its output targets, with year-on-year gold equivalent production increasing by 82 per cent from 219,000 ounces in financial 2009 to 394,000 ounces in financial 2010. Operating profit for the year was US$277 million; the NCE margin 47 per cent, and free cash flow generated US$163 million (US$417 per equivalent ounce). A total of US$50 million of the project financing debt was repaid during the financial year.

The Group's safe production rules have been rolled out on the mine and the philosophy of *if we cannot mine safely, we will not mine* was fully embraced by employees. Only one Lost-Day Injury was recorded during the year and Cerro Corona was awarded first place in the open-pit category of the Annual Mining Safety Competition by the Peruvian Mining Safety Institute. During the year the mine also implemented the OHSAS 18001 safety management system and was awarded OHSAS 18001 certification.

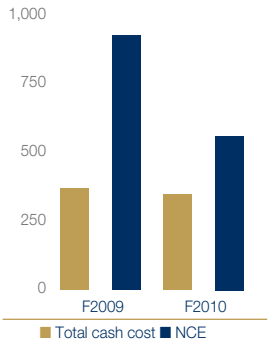
Two additional significant milestones were achieved during financial 2010: Cerro Corona obtained ISO 14001 certification for its environmental management programme and construction of the Las Gordas and Las Aguilas tailings management facilities was completed to the planned level of 3,740 meters above sea level, on schedule and within budget.

Cerro Corona also consolidated its position as a leader in the field of sustainable development in the region. Since the commencement of development activities at the mine a number of innovative sustainable development projects have been launched to improve the quality of life of the communities in the areas of direct influence of the mine. These include, inter alia, road infrastructure construction; a rural electrification project; potable water projects; various education and healthcare programmes; the training of local workers and the creation of associated employment opportunities; and the development of a number of self-sustaining agricultural activities. During the year under review significant progress was made at these projects. In addition, the construction of a new flagship dairy plant project was completed to process the dairy production of the communities surrounding the mine. As recognition for its distinctive environmental practices and social responsibility programmes, the municipality of Cajamarca granted GFLC the Green Seal Award.

Capex and operating profit
(R million)



Total cash cost and NCE
(US$/oz)



Review of operations – South America Region continued

GFLC was also recognised for a second consecutive year by the Lima Stock Exchange as one of the top ten companies in Peru in terms of best corporate governance practices.

During the year to June 2011 the focus will be on optimisation and growth at our operations. In particular, management will implement further operational improvements to the existing sulphide processing plant to exceed its nameplate capacity. The objective is to maintain plant throughput at 800 tonnes per hour, which is a seven per cent increase over the nameplate capacity of 750 tonnes per hour, achieved during financial 2010. The construction of the third raise of the tailings dam to a level of 3,746 meters, the installation and commissioning of a pebble crusher, and the construction of an additional lime silo to increase on-site storage capacity are also scheduled over the next 12 months.

A detailed design and feasibility study is under way for the expansion of the process plant to treat the 7.5 million tonnes of life-of-mine oxide ore, the bulk of which has already been stored on surface. Should the feasibility study prove positive and the required permits obtained, construction of the plant will commence in 2011. Early indications are that the oxide stockpiles contain approximately 300,000 ounces of recoverable gold, which could be brought to account over the next five years.

Conversion of Mineral Resources into Mineral Reserves at Cerro Corona is another strategic objective. Over the next 12 months we will continue to analyse alternatives to solve the current tailings storage capacity constraints and to develop an infill drilling programme.

Gold Fields plans to expand its production footprint in the South America Region to one million ounces, either in production or in development, by 2015. The aforementioned projects at Cerro Corona, combined with greenfields exploration projects being developed by Minera Gold Fields Peru S.A. (MGFP), Gold Fields' fully owned exploration subsidiary, provide us with a strong platform to achieve this objective.

No additional exploration activity was undertaken during the year by Consolidada de Hualgayoc, the exploration joint venture between GFLC and Compañía de Minas Buenaventura S.A.A. (Buenaventura), owing to the social issues in the affected communities. However, good progress was made on a number of other projects, most notably at the Chucapaca project in southern Peru.

The Chucapaca project is an advanced-stage exploration joint venture project which Gold Fields is pursuing through MGFP (51 per cent) in partnership with Buenaventura (49 per cent). In May 2010 Gold Fields and Buenaventura announced an Inferred Mineral Resource estimate of 5.6 million gold equivalent ounces, with additional potential beyond the extent of current drilling, on the Canahuire

Table 1: Chucapaca project, Canahuire deposit Inferred Mineral Resource (1 May 2010)*

Tonnes (Mt)	Grade Au (g/t)	Grade Ag (g/t)	Grade Cu (%)	Metal AuEq (Moz)
83.7	1.9	8.2	0.09	5.6

* *These Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. Attributable metal to Gold Fields and Buenaventura is 2.9 Moz AuEq and 2.8 Moz AuEq, respectively. The Mineral Resource is reported at a 0.67 g/t gold equivalent cut-off grade constrained within an optimised pit shell. The pit shell is based on price assumptions of US$1,150/oz gold, US$3.00/lb copper and US$17/oz silver. 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.*

deposit, which forms part of the Chucapaca Project area (CPA). The Inferred Mineral Resource for the Canahuire deposit is approximately 83.7 million tonnes at 1.9 grams per tonne gold, 0.09 per cent copper and 8.2 grams per tonne silver, for a total of 5.6 million gold equivalent ounces.

The Canahuire deposit is one of several targets in the 12,700 hectare CPA, which is on average 4,800 meters above sea level and located in the Altiplano area of southern Peru, 120 kilometers north-east of the city of Moquegua. Gold Fields has also consolidated a significant portfolio of additional concessions adjacent to the CPA and is independently advancing exploration on these concessions.

During financial 2010 the joint venture company, Canteras del Hallazgo S.A.C. (CDH), filed a modification to the environmental impact assessment for the Chucapaca project with the Peruvian Ministry of Energy and Mines to permit expanded activities for further scoping and infill drilling.

Exploration at Chucapaca

Review of operations – South America Region continued

An interim conceptual scoping study was completed during June 2010 and the decision was made to advance the project towards pre-feasibility. The next phase of drilling is focused on defining extensions of mineralisation towards the west of the Canahuire deposit as well as to test other exploration targets within the CPA. Drilling commenced in July 2010 after permitting approval was obtained.

Since exploration started at Chucapaca, CDH has worked closely with all key stakeholders, particularly local communities, by providing open and transparent information. Agreements have been reached with the Corire, Santiago de Oyo Oyo and Chucapaca communities, which facilitate the continuation of exploration activities and studies. These agreements provide for health and education programmes in collaboration with the appropriate authorities, sustainable development programmes identified by the communities, other participatory work, and a variety of training initiatives for community members.

It is expected that a construction decision will be reached on the Canahuire deposit within the next three years.

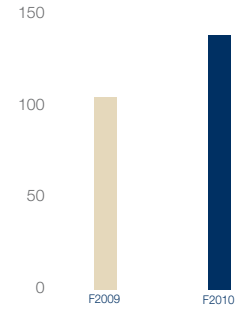
Cerro Corona

[Cerro Corona]

Mill SAG – Process plant at Cerro Corona

- During financial 2010 Cerro Corona produced 393,600 of gold equivalent ounces at a cash cost of US$348 per ounce and an NCE of US$561 per ounce.
- For the financial year to end-June 2011 the outlook for Cerro Corona is to produce between 315,000 and 340,000 of gold equivalent ounces at a cash cost of between US$410 and US$440 per equivalent ounce and an NCE of between US$625 and US$660 per equivalent ounce. Gold production is forecast at between 120,000 and 130,000 ounces while the outlook for copper production is between 33,000 and 35,500 ounces.

Gold produced
('000oz)

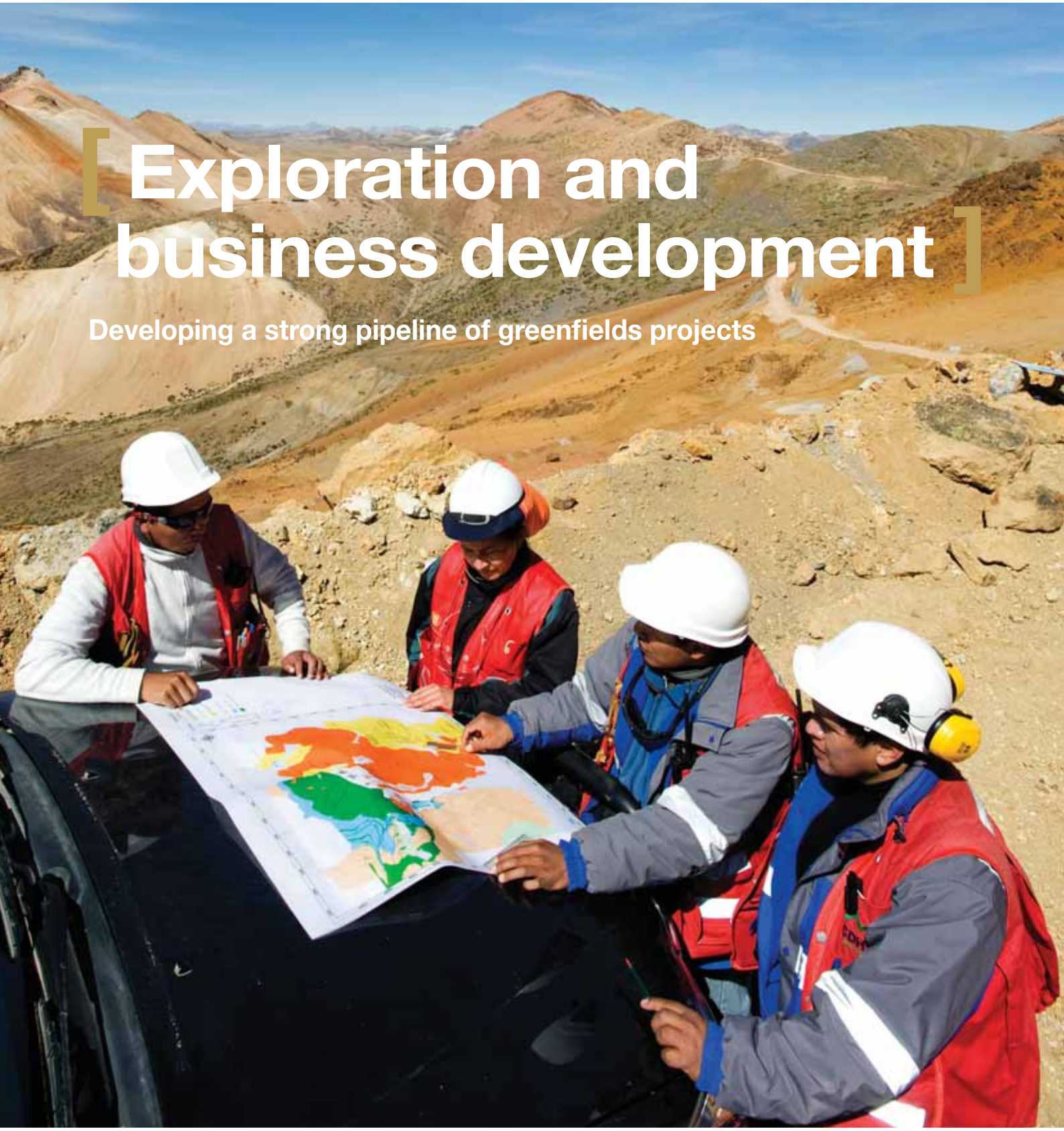


The Cerro Corona Mine is a large open-pit mine situated in the highest part of the western Cordillera of the Andes Mountains in northern Peru, two kilometers north-west of the village of Hualgayoc in the Department of Cajamarca. This is about 600 kilometers north-east of Lima and about 80 kilometers by road north of the city of Cajamarca.

The Cerro Corona copper-gold deposit, which contains Mineral Resources of 8.7 million gold equivalent ounces and Mineral Reserves of 5.3 million gold equivalent ounces, is a porphyry style mineralisation, hosted by a 600 meter to 700 meter diameter sub-vertical cylindrical-shaped diorite porphyry, emplaced in mid-Cretaceous limestone, marls and siliclastic rocks. The project involves the production of gold and copper by conventional open-pit mining methods. The copper-gold flotation concentrate is trucked to the port of Salaverry for shipment to smelters in Japan, Korea and Europe.

Top: Exploration at Chucapaca
Bottom: Process plant and storage of concentrate at Cerro Corona

		F2010	F2009	F2008
Open-pit mining				
Waste mined	'000t	**7,366**	4,894	5,762
Ore mined	'000t	**6,248**	5,044	939
Combined grade	g/t	**2.3**	2.4	2.7
Au grade	g/t	**1.1**	1.2	1.2
Cu grade	per cent	**0.8**	0.8	0.4
Strip ratio	W:O	**1.2**	1.0	6.1
Processing				
Tonnes milled	'000t	**6,141**	4,547	–
Combined yield	g/t	**2.0**	1.5	–
Au yield	g/t	**1.1**	0.7	–
Cu yield	per cent	**0.9**	0.5	–
Gold produced	'000oz	**139**	105	–
Copper produced	'000t	**41**	24	–
Copper produced expressed in equivalent gold ounces	'000eqoz	**254**	114	–
Total produced	'000eqoz	**393**	219	–
Total cash cost	US$/eqoz	**348**	369	–
Notional cash expenditure	US$/eqoz	**561**	926	–
Net attributable earnings	US$m	**87.9**	20.5	–
Capital expenditure	US$m	**85.6**	116.8	348.4



Exploration and business development

Developing a strong pipeline of greenfields projects

Tommy McKeith
Executive Vice-President: Head of exploration and business development

Gold Fields' international expansion strategy is driven by its extensive exploration programme and the successes delivered in financial 2010 prove that growth through the drill-bit is a cost-effective way to achieve accretive growth. Gold Fields has expanded its exploration portfolio onto five continents with exploration being managed from two hubs based in Perth, Western Australia and Denver, Colorado. The Group also has offices in Santiago, Chile; Lima, Peru; Vancouver, Canada; Bamako, Mali; and Accra, Ghana.

During financial 2010 Gold Fields spent a total of US$152 million on exploration, which included US$81 million on greenfields exploration and US$71 million on near-mine exploration. Over the next 12 months we have set aside around US$150 million for exploration, which reflects the continued strength of the portfolio.

Salient features

- Discovery effort anchored by exploration drilling in excess of 480,000 meters.
- Completion of an Inferred Mineral Resource and a preliminary scoping study for the Canahuire deposit in Peru within 18 months of discovery.
- Delivery of Indicated and Inferred Mineral Resource for the Talas Project in Kyrgyzstan.
- Consolidation of the Komana and Sankarani Projects in Mali into the 100 per cent-owned Yanfolila Project.
- Near-mine exploration success increased the Mineral Resources and has the potential to substantially boost the Mineral Reserves at St Ives, Agnew and Damang.
- Robust pipeline of initial drilling projects in Australia, Canada, Chile, Ghana, Kyrgyzstan, Mali and the Philippines.

Exploration objectives

- Grow the Gold Fields Mineral Reserve base and production on a per-share basis through quality exploration and discovery.
- Develop a strong pipeline of quality greenfields opportunities capable of contributing to the goal of increasing international production to three million ounces per annum over the next five years, either in production or in development by 2015.
- Establish Gold Fields' exploration capability in a limited number of Regions identified to seek exceptional prospects and become the dominant explorer in those camps.
- Contribute to the growth initiatives of the three international regional business units by supporting business development opportunities and accelerated development of Mineral Resources and Mineral Reserves proximal to Gold Fields' existing operations.

Growth strategy

A continued lack of quality gold discoveries in the industry has led to escalating competition for advanced exploration and production assets and makes value-accretive growth through acquisition increasingly difficult. Gold Fields' growth strategy is focused on creating high-quality opportunities through an aggressive greenfields exploration programme. Through a disciplined assessment of exploration opportunities, along with attention to quality and timely execution, the exploration group leverages its technical excellence in area selection to improve the likelihood of success and significantly reduce project development timelines. Results from this exploration focus are expected to grow Gold Fields' Mineral Reserves and production on a per-share basis and thereby create significant value for the company's shareholders.

Review of operations – Exploration and business development continued

Four advanced stage exploration drilling prospects

1. West Africa – Yanfolila in Mali
2. South America – Chucapaca in southern Peru
3. Central Asia – Talas in Kyrgyzstan
4. Europe – Arctic Platinum project in Finland

Development stage	Africa	Australasia	South America	Rest of the world	Total
Advanced drilling	1	–	1	2	4
Initial drilling	8	14	3	12	37
Target definition	41	18	18	7	84

Gold Fields' exploration strategy is based on a cautious approach when selecting new projects for the portfolio. The aim is to strike the appropriate balance between size, quality and the risks associated with an exploration project. These trade-offs will continually be reassessed as a project advances through the development pipeline to ensure its economic potential is commensurate with the technical, commercial, geopolitical, social and environmental risks.

The company has targeted opportunities in its three international operating regions: South America, West Africa and Australasia. This eases the exploration effort by leveraging existing Gold Fields infrastructure, while delivery of growth will also be facilitated through the use of Gold Fields resources and capabilities. The exploration group has also prioritised near-mine exploration at the Gold Fields operations in Australia and Ghana as the easiest place to find gold is near an existing gold operation. Near-mine exploration is focused on delivering the option value of the company's sites and providing a robust platform for regional growth.

Gold Fields is developing its exploration efforts in a few key prospective geological belts where we can establish ourselves as a dominant player. This effort will centre on new exploration search spaces which are underexplored and often have never seen a drill-bit.

Gold Fields maintains rigorous QA/QC protocols on all its exploration programmes using industry best practice in

data acquisition, laboratory verification and sign-off by qualified persons under the NI43-101, 2007 SAMREC and JORC codes.

Greenfields exploration

Gold Fields operates a disciplined exploration project management system with clear decision parameters based on the potential and economics of a discovery. To be successful, targets first need to be drill tested and advanced to the next exploration phase. There is a strong focus on turning over targets as effectively as possible by drill testing and progressing targets in a timely manner.

Greenfields exploration is generated by reviewing and ranking the most prospective terrains across the world after considering country risk and strategic fit. Each exploration region continuously monitors and reviews opportunities, targeting projects at all stages of development.

When evaluating advanced opportunities or assessing conceptual targets, various metrics are used, including reserve and production potential, operating and NCE margin, payback period, initial capital costs, development timeline, net asset value, earnings and cash flow.

The table on the previous page provides a breakdown, by region, of the number of targets in the Gold Fields portfolio as of 30 June 2010 for each of the five project development stages. The table does not include near-mine exploration projects at Gold Fields' current operations in South Africa, Ghana, Australia and Peru.

Advanced drilling projects

At the **Chucapaca joint venture project in Peru** in February 2010 Gold Fields completed its back-in right to earn a 51 per cent interest. Joint venture partner Compania de Minas Buenaventura S.A. (BVN) holds the remaining 49 per cent. Gold Fields and BVN formed Canteras del Hallazgo S.A. (CDH) as the joint venture company to hold, explore and potentially develop the Chucapaca gold-copper property. In January 2010 CDH completed a 22,290 meter delineation drilling programme on the Canahuire deposit at Chucapaca and in May 2010 announced an Inferred Mineral Resource estimate of 5.6 million gold equivalent ounces. In June 2010 CDH completed a conceptual mine scoping study and took the decision to advance the project towards prefeasibility. Environmental permits have been approved for the next phase of drilling which commenced in July 2010. The pre-feasibility is expected to be completed in Q3 calendar 2011.

At the **Yanfolila project in Mali,** Gold Fields acquired Glencar Mining Plc and consolidated a large land position in the Yanfolila belt of south-western Mali.

Since November 2009, Gold Fields has completed 23,286 meters of diamond, 14,167 meters of reverse circulation and 87,320 meters of aircore drilling at the Yanfolila Project. Framework and infill RC and diamond drilling was used to delineate shallow resources over the Komana East and West deposits as well as to test eight initial drilling targets over five licences. Aircore drilling was used to sample the bedrock through the laterite cover and outlined new target areas with encouraging intercepts at Gonka, Bokoro North, Bokoro Main and Sanioumale West. The aim in Mali is to complete a scoping study by the end of calendar 2011 and to proceed towards a feasibility study.

At the **Talas joint venture project in Kyrgyzstan,** Gold Fields completed its earn-in during February 2010 and now holds a 60 per cent interest in the project with joint venture partner Orsu Metals Corporation holding the remaining 40 per cent. Gold Fields completed a 22,013 meter drilling programme on the Taldybulak deposit at Talas and defined an Indicated and Inferred Mineral Resource estimate of 11.7 million gold equivalent ounces.

Field work was stopped in April 2010 as a result of the political events in Kyrgyzstan resulting in resignation of the president. Work will remain suspended until political stability has returned following the successful installation of a new government. In the meantime metallurgical optimisation studies are examining the possibility of increasing recoveries and extracting metals from the oxidised ores.

At the **Arctic Platinum project in Finland,** Gold Fields has been investigating the use of various hydro-metallurgical processing options, instead of off-site smelting, to recover copper, nickel, gold and platinum group metals (platinum, palladium and rhodium) from the flotation concentrates. The preliminary test work returned positive results and further engineering work was conducted to provide initial operating and capital cost estimates. Planning is under way to process metallurgical samples through a continuous pilot plant facility.

Review of operations – Exploration and business development continued

Initial drilling projects

At the **East Lachlan joint ventures in New South Wales, Australia,** Gold Fields has earned an 80 per cent interest in two porphyry gold-copper project areas (Wellington North and Cowal East) and achieved the first 51 per cent earn-in of a potential 80 per cent earn-in on the Myall JV. Gold Fields also exercised an option to elect four additional projects (Jemalong, Moorefield, Parkes-Clancy, and Parkes-Centaurus) and take an immediate 80 per cent ownership with joint venture partner Clancy Exploration Limited. Extensive aircore drilling programmes completed at the Myall and Cowal East concessions continue to identify broad areas of gold and copper anomalism associated with widespread porphyry-style alteration and mineralisation. Exploration continues to focus on identifying high-quality targets for initial diamond drill testing.

At the **Batangas joint venture projects in the Philippines** Gold Fields is in its first year earn-in on three joint ventures with Mindoro Resources, where it can earn up to a 75 per cent interest. The projects, located in the Batangas region of Luzon, are prospective for porphyry copper-gold and epithermal gold mineralisation. Five targets were tested with about 2,000 meters of diamond drilling intersecting two low-grade porphyries. Drilling is now focused on diamond drill testing a large epithermal-related gold anomaly on the Lobo JV.

At the **SBX joint venture project in Chile** Gold Fields is earning a 90 per cent interest in certain claims held by SBX Asesorias e Inversiones and has an option to acquire 100 per cent of the Pircas gold property held by S.C.M. Aguas Heladas, a private Chilean company. During the year, the first stage of diamond drilling was completed at Pircas and results continue to be encouraging. In January 2010 Gold Fields signed an option agreement to acquire 100 per cent of the nearby Pedernales property from S.L.M. Terrier, a Chilean company. The Pedernales property is located seven kilometers to the north-west of the Pircas property. Drilling is scheduled on these properties over the next 12 months.

At the **Tacna project in Peru** Gold Fields completed a total of 1,854 meters of diamond drilling in six widely spaced drill holes at the Cotapaccha target, one of seven blocks of concessions that the company staked for potential to host epithermal gold-silver mineralisation. Further work is in progress to develop other drill targets within Cotapaccha and adjacent concessions.

At the **Woodjam North project in British Columbia, Canada,** Gold Fields signed a joint venture agreement with Fjordland Exploration and Cariboo Rose Resources (the Woodjam Partners) to earn up to 70 per cent interest on a 40,500 hectare property covering several known porphyry copper and gold targets. Diamond drilling commenced in October 2009 and positive results have justified continued drilling in financial 2011. On 20 May 2010 Gold Fields signed a second joint venture agreement with the Woodjam Partners to earn 70 per cent on the adjacent Woodjam South property which includes the SE Zone porphyry discovery.

Also in British Columbia, Gold Fields is earning up to a 75 per cent interest in Cascadero Copper Corp's **Toodoggone copper and gold project**. The initial diamond drilling programme concluded in October 2009. Force majeure has been declared to suspend the joint venture terms while Gold Fields tries to resolve the First Nations' opposition to exploration activities in the project area. Meetings with the relevant groups are ongoing.

Near-mine exploration

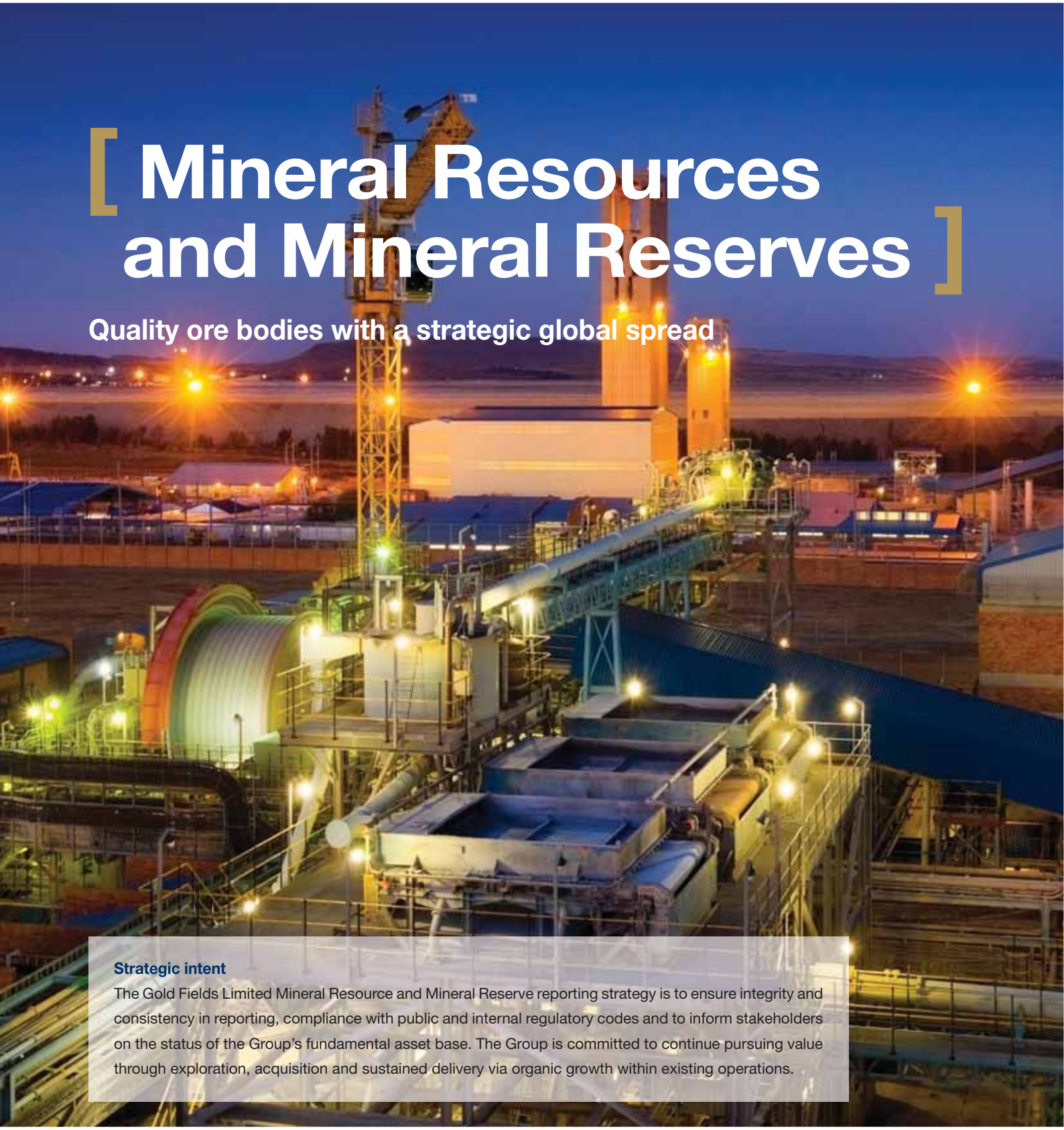
At the **St Ives Mine in Western Australia** the development focus during financial 2010 was on completing the portal at Athena and sinking the decline to the ore position, which was intersected on 13 May 2010. Full production from Athena is scheduled for end-calendar 2011. After completion of the Athena feasibility study, near-mine exploration shifted to the Hamlet discovery, which is located about one kilometer east of Athena. Hamlet is a lode-style deposit similar to Athena and Gold Fields on 20 May 2010 announced an Indicated and Inferred Mineral Resource of 1.03 million ounces of gold. Drilling to further expand the Mineral Resource and support a feasibility study is under way and a construction decision is planned in late calendar 2011. Other near-mine opportunities in the Argo-Athena camp were discovered and tested during the year with initial drilling undertaken to assess open-pit and underground mining opportunities. The intention over the next 12 months is to advance the exploration of at least two of these discoveries with infill and extensional drilling.

At the **Agnew Mine in Western Australia** the drilling programme focused on the underground extension and reserve delineation at Waroonga, specifically Kim south. Directional surface drilling technology was successfully introduced and the surface drilling project, was completed in May 2010 to depths of 1,400 meters below surface covering 21,734 meters. A total of 11,608 meters was drilled from underground stations and the programme was completed in March 2010.

Drill testing of the shallow Cinderella deposit, located a short distance from the Agnew processing plant, was completed late in financial 2010 (18 holes for 3,050 meters) and the intention is to assess the open-pit mining potential of the deposit before the end of 2010.

At the **Damang Mine in Ghana,** the emphasis was on extensional drilling to the south of the main Damang Mine and between some of the smaller surface mines. Good indications for extensional opportunities were highlighted and near-mine exploration during financial 2010 was directed at two core growth projects, Greater Damang and Greater Amoanda. The Greater Damang Project extends for about five kilometers from Huni North in the north to the Nyame prospect in the south, while Greater Amoanda extends for two kilometers from the Tomento East surface mine in the south of the Amoanda Mine. The objective over the next 12 months is to advance the Greater Damang Project with additional infill drilling to support a feasibility study decision on an enlarged surface mining operation.

At **Cerro Corona in Peru,** the exploration programme at the Consolidada de Hualgayoc JV (a 50 per cent Gold Fields, 50 per cent Compania de Minas Buenaventura S.A. joint venture) was suspended in September 2009 due to opposition by the local community. Within the Cerro Corona Mine property an initial review was completed in May 2010 to evaluate the potential for Cu-Au skarn mineralisation at the margin of the porphyry system. A data review is currently in progress and, should results be positive, a diamond drilling programme will be motivated as a proof of a concept drill test.



Mineral Resources and Mineral Reserves

Quality ore bodies with a strategic global spread

Strategic intent

The Gold Fields Limited Mineral Resource and Mineral Reserve reporting strategy is to ensure integrity and consistency in reporting, compliance with public and internal regulatory codes and to inform stakeholders on the status of the Group's fundamental asset base. The Group is committed to continue pursuing value through exploration, acquisition and sustained delivery via organic growth within existing operations.

Tim Rowland
Vice-President Technical, South Africa Region

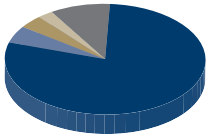
- Attributable Mineral Resources increased by three per cent net of depletion
- Attributable Mineral Reserves decreased by four per cent net of depletion
- Higher Mineral Reserves at Agnew and Damang
- All South African operations now converted to new-order mining rights

Group overview

All Mineral Resource and Mineral Reserve numbers in this section are managed with respect to ownership, unless otherwise stated. The Mineral Resource and Mineral Reserve metal prices used in this declaration can be referenced in the statement table footnotes on page 89. The Mineral Resource and Mineral Reserve numbers are based on the June 2010 statement (June 2009 statement's numbers are shown in brackets). The highlights of the June 2010 statement are:

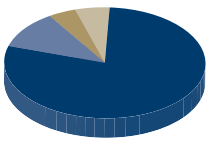
- Gold Fields has total attributable precious metal Mineral Resources of 280.5 (271.2) million ounces and total attributable gold and copper-gold equivalent Mineral Reserves of 78.0 (81.1) million ounces. The figures include: (i) the Arctic Platinum, Canahuire gold-copper-silver, the Taldybulak gold-copper-molybdenum and the West Wits Tailings Treatment (WWTTP, excluding uranium) growth projects, and (ii) the Uncle Harry's ground contiguous to the South Deep Mine. (The West Wits operations include Driefontein, Kloof and South Deep gold mines);
- Total attributable gold Mineral Resources (excluding platinum and other metal equivalents) are 254.6 (255.4) million ounces and Mineral Reserves are 75.9 (78.9) million ounces. Total attributable WWTTP and underground uranium Mineral Resources amount to 77.9 (77.1) million pounds;
- The South Africa Region has a declared attributable gold Mineral Resource (including WWTTP gold) of 225.9 (228.3) million ounces, down one per cent, and a gold Mineral Reserve of 61.7 (64.7) million ounces, down five per cent. Aside from the restated Upper Elsburg reef numbers above mine infrastructure (87–110 level), South Deep figures remain as per the acquisition model;
- The West Wits Tailings Treatment project has a declared attributable surface uranium Mineral Resource of 53.3 (51.4) million pounds and a gold Mineral Resource of 4.5 (4.3) million ounces. The underground attributable uranium Mineral Resource for the West Wits operations has been estimated this year at 24.6 (25.7) million pounds;
- The West Africa Region has a declared attributable gold Mineral Resource of 14.2 (14.6) million ounces and a gold Mineral Reserve of 8.5 (8.9) million ounces;
- The Australasia Region has a declared attributable gold Mineral Resource of 10.9 (9.1) million ounces and a gold Mineral Reserve of 3.5 (3.0) million ounces;
- The South America Region (excluding growth projects) has a declared attributable gold Mineral Resource of 3.5 (3.4) million ounces

Attributable Mineral Resources
(million Au-Eq oz)



- South Africa (221.4 Moz – excluding WWTTP Au)
- West Africa (14.2 Moz)
- Australasia (10.9 Moz)
- South America (7.0 Moz)
- Growth projects (27.0 Moz)

Attributable Mineral Reserves
(million Au-Eq oz)



- South Africa (61.7 Moz – excluding WWTTP Au)
- West Africa (8.5 Moz)
- Australasia (3.5 Moz)
- South America (4.3 Moz)

Mineral Resources and Mineral Reserves continued

and a gold Mineral Reserve of 2.2 (2.3) million ounces. Attributable copper Mineral Resources and Mineral Reserves are 1,253 (1,154) million pounds and 788 (797) million pounds respectively. The total attributable gold and copper-gold equivalent Mineral Resource and Mineral Reserve ounces are 7.0 (6.6) million ounces and 4.3 (4.5) million ounces respectively;

- At Cerro Corona, design changes to the tailing storage facility, have resulted in an increase of the current storage capacity by six million tonnes. This has compensated for the mining depletion in financial 2010;
- The Arctic Platinum Project (APP) Mineral Resource statement remains the same as historically reported (12.6 million ounces 2PGE+Au). Initial testwork on the amenability of APP ores to hydrometallurgical processing has been positive to date with significant improvements in precious and base metal project recoveries compared to previous studies. Further tests are ongoing to establish optimum flotation parameters for pilot plant testing. The preliminary metallurgical recoveries, as well as operating and capital cost estimates based on this testwork, have been used to generate indicative financial returns for the project. These indicative financial returns are positive;
- Joint venture partners, Gold Fields (51 per cent) and Compania de Minas Buenaventura (49 per cent), announced the discovery of a major gold-copper-silver deposit in the Canahuire area of their Chucapaca project area in southern Peru. A managed Inferred Mineral Resource for Canahuire of approximately 83.7Mt at 1.9 g/t gold, 0.1 per cent copper and 8.2 g/t silver for a total of 5.6 million gold equivalent (Au-Eq) ounces was declared (refer to statement table footnotes for metal prices used for gold equivalent computation); and
- Talas joint venture partners, Gold Fields (60 per cent) and Orsu Metals Corporation (40 per cent) updated the Mineral Resource for the Taldybulak gold-copper-molybdenum, porphyry deposit in Kyrgyzstan after drilling more than 20,000 meters in 2008 and 2009. The Mineral Resource is based on a scoping study of large open-pit mining. The managed Inferred portion of the Mineral Resource is approximately 296.0 Mt at 0.4 g/t gold, 0.2 per cent copper and 0.01 per cent molybdenum for 7.48 million gold equivalent ounces. The managed Indicated portion of the Mineral Resource is 127.0 Mt at 0.6 g/t gold, 0.2 per cent copper and 0.01 per cent molybdenum for 4.23 million gold equivalent ounces. The managed Inferred and Indicated Mineral Resource is 423.0 Mt at 0.5 g/t gold, 0.2 per cent copper and 0.01 per cent molybdenum for 11.71 million gold equivalent ounces (refer to statement table footnotes for metal prices used for gold equivalent computation).

Surveyors at work, South Deep

Corporate governance

The financial 2010 statement outlines the Gold Fields Mineral Resource and Mineral Reserve at each of its operating mines and growth projects, as at 30 June 2010. The Mineral Resource and Mineral Reserve information reported is considered important for disclosure and it reflects a level of detail required for completeness, transparency and materiality. The Group's Mineral Resource and Mineral Reserve figures, which have been carefully prepared and verified, are estimates and can be affected by changes in the gold price, fluctuations in the US dollar exchange rates, costs and operating factors. Mineral Resources are reported inclusive of Mineral Reserves and stability pillars in underground operations.

Gold Fields is in the process of changing its financial year-end from June to December to align with the company's peers in the gold mining industry. As a result, the compilation of the annual Mineral Resource and Mineral Reserve supplement, which normally accompanies the annual report, will only be published with the new annual report for the financial period to 31 December 2010. Consequently, the 30 June 2010 Mineral Resources and Mineral Reserves primarily reflect mining depletion of last year's figures, except where material differences were encountered for technical or economic reasons, in which case suitably revised models and schedules were implemented.

This statement has been compiled in alignment with the South African Code for the Reporting of Exploration Results, Mineral

Methodology applied for the 30 June 2010 declaration:

Operation	Methodology applied	
	Mineral Resources	Mineral Reserves
Driefontein	30 June 2009 – depleted	30 June 2009 – depleted
Kloof	30 June 2009 – depleted plus exclusions at 7 Shaft	30 June 2009 – depleted plus exclusions of lower grade ore at 7 Shaft and high grade pillars for safety reasons
Beatrix	30 June 2009 – depleted	30 June 2009 – depleted plus exclusions of specific mining areas as a result of infrastructure and footprint reduction
South Deep	30 June 2009 – depleted	30 June 2009 – depleted
Tarkwa	30 June 2009 – depleted	Additional exploration drilling incorporated and new model for the ridge portion of Akontansi, updated Reserve costs, optimisation and schedule
Damang	Additional exploration drilling incorporated, owner mining costs, updated Resource models	Additional exploration drilling incorporated, owner mining costs, updated Reserve schedules
St Ives	Additional exploration drilling incorporated, updated Resource models	Additional exploration drilling incorporated, updated Reserve schedules
Agnew	Additional exploration drilling incorporated, owner mining costs, updated Resource models	Additional exploration drilling incorporated, owner mining costs, and updated Reserve schedules
Cerro Corona	Sylvita Concession cut-back incorporated, revised costs, steeper slope angles, updated grade control model included in overall Resource model, waste constraint of 160 Mt	Sylvita Concession cut-back incorporated, revised costs and prices, steeper slope angles, updated grade control model included in overall Resource model, capacity of TSF increased by 6 Mt

Resources and Mineral Reserves (2007 SAMREC Code), which is aligned to section 12 of the Johannesburg Stock Exchange (JSE Limited) Listings Requirements and Industry Guide 7 for reporting on the United States Securities and Exchange Commission (SEC). Cognizance is taken of other relevant international codes, where geographically applicable, such as the Australian JORC Code and Canadian NI 43-101. The process followed in producing the declaration is aligned to the guiding principles of the Sarbanes-Oxley (SOX) Act of 2002.

Covering the entire Group's Mineral Resource Management (MRM) function, the rigorous internal control process is accepted as being SOX compliant, leading to world-class corporate governance practices.

The commodity prices used for the Mineral Resource and Mineral Reserve declaration are in accordance with the SEC guidelines and approximate the historical two to three-year average commodity prices.

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 Resource", that the SEC guidelines strictly prohibit companies from including in filings, as the latter are restricted to Mineral Reserves only. United States (USA) investors are urged to consider closely the disclosure in the company's Form 20-F.

Modifying factors

Mineral Resource tonnages and grades for underground operations are estimated in situ over a minimum mining width, and include mineralisation below the selected cut-off grade to ensure that the Mineral Resource comprises practical mining blocks of adequate size and continuity.

Open pit operations are typically confined to pit shells that are defined by the price and costs used for their estimates. This

Mineral Resources and Mineral Reserves continued

approach for Mineral Resources utilises unengineered pit shells to constrain the mineralisation to that which is economically and practically extractable under assumed economic conditions, and reflects technical rigour compared to the disclosure of a mineral inventory, regardless of stripping ratios, location and continuity.

Mineral Reserves are that portion of the Mineral Resource which technical and economic studies have demonstrated can justify extraction at the time of disclosure. Estimates of tonnages and grades quoted as Mineral Reserves include allowances for all mining dilution, all other mining and modifying factors and consequently, are reported as net tonnes and grades delivered to the mill.

Mineral Reserves for the South Africa Region operations are estimated using a total cost pay limit, with the exception of South Deep which uses a cut-off grade, historical mining efficiencies, cost levels at each operation and the current Life-of-Mine (LoM) plan. The conversion ratio from Mineral Resource to Mineral Reserve in the South Africa Region is affected by the following key factors:

- The exclusion from Mineral Reserves of regional support pillars and safety pillars as designed into the current mine plan.
- Mining constraints applied to the extraction, based on the geometry of the geological structures as presently interpreted.
- The gold price differential applied to the Mineral Reserve and Mineral Resource, with the latter being higher to reflect the potential inherent to the ore bodies at possible future elevated gold prices.

Mineral Reserves for West Africa are estimated using mine designs generated after standard mine optimisation methods, current cost structures and technical assumptions derived from actual production history and/or feasibility studies.

Mineral Reserve parameters for the Australasia Region vary on a project-by-project basis, and reflect specific cost structures and technical assumptions derived from actual production history or extensive feasibility work.

Cerro Corona's Mineral Reserves are limited by the finite capacity of the Tailing Storage Facility (TSF). The Net Smelter Return cut-off calculation takes account of all cost and technical parameters.

Operations are entitled to mine all declared material located within their respective mineral rights and/or mining rights and all necessary statutory mining authorisations and permits are in place or have reasonable expectation of being granted. One

The following modifying factors were applied in the reserving process:

										Cerro Corona	
	Unit	Driefontein	Kloof	Beatrix	South Deep	Tarkwa	Damang	St Ives	Agnew	Gold	Copper
Plant Recovery Factor	Mill %	97	98	96	97	97	92.5 – 93.5	89	94.7	53 – 74	65 – 90
	HL %	–	–	–	–	64	–	55 – 75	–	–	–
Strip Ratio	waste: ore	–	–	–	–	5.18	2.24	4.15	–	1.18	
Mine Dilution	%	23	27	23	6	11	Hy 15% & Pa 40cm	OP 6 – 35 & UG 2 – 47	12 to 38	–	–
Mineral Reserve Pay Limit/ Cut-off grade	cm.g/t	1,170	1,310	840	–	–	–	–	–	Net smelter return US$13.95/t	
	Mill g/t	–	–	–	4.0	0.44	FO 0.70 & OxO 0.38	OP 0.7 & UG 1.7 – 3.3	Stockpile 0.35 & UG 3.1 to 4.4		
	HL g/t	–	–	–	–	0.31	–	0.7	–		
Mine Call Factor	%	91	85	86	100	100	100	100	100	–	–
Stope Width	cm	151	146	154	–	–	–	–	–	–	–

Mineral Reserve commodity prices used in declaration (financial 2010 in brackets): R/kg – R240,000 (R230,000); A$/oz – A$1,100 (A$1,000); US$/oz – US$925 (US$800); and US$/lb – US$2.40 (US$2.20). Exchange rates: R:US$ – R8.07 & A$:US$ – A$1.19

HL: Heap leach, Hy: Hydrothermal, Pa: Palaeoplacer, FO: Fresh Ore, OxO: Oxide Ore, OP: Open Pit, UG: Underground

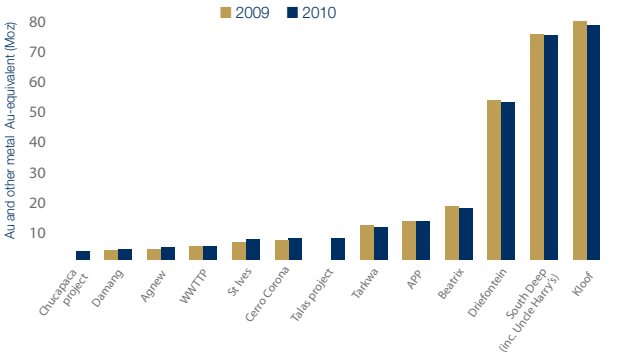
exception is Damang, where the Abosso underground rights from below 30 meters, are currently held by Tarkwa Gold Mine.

Rounding-off figures may result in minor computational discrepancies, where this happens it is not deemed significant. All references to tonnes are metric units.

Attributable Mineral Resources and Mineral Reserves

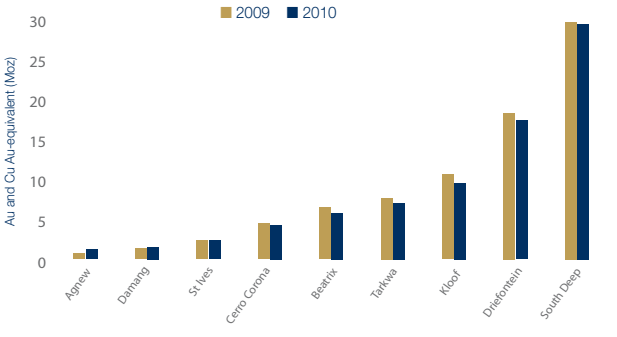
The charts below depict the Group's attributable equivalent Mineral Resource and Mineral Reserve ounces split by operation or project. The South Africa Region accounts for 81 per cent (including WWTTP gold) of the Mineral Resource base, with the West Africa Region five per cent, the Australasia Region four per cent, the South America Region (Cerro Corona) two per cent and growth projects eight per cent. The South Africa Region accounts for 79 per cent of the Mineral Reserve, with the West Africa Region 11 per cent, Australasia Region five per cent and the South America Region also five per cent.

Attributable Mineral Resources*



** Excluding WWTTP Uranium Mineral Resources as well as the underground Uranium Mineral Resources*

Attributable Mineral Reserves

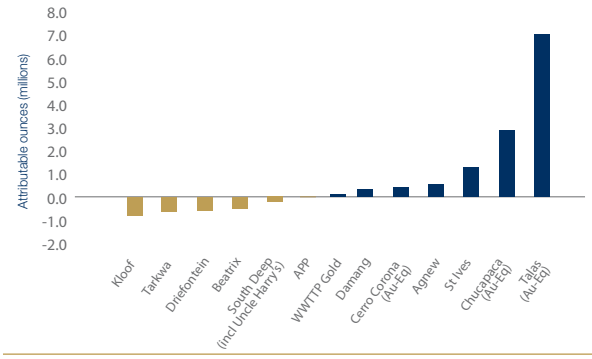


Mineral Resources and Mineral Reserves depletion and growth

The year-on-year change in the attributable Mineral Resource and Mineral Reserve statement is summarised below.

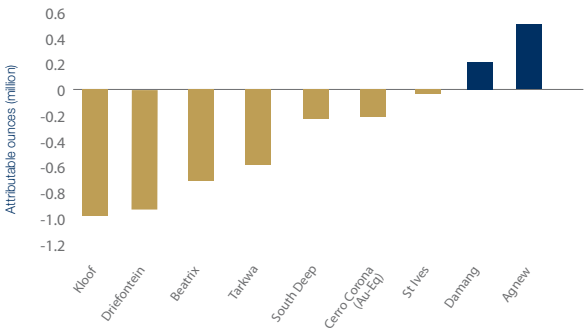
The increase in Mineral Resource ounces is primarily due to the inclusion of the new growth projects (Chucapaca and Talas), expansion of the Cerro Corona pit (inclusion of the Sylvita concession) and discoveries at St Ives, Agnew and Damang. The reduction at South Deep, Driefontein, Beatrix, Kloof and Tarkwa is mainly due to mining depletion.

Attributable Mineral Resource ounces
June 2009 vs June 2010



The growth in Mineral Reserves at Damang and Agnew is as a result of discovery, gold price, converting to owner mining (cost reduction) and model enhancements. In addition to depletion, the increased capital cost (TSF and crusher) at Tarkwa, increased TSF capacity at Cerro Corona (+6 Mt) and extensional drilling at St Ives, necessitated remodelling and scheduling. The reduction at Driefontein, Kloof, Beatrix and South Deep is primarily due to depletion and exclusion of uneconomic mining areas, plus high risk pillars and remnants.

Attributable Mineral Reserve ounces
June 2009 vs June 2010



Mineral Resources and Mineral Reserves continued

Exploration expenditure

The investment in on-mine and near-mine based exploration over the reporting period totalled US$71.16 million. The US$ exploration spend again centered heavily on Australia (65 per cent) with South Africa (19 per cent), Ghana (15 per cent) and Peru (one per cent) accounting for the remainder.

Exploration expenditure for the 12-month period ending 30 June 2010:

		F2010 expenditure			Total expenditure	
Operations/Region	Meters drilled	R million	A$ million	US$ million	**F2010 US$ million**	F2009 US$ million
Driefontein	10,466	8.308	–	–	**1.096**	0.605
Kloof	17,246	13.392	–	–	**1.767**	1.252
Beatrix	14,068	14.507	–	–	**1.914**	0.381
South Deep	20,391	62.963	–	–	**8.307**	5.912
West Wits (WWTTP*)	–	1.541	–	–	**0.203**	1.815
Total South Africa Region	62,171	100.712	–	–	**13.286**	9.965
Tarkwa**	–	–	–	–	**–**	–
Damang	41,048	–	–	10.783	**10.783**	5.005
Total West Africa Region	41,048	–	–	10.783	**10.783**	5.005
St Ives	234,497	–	33.121	–	**29.176**	20.523
Agnew	106,943	–	19.140	–	**16.860**	12.972
Total Australasia Region	341,440	–	52.261	–	**46.037**	33.495
Cerro Corona	5,900	–	–	1.051	**1.051**	–
Total South America Region	5,900	–	–	1.051	**1.051**	–
Total International regions	388,388	–	52.261	11.835	**57.872**	38.500
Global total	450,559	100.712	52.261	11.835	**71.158**	48.465

Exchange rates: R:US$ – 7.58 and A$:US$ – 1.1352. All mines exclusive of non-capex grade control and cover drilling.
** Analytical cost only. Exploration drilling completed in financial 2009.*
*** Grade control and geotechnical drilling only.*

Review of operations

South Africa Region

The South Africa Region's gold Mineral Resource base has decreased by one per cent and the Mineral Reserve has decreased by five per cent, net of mined depletion. The South Africa Region currently accounts for 81 per cent (including WWTTP gold) and 79 per cent of the Group's attributable precious metal and gold equivalent Mineral Resource and Mineral Reserve base respectively.

The South Africa Region, with its three mature operations and the developing South Deep project, remains key in the Gold Fields vision of being the global leader in sustainable gold mining with gold Mineral Resources of approximately 230 million ounces (including WWTTP gold) and Mineral Reserves of approximately 62 million ounces post depletion.

Notable regional points are:

- Technical challenges in the fields of the Mine Call Factor (MCF), dilution and quality mining, initiated a new drive for the SA operations to improve the ore grade delivered to the mill through a significant focus on and improvement in Volume, Value, Quality and old Gold (VVQoG);
- Mechanised off-reef development at the long-life shafts increased from 36 per cent in financial 2009 to 68 per cent in financial 2010, which will result in improved mining flexibility;
- A technical review of the Mineral Resource base is in progress at Driefontein, Kloof and Beatrix, with a special focus on remnant pillars, unminable blocks, inaccessible blocks, as well as areas outside the current life-of-mine footprint. This is part of the process to increase the definition of planning resources and aid the efficient conversion of Mineral Resources to Mineral Reserves;

- The South Deep project build-up is on track to reach its target production rate of between 750,000 to 800,000 ounces of gold by end of 2014;
- The application to convert South Deep's old-order mining right into a new-order mining right, which includes an additional contiguous portion of ground known as Uncle Harry's, was executed by the Department of Mineral Resources (DMR) post 30 June 2010; and
- Feasibility level work is continuing on optimising the WWTTP project (growth) in parallel with the required environmental and permitting activities.

Driefontein

Gold Mineral Resource ounces, excluding WWTTP gold, decreased by one per cent, mainly due to depletion. Mineral Reserve ounces decreased by five per cent, mainly due to depletion and the removal of high grade pillars defined through the application of safety and risk protocols.

The geological models for the Middelvlei and Ventersdorp Contact Reefs were reviewed and advanced during the past year and as a consequence development strategies of the demarcated mining areas were accordingly optimised. Ongoing underground resource definition drilling and exploration will further enhance the geological modeling and rezoning of the Multi-Band Carbon Leader Reef facies at Driefontein.

Driefontein is conducting an optimisation study on mining below current infrastructure. This study is currently investigating a viable alternative to the 9 Shaft project, such as a phased mini-decline system or a hanging wall tertiary shaft.

Kloof

Gold Mineral Resource ounces, excluding WWTTP gold, decreased by one per cent as a result of depletion. Mineral Reserve ounces decreased by ten per cent due to depletion as well as the exclusion of lower grade ore and high grade pillars for safety reasons.

Drilling of long inclined boreholes west of 4 Shaft and below 7 Shaft, resulted in increased high grade Ventersdorp Contact Reef (VCR) Sandy 1 facies. Exploration drilling to further define these facies boundaries is continuing, both to the north and the west of 4 Shaft, to facilitate improved geology models that will strengthen the resource definition.

The Middelvlei Reef (MR) drilling, targeting the moderate to high grade channels below 29 level on the 56 line at 1 SV Shaft, confirmed the down dip extension of these channels. The MR facies model has been revised to accommodate the latest changes derived from the drilling.

Kloof has converted its 1 Plant to processing low grade surface material, while the 2 Plant will be processing the reef tonnes from underground with any surplus tonnes being trucked to the nearby South Deep's plant. An ammonia plant has been commissioned at 3 Shaft which will reduce the underground temperatures at 2 Sub-vertical and 3 Shafts. All flat-end development at Kloof's 4 Shaft is now fully mechanised and the repairs to the Main Shaft infrastructure are proceeding as planned with an additional pump column scheduled to be installed later in the year.

Beatrix

Mineral Resource ounces decreased by three per cent as a result of depletion. The Mineral Reserve ounces decreased by eleven per cent, due to depletion, exclusion of specific mining areas as a result of infrastructure and footprint reduction.

At Beatrix, maintenance of main and secondary development volumes has provided for continued ore body definition and selective mining of relevant areas. At north section, ongoing resolution of geological facies and value trends are being driven by underground exploration drilling and detailed geological mapping, which defines areas of potential that will contribute to the future sustainability and volume build-up.

Underground and surface exploration drilling continued during financial 2010 in the Vlakpan area at north section, the G-Block area at south section and the North Block at west section. Continued strategic exploration programmes are in place to facilitate and further refine geology and evaluation models and to fast track the Mineral Resource to Mineral Reserve conversion of various mine extension projects.

South Deep

The 30 June 2010 Mineral Resources and Mineral Reserves are based on the declared 30 June 2009 figures, net of depletion for the fiscal year. The gold Mineral Resource ounces, excluding WWTTP gold remained relatively consistent year-on-year, while the Mineral Reserve ounces decreased by one per cent, principally due to depletion.

The Mineral Resources and Mineral Reserves for South Shaft (Old Mine) plus the majority of the VCR and the ground below infrastructure, continue to be stated as reviewed and approved by an Independent Review Panel of consultants as at December

Mineral Resources and Mineral Reserves continued

2005. The figures reported for the Upper Elsburg Reefs from the ground between 87 and 110 levels have been derived from modelling in accordance with Gold Fields' standards and procedures (including Uncle Harry's).

The exploration drilling programme within the mine lease area and adjacent Kalbasfontein Prospecting Right continued during the year. The surface drilling programme is 55 per cent complete, with the last borehole results expected in 2012. The additional information will provide for enhanced resource modelling south of the wrench fault, inclusive of Uncle Harry's and Phase 2 ground. In addition, this will increase the confidence levels with regard to in situ facies geometry, reef grades and tonnages. Results obtained to date are currently being incorporated into new resource estimation and design work, which will be included in the December declaration.

Various initiatives are underway in order to optimise the mine design in support of mechanisation and the continued production build-up. With the future production volumes on the Upper Elsburg Reef package remaining dependent upon de-stress mining rates, the de-stress is now designed as a horizontal cut, which will allow for quicker access to long hole stopes. The first long hole stopes, which will become a major component of production going forward, were successfully tested during the year.

West Africa Region

The West Africa Region's Mineral Resource base has decreased by two per cent net of depletion. The Mineral Reserve has decreased by four per cent net of mined depletion. The West Africa Region currently accounts for five per cent and eleven per cent of the Group's attributable precious metal and gold equivalent Mineral Resource and Mineral Reserve base respectively.

Notable regional points are:

- The CIL plant expansion at Tarkwa came on stream during financial 2009 and was ramped up to full production during financial 2010, resulting in a new quarterly production record for Tarkwa of over 200,000 ounces for Q4 financial 2010;
- At Damang, an aggressive near mine exploration programme during financial 2010 indicated good potential for extensional opportunities to the south of the main Damang Pit and between some of the smaller open pits on the property to extend the Damang life of mine; and
- The commissioning of a secondary crusher at the Damang processing plant was completed during the fourth quarter of financial 2010. This facility will increase the treatment capability of high grade fresh ore and mitigate the dependency on lower grade oxide ore. Ideally, this should allow for an optimal blend ratio of 95 per cent higher grade fresh ore and five per cent oxide ore. Consequently, this will influence the exploration strategy for the mine going forward.

Tarkwa

Tarkwa's Mineral Resource ounces decreased by five per cent and the Mineral Reserve ounces decreased by eight per cent mainly due to depletion.

The High Pressure Grind Roll (HPGR) technology pilot study for improving heap leach recovery at Tarkwa, commenced in financial 2010 with 2.1Mt of material being processed. Over the next 12 months the test results will be analysed to determine the viability of applying the technology to reprocess the decommissioned South Heap Leach pads, which contain approximately 0.6 million ounces of residual gold.

The Tarkwa Carbon in Leach (CIL) plant expansion was ramped up to full planned production during financial 2010. This expansion increases the mill capacity to 12.3 Mtpa. In addition, the heap leach (HL) treatment route has a capacity of 9.85 Mtpa, translating to a combined CIL and HL planned production of between 700 koz to 750 koz per annum.

Damang

Mineral Resource ounces increased by ten per cent, mainly due to extensional exploration successes. The Mineral Reserve ounces increased by 17 per cent after depletion, largely as a result of new discoveries, a higher gold price, converting to owner mining (cost reduction) and model enhancements.

The Damang Pit Cutback (DPCB) complex continues to provide a window of opportunity to explore attractive targets and increase the mine's operational footprint. A significant increase in Mineral Reserves at Juno (within the DPCB complex) and Rex, following resource model updates and optimisation at US$925/oz, adds to this flexibility. An investigation into the potential of underground mining beneath the DPCB open pit has commenced with a number of deep diamond drill holes which are planned to continue into the current financial period.

Damang plans to maintain its rate of discovery to sustain a pipeline of quality projects and to provide additional mineable Mineral Reserves to drive an extension to the LoM. On-mine lease exploration activities over the next year will be aimed at resource conversion of high potential targets such as Amoanda North, Rex North and Rex South.

Australasia Region

The Australasia Region's Mineral Resource base has increased by 20 per cent net of depletion, primarily because of new discoveries. The Mineral Reserve has increased by 16 per cent, net of mined depletion, due to new discoveries and a higher gold price. The Australasia Region currently accounts for four per cent and five per cent of the Group's attributable precious metal and gold-equivalent Mineral Resource and Mineral Reserve base respectively.

Notable regional points are:

- The financial 2010 exploration campaign at St Ives successfully delineated new and additional Mineral Resources and Mineral Reserves, primarily from the recently discovered Argo-Athena camp, which indicates potential to develop into a five million ounce deposit located less than five kilometers from the Lefroy Mill; and
- The financial 2010 exploration campaign at Agnew successfully delineated additional Mineral Resources and Mineral Reserves, primarily from the Kim South lode to depths of 1,400 meters below surface and has enabled Agnew to achieve its stated aim of defining at least five years of Mineral Reserves.

St Ives

The Mineral Resource base at St Ives has increased 22 per cent year-on-year following a year of continued successful exploration, particularly within the emerging Argo-Athena camp, coupled with the effects of a higher gold price. However, the Mineral Reserves at St Ives decreased by one per cent, primarily as a result of the planned closure of Belleisle in 2011 and because the proposed underground mine at Santa Ana is not viable under prevailing economic assumptions.

The emphasis in financial 2010 was on early pipeline exploration and Mineral Resource growth, consolidating existing mine geological knowledge, extensional definition drilling to secure economic production as well as mine extensions. This delivered significant improvements in the delineation of Mineral Resources at Hamlet, Yorick, Cave Rocks, Neptune and accelerating some early stage exploration targets in the Argo-Athena camp.

Exploration spend for financial 2010 at St Ives was dominated by the drill-out of the Hamlet ore body and grassroots exploration on many of the identified structures in the surrounding area which mimic the structures hosting the recently discovered Athena and Hamlet deposits. At Athena good progress has been made in decline development, which is on track to achieve first production at the new underground mine by December 2010.

Ongoing drilling and exploration within the broader Argo-Athena camp has continued the exploration success story of St Ives in financial 2010 and led to the announcement of a substantial Mineral Resource in the Hamlet deposit, which in total now stands in excess of 1 Moz. Before the end of 2010 it is planned to largely complete a major drilling programme at Hamlet to convert existing Inferred Mineral Resources to Indicated Mineral Resources down to a depth of approximately 700 meters below surface. In addition, a new early stage target, Yorick, has been identified some 500 meters to the east of the Hamlet ore body.

The positive impact of the significantly improved ore body definition, geological and resource models is largely the result of increased investment in additional extensional exploration drilling on all mines.

Agnew

The Mineral Resources and Mineral Reserves at Agnew have been increased by 15 and 70 per cent respectively following a year of successful extensional and resource definition exploration. The focus during the year was to extend the known Mineral Resources at Waroonga, specifically the Kim South lode, beneath the 9,500 mRL (1,000 meters below surface). Directional drilling technology was successfully introduced and was completed to depths of 1,400 meters below surface, resulting in extensions to the Indicated Mineral Resource at Kim South down to the 9,100 mRL. The financial 2010 programmes successfully added 400 vertical meters to the Kim South ore body and resulted in the discovery of significant extensions of the Edmunds lode in the footwall to the Kim ore body.

Further contributions to the Agnew Mineral Reserve growth came from an increase in grade at Main lode as a result of enhanced geological interpretation and improved estimation parameters. An increase in the gold price also resulted in a rise in overall ounces.

Agnew's exploration strategy will continue to focus on the Waroonga Complex, where Main lode, 450 South and Rajah all provide short to medium-term potential for extensions along strike and down dip of existing Mineral Resources. Near-mine exploration will focus on initial testing of several targets to the north and south of the main mine area, while drill testing of the shallow Cinderella deposit, located a short distance from the Agnew processing plant, was started during the year. During the second half of calendar 2010 the intention is to assess the open-pit mining potential of the Cinderella deposit, as well as other areas within the Scotty Creek Sediments.

Mineral Resources and Mineral Reserves continued

South America Region

The South America Region's attributable gold and gold equivalent Mineral Resource base has increased by six per cent year-on-year, net of depletion, largely due to changes in the tailing storage facility (TSF) design and the additional pit cut-back resulting from the inclusion of the Sylvita concession area. The total attributable gold and copper-gold equivalent Mineral Reserve has decreased by five per cent, net of mined depletion. The South America Region currently accounts for two per cent and five per cent of the Group's attributable precious metal and other metal gold equivalent Mineral Resource and Mineral Reserve base respectively.

Production at Cerro Corona in financial 2010 was 393,600 gold-equivalent ounces, producing on average about 3,400 metric tonnes of copper and 11,600 ounces of gold per month. Construction of the TSF is progressing according to schedule. The Las Gordas tailings facility has been completed to an elevation of 3,740 mRL at the end of June 2010. Changes in the TSF design have been reviewed and as a result the overall capacity has been increased by 6 Mt.

Growth projects

Arctic Platinum project

During financial 2009 North American Palladium Limited (NAP) informed Gold Fields Finland Oy that it will not follow its option to acquire up to 60 per cent of the Arctic Platinum Project (APP). During the past two years NAP completed two phases of infill drilling on the SK Reef (21,723 meters) and Suhanko Project plus extensions (16,844 meters). The Resource modeling and estimation had not been completed by NAP by 31 August 2008 when the agreement expired, but all drill cores and assay data have been delivered to Gold Fields.

For financial 2010, a US$2.2 million exploration budget was approved to maintain APP's mineral claim position and provide for additional flotation and hydrometallurgical recovery testing. A total of nine metallurgical ore samples from four deposits located at Suhanko and the SK Reef were delivered to SGS Lakefield, Ontario, for flotation of PGE- Cu- Ni concentrates and development of project hydrometallurgical recoveries. The budget also provided for updating of operating and capital cost estimates for construction of a ten million tonne per annum processing plant and for ongoing environmental baseline studies across the Suhanko and SK Reef project areas.

West Wits Tailings Treatment project (Uranium project)

The West Wits Tailings Treatment (WWTTP) project is a low-grade gold and uranium recovery project focusing on the existing tailings storage facilities and the current underground mining horizons of Gold Fields' three West Wits operations. The project will also produce sulphuric acid as a by-product for additional revenue streams and internal consumption.

The increase in tailings storage facilities' uranium Mineral Resource (four per cent) and gold Mineral Resource (three per cent) is primarily due to the addition of material to the tailings from current underground production and the change in bulk density from 1.40 t/m^3 to 1.42 t/m^3 following test work and a regional benchmarking exercise. The underground uranium Mineral Resource has decreased by four per cent mainly due to depletion.

Work on the West Wits Tailings Treatment project feasibility study is continuing in terms of optimising the project implementation strategy through a phased approach and is on track for completion by the end of 2010. Modeling of the West Wits underground uranium resource is ongoing.

Chucapaca project

The Chucapaca project, located in southern Peru, is held by Canteras del Hallazgo S.A.C (CDH), a joint venture between Gold Fields and Compania de Minas Buenaventura (BVN). Gold Fields has been the project manager since exercising its "Back-In" right in June 2009 and, as of February 2010, has a 51 per cent interest in the project. A defined exploration programme has been implemented with the completion of 22,290 meters of framework drilling on the Canahuire deposit. In June 2010 the joint venture announced the completion of a positive mine scoping study and the decision to advance the project towards a pre-feasibility study.

CDH has received a permit for the expanded activities including further scoping and infill drilling on the Canahuire deposit. CDH has gained the confidence of the communities, reaching agreements with the Corire, Santiago de Oyo Oyo and Chucapaca communities to allow unfettered access for the next five years to complete the exploration and study phases of the work programme.

Talas project

The Talas project, located in Kyrgyzstan, is a joint venture between Gold Fields and Orsu Metals Corporation (Talas Copper Gold Joint Venture). Gold Fields is the project manager and holds a 60 per cent interest in the project. Taldybulak is the major deposit within the Talas project and has been the primary focus of exploration and Mineral Resource development since 2008. Since then the joint venture has drilled 21,728 meters at the Taldybulak project to further develop Inferred and Indicated Mineral Resources.

Exploration activities in the Talas project area are currently suspended due to political events in Kyrgyzstan. Gold Fields is monitoring political developments in the country before committing to further exploration activities.

Mineral Reserve sensitivity to gold prices

The sensitivity of Mineral Reserve ounces at all the operations is shown in the accompanying charts, at ±5 per cent, ±10 per cent +25 per cent, to the base gold price used in this declaration. The +25 per cent flex is included to help reflect the current commodity price trend. Surface low-grade stockpiles are specifically included. South Deep has been included across the range at its base declaration price.

The Mineral Reserve sensitivities are not based on detailed depletion schedules and should be considered on a relative and indicative basis only.

Competent persons

The competent persons designated in terms of the 2007 SAMREC Code taking responsibility for the reporting of Gold Fields' Mineral Resources and Mineral Reserves are the respective mine-based Mineral Resource Managers and Exploration Managers, who are permanent employees of Gold Fields Limited.

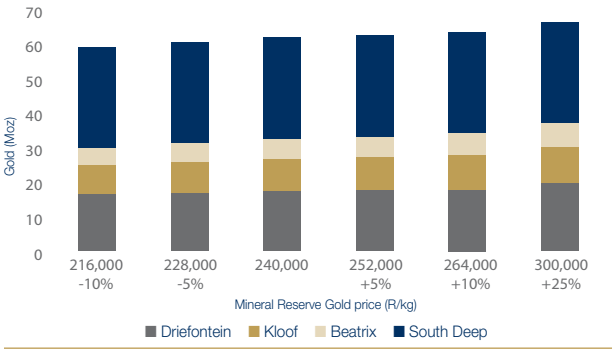
Corporate governance on the overall compliance of these figures has been overseen by Tim Rowland, Vice-President, Technical South Africa Region [BSc (Hons) Geology, MSc Mineral Exploration, GDE Mining Engineering, Pr. Sci. Nat. (Registration number 400122/2000), FSAIMM, FGSSA, GASA], with 24 years experience, Michael Botha, Senior Consultant, Mineral Resources International [BSc (Hons) Geology, MSc (Geology), AusIMM (Member number 226388)], with 26 years experience, and Kevin Robertson, Senior Consultant, Mineral Resources and Mine Planning [NHD (Economic Geology), Post Graduate Diploma in Business Engineering Management, GDE Mining, MEng (Mining), Pri. Sci. Nat. (Registration number 400127/04)], with 24 years' experience.

SAMREC award

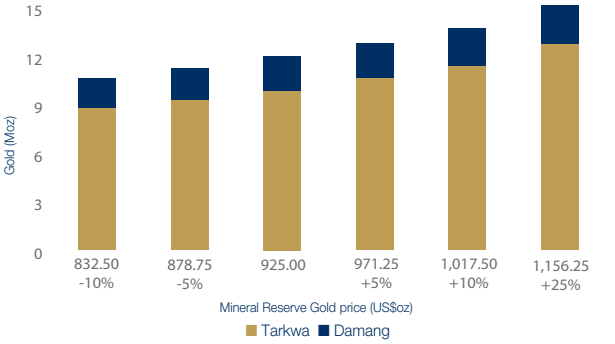
Gold Fields again received the Investment Analysts Society of Southern Africa and SAMREC (IASSA/SAMREC) award for the mining company which most closely followed the SAMREC code and demonstrated industry leading compliance in its public reporting of Mineral Resources and Mineral Reserves as part of the Group's financial 2009 annual report.

The award was instituted to encourage JSE listed companies to subscribe to legal disclosure requirements but also to encourage the dissemination of information to investment analysts as well as investors in general. Gold Fields has been the recipient of the award several times since its inception.

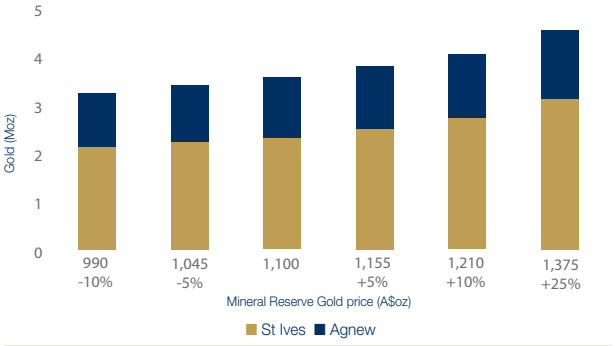
South Africa Region managed Mineral Reserve sensitivity



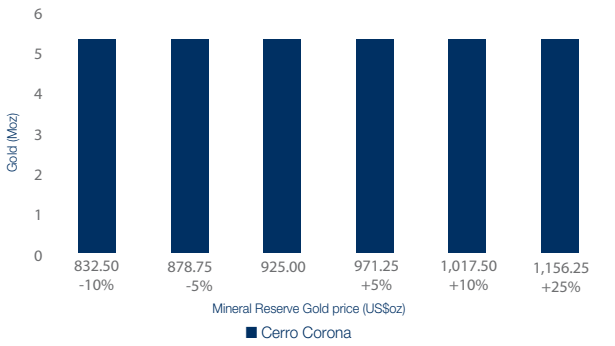
West Africa Region managed Mineral Reserve sensitivity



Australasia Region managed Mineral Reserve sensitivity



South America Region managed Mineral Reserve sensitivity*



** Cerro Corona Mineral Reserves are constraint by the tailings storage facility. Supplementary facilities may allow for expansion of the Mineral Reserve base.*

Mineral Resources and Mineral Reserves continued

Gold Fields Limited Classified Mineral Resource and Mineral Reserve Statement

as at 30 June 2010

Headline numbers

Totals including platinum but excluding Cerro Corona Copper, Chucapaca and Talas	Mineral Resources 30 June 2010 Tonnes (Mt)	Mineral Resources 30 June 2010 Au+2PGE (Moz)	Mineral Resources June 2009 Au+2PGE (Moz)	Mineral Reserves 30 June 2010 Tonnes (Mt)	Mineral Reserves 30 June 2010 Au+2PGE (Moz)	Mineral Reserves June 2009 Au+2PGE (Moz)
Managed	2,167.4	277.593	278.493	716.0	79.932	83.019
Attributable	1,997.7	267.171	267.978	616.1	75.940	78.863
Totals including platinum and gold equivalents (from Cu, Ag and Mo)	**Tonnes (Mt)**	**All Metal EqOz (Moz)**	**All Metal EqOz (Moz)**	**Tonnes (Mt)**	**All Metal EqOz (Moz)**	**All Metal EqOz (Moz)**
Managed	2,674.1	299.214	282.424	716.0	82.465	85.736
Attributable	2,294.2	280.520	271.150	616.1	77.984	81.055

Summary[1]

	Mineral Resources (100%)				Mineral Reserves (100%)				Attributable (%)		
	30 June 2010			June 2009	30 June 2010			June 2009	30 June 2010		
GOLD	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (Moz)**	**Gold (Moz)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (Moz)**	**Gold (Moz)**	**(%)**	**Resource (Moz)**	**Reserve (Moz)**
South Africa operations											
Driefontein	166.2	9.7	52.027	52.781	68.5	7.8	17.219	18.202	100	52.027	17.219
Kloof	250.1	9.7	77.892	78.954	48.1	6.1	9.473	10.521	100	77.892	9.473
South Deep[2]	258.8	7.6	63.598	63.826	148.2	6.1	29.258	29.486	100	63.598	29.258
Uncle Harry's[3]	78.0	5.8	14.566	14.566	–	–	–	–	74	10.779	–
Beatrix	93.6	5.7	17.096	17.598	38.6	4.6	5.740	6.448	100	17.096	5.740
WWTTP Au	471.4	0.3	4.470	4.348	–	–	–	–	100	4.470	–
Total South Africa Region	**1,318.1**	**5.4**	**229.650**	**232.072**	**303.4**	**6.3**	**61.690**	**64.657**		**225.863**	**61.690**
Ghana operations											
Tarkwa	327.9	1.5	15.314	16.187	244.2	1.3	9.857	10.676	71.1	10.888	7.008
Damang	76.6	1.9	4.719	4.283	41.9	1.6	2.123	1.820	71.1	3.355	1.509
Total West Africa Region	**404.5**	**1.5**	**20.033**	**20.470**	**286.1**	**1.3**	**11.980**	**12.496**	**71.1**	**14.243**	**8.518**
Australia operations											
St Ives	81.3	2.6	6.899	5.643	30.6	2.3	2.290	2.322	100	6.899	2.290
Agnew[4]	26.8	4.7	4.028	3.497	6.7	5.7	1.226	0.722	100	4.028	1.226
Total Australasia Region	**108.1**	**3.1**	**10.928**	**9.140**	**37.3**	**2.9**	**3.516**	**3.044**	**100**	**10.927**	**3.516**
Peru operation											
Cerro Corona	168.5	0.8	4.382	4.209	89.2	1.0	2.746	2.822	80.7	3.536	2.216
Total South America Region	**168.5**	**0.8**	**4.382**	**4.209**	**89.2**	**1.0**	**2.746**	**2.822**	**80.7**	**3.536**	**2.216**
GFL GOLD TOTALS											
Total Gold Managed	**1,999.1**	**4.1**	**264.992**	**265.892**	**716.0**	**3.5**	**79.932**	**83.019**		**–**	**–**
Total Gold Attributable	**1,829.4**	**4.3**	**254.570**	**255.377**	**616.1**	**3.8**	**75.940**	**78.863**		**254.570**	**75.940**

Summary[1] continued

	Mineral Resources (100%)				Mineral Reserves (100%)				Attributable (%)		
	30 June 2010			June 2009	30 June 2010			June 2009	30 June 2010		
COPPER (Peru)	Tonnes (Mt)	Grade (% Cu)	Copper (Mlbs)	Copper (Mlbs)	Tonnes (Mt)	Grade (% Cu)	Copper (Mlbs)	Copper (Mlbs)	%	Resource (Mlbs)	Reserve (Mlbs)
Cerro Corona – Copper only	161.2	0.4	1,553	1,429	89.2	0.5	976	988	80.7	1,253	788
			Au-Eq (Moz)	Au-Eq (Moz)			Au-Eq (Moz)	Au-Eq (Moz)	%	Au-Eq (Moz)	Au-Eq (Moz)
Cerro Corona – Cu as Au-Eq			4.272	3.931			2.533	2.717	80.7	3.448	2.044
Cerro Corona – Au and Cu as Au-Eq			8.654	8.140			5.278	5.539	80.7	6.984	4.260

PLATINUM (Finland)	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)
Arctic Platinum project[5]	168.3	2.3	12.601	12.601	–	–	–	–	100	12.601	–
GOLD – COPPER – SILVER (Peru)	Tonnes (Mt)		Metal (Moz)	Metal (Moz)	Tonnes (Mt)		Metal (Moz)	Metal (Moz)	(%)	Metal (Moz)	Metal (Moz)
Chucapaca project (Au-EqOz (Au+Ag+Cu))	83.7		5.639	–	–		–	–	51	2.876	–
GOLD – COPPER – MOLYBDENUM (Kyrgyzstan)	Tonnes (Mt)		Metal (Moz)	Metal (Moz)	Tonnes (Mt)		Metal (Moz)	Metal (Moz)	(%)	Metal (Moz)	Metal (Moz)
Talas project (Au-EqOz (Au+Cu+Mo))	423.0		11.71	–	–		–	–	60	7.03	–
URANIUM (South Africa)	Tonnes (Mt)	Grade (kg/t)	Uranium (Mlbs)	Uranium (Mlbs)	Tonnes (Mt)	Grade (kg/t)	Uranium ('000 kg)	Uranium ('000 kg)	(%)	Uranium (Mlbs)	Uranium (Mlbs)
Driefontein underground	47.6	0.096	10.063	10.545	–	–	–	–	100	10.063	–
Kloof underground	32.0	0.045	3.144	3.554	–	–	–	–	100	3.144	–
South Deep underground	70.3	0.073	11.378	11.583	–	–	–	–	100	11.378	–
Total Uranium underground	**149.9**	**0.074**	**24.585**	**25.681**	**–**	**–**	**–**	**–**	**100**	**24.585**	**–**
Driefontein TSF	170.9	0.061	23.007	22.255	–	–	–	–	100	23.007	–
Kloof TSF	243.9	0.039	21.158	20.450	–	–	–	–	100	21.158	–
South Deep TSF	56.5	0.073	9.123	8.726	–	–	–	–	100	9.123	–
Total Uranium TSF	**471.4**	**0.051**	**53.288**	**51.431**	–	–	–	–	**100**	**53.288**	**–**
Total Uranium managed	**621.3**	**0.057**	**77.873**	**77.113**	**–**	**–**	**–**	**–**	**100**	**77.873**	**–**

Footnotes: See under 'Projects' on page 89.

Mineral Resources and Mineral Reserves continued

Gold Fields Limited Classified Mineral Resource and Mineral Reserve Statement

as at 30 June 2010

South Africa operations[1]

	Mineral Resources					Mineral Reserves			
	30 June 2010			June 2009		30 June 2010			June 2009
	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)		Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)
Driefontein					**Driefontein**				
Measured	48.0	10.5	16.194	16.887	Proved	15.7	7.4	3.714	4.157
Indicated AI	24.9	12.7	10.177	10.177	Probable AI	18.6	8.8	5.256	5.735
Inferred AI	17.4	5.9	3.343	3.343					
Total Above Infrastructure	**90.3**	**10.2**	**29.714**	**30.407**	**Total Above Infrastructure**	**34.3**	**8.1**	**8.969**	**9.892**
Indicated BI[6]	43.2	12.4	17.262	17.262	Probable BI[6]	27.4	9.2	8.097	8.097
Inferred BI[6]	25.9	5.9	4.899	4.899					
Total Underground	**159.4**	**10.1**	**51.875**	**52.568**	**Total Underground**	**61.7**	**8.6**	**17.066**	**17.989**
Indicated surface rock dumps	6.8	0.7	0.152	0.213	Probable surface rock dumps	6.8	0.7	0.152	0.213
Total surface	**6.8**	**0.7**	**0.152**	**0.213**	**Total surface**	**6.8**	**0.7**	**0.152**	**0.213**
Driefontein Total	**166.2**	**9.7**	**52.027**	**52.781**	**Driefontein Total**	**68.5**	**7.8**	**17.219**	**18.202**
Measured surface tailings[13]	170.9	0.3	1.856	1.703					
Inferred surface tailings				0.102					
Driefontein TSF[13]	**170.9**	**0.3**	**1.856**	**1.805**					
Kloof					**Kloof**				
Measured	68.4	11.6	25.533	26.549	Proved	16.4	7.4	3.934	4.704
Indicated AI	73.9	8.0	19.071	19.071	Probable AI	17.1	7.9	4.357	4.609
Total Above Infrastructure	**142.3**	**9.7**	**44.604**	**45.620**	**Total Above Infrastructure**	**33.5**	**7.7**	**8.291**	**9.313**
Indicated BI[7]	79.5	12.8	32.729	32.729	Probable BI[7]	3.4	8.0	0.868	0.868
Total Underground	**221.8**	**10.9**	**77.333**	**78.350**	**Total Underground**	**36.9**	**7.7**	**9.159**	**10.180**
Indicated surface rock dumps	28.3	0.6	0.559	0.604	Probable surface rock dumps	11.2	0.9	0.314	0.341
Total surface	**28.3**	**0.6**	**0.559**	**0.604**	**Total surface**	**11.2**	**0.9**	**0.314**	**0.341**
Kloof Total	**250.1**	**9.7**	**77.892**	**78.954**	**Kloof Total**	**48.1**	**6.1**	**9.473**	**10.521**
Kloof TSF (Measured)[13]	**243.9**	**0.3**	**2.199**	**2.145**					
South Deep[2]					**South Deep[2]**				
Measured	40.5	7.4	9.684	9.890	Proved	14.1	5.9	2.700	2.906
Indicated AI	125.7	8.7	35.016	35.038	Probable AI	67.5	6.6	14.243	14.265
Total Above Infrastructure	**166.2**	**8.4**	**44.700**	**44.928**	**Total Above Infrastructure**	**81.6**	**6.5**	**16.943**	**17.171**
Indicated BI[8]	92.6	6.3	18.898	18.898	Probable BI[8]	66.6	5.8	12.315	12.315
Total Underground	**258.8**	**7.6**	**63.598**	**63.826**	**Total Underground**	**148.2**	**6.1**	**29.258**	**29.486**
South Deep Total	**258.8**	**7.6**	**63.598**	**63.826**	**South Deep Total**	**148.2**	**6.1**	**29.258**	**29.486**
South Deep TSF (Measured)[13]	**56.5**	**0.2**	**0.416**	**0.399**					
Uncle Harry's Prospecting Area (Inferred Mineral Resource)[3]	**78.0**	**5.8**	**14.566**	**14.566**					

	Mineral Resources					Mineral Reserves			
	30 June 2010			June 2009		30 June 2010			June 2009
	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)		Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)
Beatrix					**Beatrix**				
Measured	22.6	6.1	4.465	5.002	Proved	10.3	4.8	1.585	2.087
Indicated AI	37.5	6.6	7.942	7.942	Probable AI	23.0	5.1	3.749	3.990
Inferred AI	1.9	8.8	0.540	0.540					
Total Above Infrastructure	**62.0**	**6.5**	**12.947**	**13.484**	**Total Above Infrastructure**	**33.3**	**5.0**	**5.334**	**6.077**
Indicated BI[9]	28.6	4.5	4.114	4.114	Probable BI[9]	2.4	4.8	0.371	0.371
Total Underground	**90.6**	**5.9**	**17.061**	**17.598**	**Total Underground**	**35.6**	**5.0**	**5.705**	**6.448**
Indicated surface rock dumps	3.0	0.4	0.035	0.000	Probable surface rock dumps	3.0	0.4	0.035	0.000
Beatrix Total	**93.6**	**5.7**	**17.096**	**17.598**	**Beatrix Total**	**38.6**	**4.6**	**5.740**	**6.448**
Total South Africa Region	**1,318.1**	**5.4**	**229.650**	**232.072**	**Total South Africa Region**	**303.4**	**6.3**	**61.690**	**64.657**

Footnotes: See under 'Projects' on page 89.

Driefontein Ithembalethu Shaft (9)

Mineral Resources and Mineral Reserves continued

Gold Fields Limited Classified Mineral Resource and Mineral Reserve Statement

as at 30 June 2010

International operations[1]

	Mineral Resources					Mineral Reserves			
	30 June 2010			June 2009		30 June 2010			June 2009
	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)		Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)
GHANA OPERATIONS									
Tarkwa					**Tarkwa**				
Measured	124.3	1.5	5.940	6.800	Proved	132.9	1.3	5.602	6.220
Indicated	173.4	1.2	6.705	6.705	Probable	107.3	1.2	4.165	4.354
Inferred	26.0	3.1	2.569	2.569					
Total	**323.7**	**1.5**	**15.214**	**16.075**	**Total**	**240.2**	**1.3**	**9.767**	**10.575**
Measured low-grade stockpiles	4.2	0.7	0.100	0.112	Proved low-grade stockpiles	4.0	0.7	0.090	0.101
Tarkwa Total	**327.9**	**1.5**	**15.314**	**16.187**	**Tarkwa Total**	**244.2**	**1.3**	**9.857**	**10.676**
Damang					**Damang**				
Measured	4.9	1.5	0.243	0.464	Proved	2.8	1.6	0.146	0.207
Indicated	54.3	1.7	2.938	2.268	Probable	34.4	1.6	1.816	1.429
Inferred	12.7	3.4	1.377	1.367					
Total	**71.9**	**2.0**	**4.558**	**4.100**	**Total**	**37.2**	**1.6**	**1.962**	**1.636**
Indicated low-grade stockpiles	4.7	1.1	0.161	0.184	Probable low-grade stockpiles	4.7	1.1	0.161	0.184
Damang Total	**76.6**	**1.9**	**4.719**	**4.283**	**Damang Total**	**41.9**	**1.6**	**2.123**	**1.820**
Total West Africa Region	**404.5**	**1.5**	**20.033**	**20.470**	**Total West Africa Region**	**286.1**	**1.3**	**11.980**	**12.496**
AUSTRALIA OPERATIONS									
St Ives					**St Ives**				
Measured	4.1	4.3	0.572	0.322	Proved	2.1	3.9	0.267	0.260
Indicated	48.0	2.5	3.847	3.545	Probable	23.3	2.5	1.853	1.922
Inferred	24.0	3.0	2.311	1.636					
Total	**76.1**	**2.7**	**6.729**	**5.503**	**Total**	**25.4**	**2.6**	**2.120**	**2.182**
Measured low-grade stockpiles	5.2	1.0	0.170	0.139	Proved low-grade stockpiles	5.2	1.0	0.170	0.139
St Ives Total	**81.3**	**2.6**	**6.899**	**5.643**	**St Ives Total**	**30.6**	**2.3**	**2.290**	**2.322**
Agnew[4]					**Agnew[4]**				
Measured	4.4	4.1	0.584	0.543	Proved	0.7	6.9	0.166	0.186
Indicated	14.7	5.0	2.368	1.539	Probable	6.0	5.5	1.061	0.526
Inferred	7.7	4.3	1.075	1.404					
Total	**26.8**	**4.7**	**4.027**	**3.486**	**Total**	**6.7**	**5.7**	**1.226**	**0.712**
Measured low-grade stockpiles	0.0	6.1	0.002	0.012	Proved low-grade stockpiles	0.0		0.000	0.010
Agnew Total	**26.8**	**4.7**	**4.028**	**3.497**	**Agnew Total**	**6.7**	**5.7**	**1.226**	**0.722**
Total Australasia Region	**108.1**	**3.1**	**10.927**	**9.140**	**Total Australasia Region**	**37.3**	**2.9**	**3.516**	**3.044**

	Mineral Resources					Mineral Reserves			
	30 June 2010			June 2009		30 June 2010			June 2009
	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)		Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)
PERU OPERATIONS									
Cerro Corona					**Cerro Corona**				
Measured	30.8	0.9	0.938	0.894	Proved	23.7	1.0	0.788	0.756
Indicated	117.7	0.8	2.919	2.940	Probable	64.3	0.9	1.910	2.017
Inferred	12.5	0.5	0.201	0.081					
Total	**161.0**	**0.8**	**4.058**	**3.915**	**Total**	**88.0**	**1.0**	**2.698**	**2.773**
Measured stockpiles	7.5	1.3	0.324	0.295	Proved stockpiles	1.2	1.3	0.048	0.049
Cerro Corona Total[10]	**168.5**	**0.8**	**4.382**	**4.209**	**Cerro Corona Total[11]**	**89.2**	**1.0**	**2.746**	**2.822**
Total South America Region	**168.5**	**0.8**	**4.382**	**4.209**	**Total South America Region**	**89.2**	**1.0**	**2.746**	**2.822**
INTERNATIONAL OPERATIONS									
Total International Operations	**681.1**	**1.6**	**35.342**	**33.820**	**Total International Operations**	**412.5**	**1.4**	**18.242**	**18.362**

Gold Fields operations[1]

	Mineral Resources					Mineral Reserves			
	30 June 2010			June 2009		30 June 2010			June 2009
Gold	Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)		Tonnes (Mt)	Grade (g/t)	Gold (Moz)	Gold (Moz)
Total GFL (Managed)									
Above Infrastructure	1,729.4	3.4	187.090	187.989	Above Infrastructure	616.2	2.9	58.281	61.368
Below Infrastructure	269.8	9.0	77.902	77.902	Below Infrastructure	99.8	6.7	21.651	21.651
Total GFL (Managed)	**1,999.1**	**4.1**	**264.992**	**265.892**	**Total GFL (Managed)**	**716.0**	**3.5**	**79.932**	**83.019**
Total Attributable to GFL	**1,829.4**	**4.3**	**254.570**	**255.377**	**Total Attributable to GFL**	**616.1**	**3.8**	**75.940**	**78.863**
Copper – Gold Equivalent [12]	**Tonnes (Mt)**	**Grade Cu (%)**	**Au-Eq (Moz)**	**Au-Eq (Moz)**	**Copper – Gold Equivalent [12]**	**Tonnes (Mt)**	**Grade Cu (%)**	**Au-Eq (Moz)**	**Au-Eq (Moz)**
Cerro Corona (Managed)			**4.272**	**3.931**	**Cerro Corona (Managed)**			**2.533**	**2.717**
Cerro Corona (Attributable)			**3.448**	**3.172**	**Cerro Corona (Attributable)**			**2.044**	**2.193**

Footnotes: See under 'Projects' on page 89.

Mineral Resources and Mineral Reserves continued

Gold Fields Limited Classified Mineral Resource and Mineral Reserve Statement

as at 30 June 2010

Projects[1]

	Mineral Resources				Mineral Reserves			
	30 June 2010			June 2009	30 June 2010			June 2009
FINLAND PLATINUM GROUP ELEMENTS (PGE)	Tonnes (Mt)	2 PGE + Au Grade (g/t)	2 PGE + Au (Moz)	2 PGE + Au (Moz)	Tonnes (Mt)	2 PGE + Au Grade (g/t)	2 PGE + Au (Moz)	2 PGE + Au (Moz)
Total Arctic Platinum project[5]	**168.3**	**2.3**	**12.601**	**12.601**	**–**	**–**	**–**	**–**

	Mineral Resources				Mineral Reserves			
	30 June 2010			June 2009	30 June 2010			June 2009
PERU GOLD – COPPER – SILVER (All Inferred)	Tonnes (Mt)	Grade Au/Ag = (g/t) Cu = (%)	Metal Au/Ag = (Moz) Cu = (Mlbs)	Metal Au/Ag = (Moz) Cu = (Mlbs)	Tonnes (Mt)	Grade Au/Ag = (g/t) Cu = (%)	Metal Au/Ag = (Moz) Cu = (Mlbs)	Metal Au/Ag = (Moz) Cu = (Mlbs)
Chucapaca project – Gold	83.7	1.9	5.113	–	–	–	–	–
Chucapaca project – Silver	83.7	8.2	22.066	–	–	–	–	–
Chucapaca project – Copper	83.7	0.09	166	–	–	–	–	–
Total Chucapaca project (Au-EqOz (Au+Ag+Cu))	**83.7**	**–**	**5.639**	**–**	**–**	**–**	**–**	**–**

	Mineral Resources				Mineral Reserves			
KYRGYZSTAN GOLD – COPPER – MOLYBDENUM	Tonnes (Mt)	Grade Au = (g/t) Cu = (%) Mo = (%)	Metal Au = (Moz) Cu = (Mlbs) Mo = (Mlbs)	Metal Au = (Moz) Cu = (Mlbs) Mo = (Mlbs)	Tonnes (Mt)	Grade Au = (g/t) Cu = (%) Mo = (%)	Metal Au = (Moz) Cu = (Mlbs) Mo = (Mlbs)	Metal Au = (Moz) Cu = (Mlbs) Mo = (Mlbs)
Indicated Mineral Resources								
Talas project – Gold	127.0	0.6	2.60	–	–	–	–	–
Talas project – Copper	127.0	0.2	477	–	–	–	–	–
Talas project – Molybdenum	127.0	0.01	29	–	–	–	–	–
Total Talas project – Indicated (Au-EqOz (Au+Cu+Mo))	**127.0**	**–**	**4.23**	**–**	**–**	**–**	**–**	**–**
Inferred Mineral Resources								
Talas project – Gold	296.0	0.4	3.71	–	–	–	–	–
Talas project – Copper	296.0	0.2	1,098	–	–	–	–	–
Talas project – Molybdenum	296.0	0.01	69	–	–	–	–	–
Total Talas project – Inferred (Au-EqOz (Au+Cu+Mo))	**296.0**	**–**	**7.48**	**–**	**–**	**–**	**–**	**–**
Grand total Talas project – Indicated and Inferred (Au-EqOz (Au+Cu+Mo))	**423.0**	**–**	**11.71**	**–**	**–**	**–**	**–**	**–**

	Mineral Resources				Mineral Reserves			
	30 June 2010			June 2009	30 June 2010			June 2009
SOUTH AFRICA (WWTTP) URANIUM	**Tonnes (Mt)**	**Grade (kg/t)**	**Uranium (Mlbs)**	**Uranium (Mlbs)**	**Tonnes (Mt)**	**Grade (kg/t)**	**Uranium (Mlbs)**	**Uranium (Mlbs)**
Driefontein Surface Tailings (Measured)[13]	170.9	0.061	23.007	21.444	–	–	–	–
Driefontein Surface Tailings (Inferred)	–	–	–	0.811	–	–	–	–
Driefontein TSF Total[13]	170.9	0.061	23.007	22.255	–	–	–	–
Driefontein Underground (Inferred)	47.6	0.096	10.063	10.545	–	–	–	–
Driefontein Total[13]	**218.5**	**0.069**	**33.070**	**32.800**	**–**	**–**	**–**	**–**
Kloof Surface Tailings (Measured)[13]	243.9	0.039	21.158	20.450	–	–	–	–
Kloof Underground (Inferred)	32.0	0.045	3.144	3.554	–	–	–	–
Kloof Total[13]	**275.9**	**0.040**	**24.302**	**24.004**	**–**	**–**	**–**	**–**
South Deep Surface Tailings (Measured)[13]	56.5	0.073	9.123	8.726	–	–	–	–
South Deep Underground (Inferred)	70.3	0.073	11.378	11.583	–	–	–	–
South Deep Total[13]	**126.8**	**0.073**	**20.501**	**20.309**	**–**	**–**	**–**	**–**
Total WWTTP[13]	**621.3**	**0.057**	**77.873**	**77.113**	**–**	**–**	**–**	**–**

AI = Above Infrastructure; BI = Below Infrastructure. Mineral Resources are inclusive of Mineral Reserves. All tonnes relate to metric units. Rounding-off figures may result in minor computational discrepancies, where this happens it is not deemed significant.

*Mineral Resources for the South African operations were as per 30 June 2009 (R285,000) with depletion for mining accounted for and additional exclusions at Kloof. The international operations were considered as follows: (a) Tarkwa – the 30 June 2009 Mineral Resource model was depleted for the years mining and the 30 June 2010 Mineral Resources declared at US$1,000/oz. (b) Damang – The Mineral Resources were determined at US$1,000/oz using the latest models and costs (including Juno and Rex models and owner mining costs (OMC)); (c) For Cerro Corona the Mineral Resources were determined at US$1,000/oz gold and US$2.75/lb copper using the latest models and costs (the Sylvita expansion and the waste storage facility constraint were applied); (d) For St Ives and Agnew the Mineral Resources are at A$1,375/oz using latest models and costs. 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/oz for silver: 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. (iii) Other Au-Eq ounces were calculated based on declared metal prices in relation to the gold price.*

Due to the change in financial year end from June to December going forward, the South African Mineral Reserves are based on the 30 June 2009 estimate, which was at a R230,000/kg gold price at the time. All the South African June 2009 Mineral Reserves have been depleted for mining and have in addition considered the following (a) for Driefontein, 9 Shaft viability and pillars; (b) for Kloof, the planned high grade pillars were reviewed for safety and low grade ore removed; and (c) Beatrix included material changes with the exclusion of G-Block and the south western corner at the south section due to economic and footprint reduction, together with the inclusion of a small amount of surface material. The Mineral Reserves for the international operations were considered as follows: (a) Tarkwa, Damang and Cerro Corona: Mineral Reserve at US$925/oz for gold and US$2.40 for copper. (b) For Agnew and St Ives: Mineral Reserve at A$1,100/oz.

[1] *Managed, unless otherwise stated.*

[2] *Aside from the restated current mine area Mineral Resources and Mineral Reserves, South Deep figures are as per acquisition model.*

[3] *Uncle Harry's Prospecting Area Inferred Mineral Resources for financial 2010 at a 3g/t cut-off, with Prospecting Rights held by WAPL for which the shareholding is: GFL = 74% and Peotona = 26%. On 5 August 2010, Gold Fields announced that the Department of Mineral Resources has executed the new-order mining right for South Deep. Simultaneously with granting the new-order mining right for South Deep, the DMR has extended South Deep's mining area to include the Uncle Harry's ground in terms of section 102 of the Mineral and Petroleum Resources Development Act. With effect from 5 August 2010, Uncle Harry's ground may be declared as part of South Deep's Mineral Resource and Mineral Reserve Statement.*

[4] *The Agnew deposits, Miranda and Vivien are subject to a royalty agreement.*

[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] *Driefontein BI refers to material below 50 level (3,420 meters below surface). The current studies for Mineral Reserves, through accessing the area via a sub-vertical shaft complex, are currently being reviewed versus multiple declines, and this could have a material impact on the numbers.*

[7] *Kloof BI refers to material below 45 level (3,350 meters below surface).*

[8] *South Deep BI refers to material below 110 level (2,888 meters below surface).*

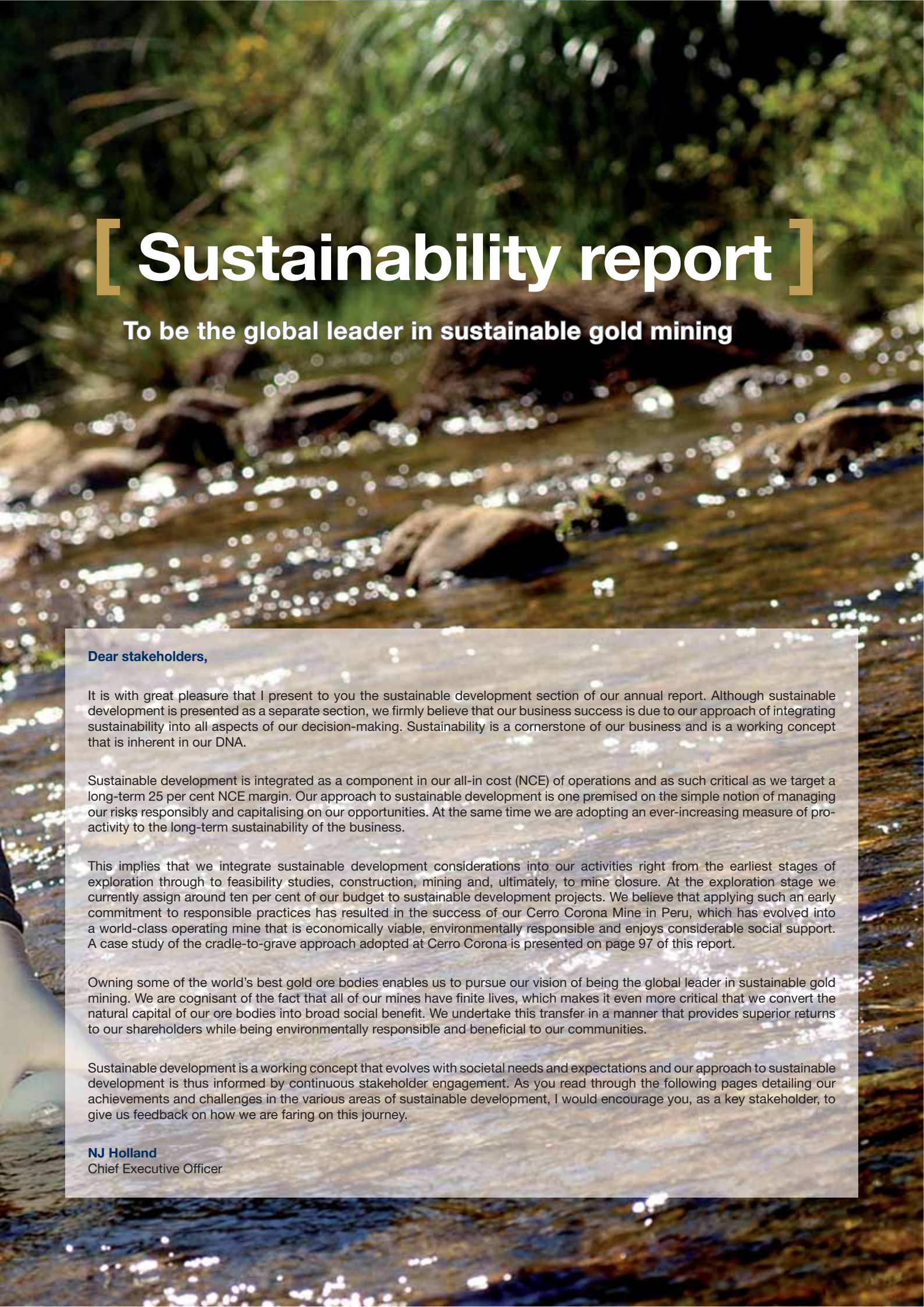
[9] *Beatrix BI refers to material below 26 level (1,341 meters below surface).*

[10] *Excludes copper Mineral Resources of 0.4% copper containing 1,553 Mlbs copper (tonnes are however included). Copper open-pit Mineral Resources comprise Measured Mineral Resources of 30.53 Mt @ 0.5% Cu for 331 Mlb, Indicated of 117.2 Mt @ 0.4% Cu for 1,117 Mlb, Inferred of 12.3 Mt @ 0.3% Cu for 92 Mlb, and Measured stockpiles of 1.19 Mt @ 0.5% for 13 Mlb.*

[11] *Excludes copper Mineral Reserves of 0.5% Cu containing 976 Mlbs copper (tonnes are however included). The copper Mineral Reserve classification tonnages are the same as for gold with open-pit Proved copper Mineral Reserves of 0.5% Cu for 275 Mlbs, Probable of 0.5% for 687 Mlbs and Proved stockpiles of 0.5% for 13 Mlbs.*

[12] *Copper equivalent ounces (copper revenue converted to gold-equivalent ounces). Note that these tonnes are repeated in the gold statement.*

[13] *WWTTP figures reflect year-on-year change in the bulk density from 1.40 t/m^3 to 1.42 t/m^3, following review of the final test work and benchmarking of West Wits peer group.*



[Sustainability report]

To be the global leader in sustainable gold mining

Dear stakeholders,

It is with great pleasure that I present to you the sustainable development section of our annual report. Although sustainable development is presented as a separate section, we firmly believe that our business success is due to our approach of integrating sustainability into all aspects of our decision-making. Sustainability is a cornerstone of our business and is a working concept that is inherent in our DNA.

Sustainable development is integrated as a component in our all-in cost (NCE) of operations and as such critical as we target a long-term 25 per cent NCE margin. Our approach to sustainable development is one premised on the simple notion of managing our risks responsibly and capitalising on our opportunities. At the same time we are adopting an ever-increasing measure of pro-activity to the long-term sustainability of the business.

This implies that we integrate sustainable development considerations into our activities right from the earliest stages of exploration through to feasibility studies, construction, mining and, ultimately, to mine closure. At the exploration stage we currently assign around ten per cent of our budget to sustainable development projects. We believe that applying such an early commitment to responsible practices has resulted in the success of our Cerro Corona Mine in Peru, which has evolved into a world-class operating mine that is economically viable, environmentally responsible and enjoys considerable social support. A case study of the cradle-to-grave approach adopted at Cerro Corona is presented on page 97 of this report.

Owning some of the world's best gold ore bodies enables us to pursue our vision of being the global leader in sustainable gold mining. We are cognisant of the fact that all of our mines have finite lives, which makes it even more critical that we convert the natural capital of our ore bodies into broad social benefit. We undertake this transfer in a manner that provides superior returns to our shareholders while being environmentally responsible and beneficial to our communities.

Sustainable development is a working concept that evolves with societal needs and expectations and our approach to sustainable development is thus informed by continuous stakeholder engagement. As you read through the following pages detailing our achievements and challenges in the various areas of sustainable development, I would encourage you, as a key stakeholder, to give us feedback on how we are faring on this journey.

NJ Holland
Chief Executive Officer

Introduction

Visual inspection at the South Deep twin shafts

"To be the global leader in sustainable gold mining"

The mines that Gold Fields develops typically have a ten to 50-year horizon and their success can only be ensured if we invest in their long-term sustainability. A mine's successful operation is inextricably linked to the skills and expertise of the people we employ, the companies with which we do business, the safety of our operations and the nature of the relationships that we build with neighbouring communities and governments. It is both a matter of corporate responsibility and business sense that our operations do not damage the environment or cause harm in any way to the diverse groups of people with whom we interact. As such Gold Fields' vision *to be the global leader in sustainable gold mining* is underpinned by a sustainability policy that is fully integrated with the way we do business.

A careful consideration of sustainable development is critical for the global mining sector, as, historically, the mining industry's social and environmental legacy has not always been a positive one. As a company that sees itself operating for the long-term future, Gold Fields needs to ensure that its impact is beneficial – economically, socially and environmentally. This remains a key responsibility for the managers and executives of the company and informs the business decisions we make regarding safety, our people, communities, the environment and the evaluation of new investments.

As a company that mines in four countries on three continents, from 4,000 meters below the surface of the earth to 4,000 meters above sea level, and an exploration or project development presence in 12 countries across all continents, each of our operations has to deal with unique operational, economic, social and environmental challenges. The success of our business is inextricably bound with meeting these challenges successfully.

Sustainable development is not new to Gold Fields, but the past two years have seen a consolidation of the Group's sustainable development systems and structures, which are now integrated into a single, universal sustainable development framework. This incorporates best practice policies that have been consolidated into eight pillars of sustainable development, and refined to meet our operational needs. These include:

- Occupational health and safety;
- Human rights;
- Ethics and corporate governance;
- Risk management;
- Environment;
- Material stewardship and supply chain management;
- Community and indigenous people; and
- Stakeholder engagement.

While the operational roll-out of these policies and principles is the responsibility of management within each project or operation, the Safety, Health and Sustainable Development Subcommittee of the Board, supported by sustainable development managers in each region, monitors the Group's overall sustainable development performance and drives our ongoing sustainability strategy.

In our sustainable development framework we are guided by the sustainability framework of the International Council on Mining and Metals (ICMM), which includes adherence to its ten principles of sustainability and the commitment of member companies to transparent public reporting, comprehensive risk management, sound corporate governance and independent, external assurance. We also subscribe to the United Nations Global Compact and seek to align our operations and strategies with its ten principles in the areas of human rights, labour, environment and anti-corruption.

Finally our sustainability policy has been informed by the Global Reporting Initiative's (GRI) Sustainable Reporting Framework. The GRI has developed a framework which guides reporting on triple-bottom-line issues by companies that subscribe to it. Most multinational companies now report in accordance with the GRI framework and can self declare their level of GRI application. We declared a B+ GRI application level last year. This year we have self-declared an A+ GRI application level as required for ICMM members. Our auditors, PricewaterhouseCoopers, have third-party assessed our A+ self declaration. (See page 141 for their Assurance report). For a detailed breakdown of our performance against the GRI indicators go to our website at www.goldfields.co.za.

The following provides a headline overview of our performance in key areas that are critical to our stakeholders.

Occupational health and safety

We are continuing to make progress in reducing fatalities at our mines. But, despite a drop in fatalities from 22 to 18 during the year under review – all of them at our South African mines – we are well short of where we had hoped to be. Our policy dictates that *if we cannot mine safely, we will not mine*, and every fatality strengthens our resolve to mine with *Zero Harm*. This philosophy has been entrenched in the behaviour and attitudes of our people at both an operational and a corporate level. It has also spawned a number of initiatives to improve safety, such as the safe production management programme at our South African mines.

The Fatal Injury Frequency Rate (FIFR) for the Group improved by 15 per cent from 0.13 for financial 2009 to 0.11 in financial 2010, while the Serious Injury Frequency Rate (SIFR) improved by 11 per cent from 2.52 to 2.23 over the same period. The Lost Time Injury Frequency Rate (LTIFR) also displayed a slight improvement from 4.35 in financial 2009 to 4.31 in financial 2010. Finally, the Medically Treated Injury Frequency Rate (MTIFR) fell from 12.2 in financial 2009 to 7.53 in financial 2010, a 38 per cent improvement.

Occupational diseases remain an ongoing challenge, with silicosis, tuberculosis (TB) and noise-induced hearing losses (NIHL) being the most pressing, particularly at the South African operations. Overall TB rates dropped from 22.2 to 18.6 per 1,000 employees between financial 2009 and financial 2010 and silicosis from 5 to 2.7 per 1,000 employees. NIHL cases also decreased from 1.5 in financial 2009 to 0.9 per 1,000 employees in financial 2010. Project 4M, implemented to help the company meet the South African Mine Health and Safety Council's 2013 milestones for silicosis and NIHL, is now well under way. Following baseline

Values / Vision	To be the global leader in sustainable gold mining.
Safety	If we cannot mine safely, we will not mine.
Responsibility	We act responsibly and care for the environment, each other, and all of 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.

Introduction continued

studies, we have begun making a range of engineering changes to reduce exposure to these risks at source.

People

The responsible management of human resources is central to meeting our goal of being the global leader in sustainable gold mining. Reaching our target of five million ounces of gold a year in production or development by the end of 2015 will only be possible if we have a motivated, productive and skilled workforce. A comprehensive remuneration and incentive policy is in place to attract and retain the right talent and we invested R264 million during the year under review in training, education and development programmes. About 33,000 employees and 7,000 contractors received training to increase their skills and enhance the capacity of our workforce to meet our 2015 target.

2010 also saw the full implementation of our regionalisation strategy, enabling each region to determine the appropriate structure and complement for its workforce within the overall Gold Fields guidelines. During the year under review none of the regions implemented forced retrenchments, though the South Africa Region offered voluntary separation packages.

A focus of our human resources strategy in financial 2010 was the development and implementation of a human rights policy,

Overview of our key sustainability issues for financial 2010

Highlights

- Development of new vision and values for the company that assists with the roll-out of the Group Sustainable Development Framework.
- Finalisation of the Safe Production Rules and the roll-out to all operations.
- Completion of the DuPont follow-up assessment reviews in South Africa and their commencement in the other regions.
- **Hard Rock Safety Award** to Driefontein for the most improved mine. Kloof was awarded second place and Beatrix fourth.
- Three consecutive quarters at Beatrix without a fatal accident.
- Damang operating for 428 days without a Lost-Time Injury. The mine being recognised as **Ghana's Safest Mine.**
- Cerro Corona achieving 4.2 million man-hours without a Lost-Time Injury and winning the **Annual Mining Safety Award** from the Peruvian Mining Safety Institute.
- South Deep's old-order mining licence converted to a new one.
- Total spend of R150 million on our socio-economic investment activities.
- Zero human rights transgressions.
- No material breaches of our code of ethics reported.
- No material fines were imposed on the company.
- ISO 14001, OHSAS 18001 and AS 4801 certifications maintained.
- ISO 14001 certification achieved for Cerro Corona; all operations are now certified.
- Cerro Corona achieved OHSAS 18001 certification.
- All operations have been upgraded to **full compliance** in terms of the Cyanide Code.
- Expanded carbon footprint calculations to include supply chain.
- Placed fourth in South Africa's Carbon Disclosure Project.
- Carbon policy developed.
- First gold miner to make use of carbon credits to fund a safety or climate change project – the Beatrix Methane project.
- Beatrix project awarded **Deal of the Year** by UK's *Energy Risk* magazine.
- Development and implementation of the **Well-being Strategy.**
- Total spend of R5.1 billion on procurement of local services and goods.

Lowlights

- Eighteen fatalities in the South Africa Region.
- Seven Level 3 environmental incidences.
- Difficulties with wage negotiations in the South Africa and West Africa regions.
- Proposed rise in royalties at our Ghanaian operations.
- Sharp increases in energy costs across our operations.

covering topics as wide ranging as trade union membership and discrimination. Our new human rights policy, together with the Gold Fields' code of ethics, adherence to international principles of good governance and corporate responsibility, as well as consistent reference to our six core values, ensure that our operations are equipped to identify potential abuses of human rights and implement corrective actions where required. This has undoubtedly contributed to the fact that we had a clear record regarding human rights abuses during the period under review. To further entrench adherence to these rights we have rolled out a human rights toolkit to all regions, designed to help managers and employees identify and recognise potential human rights risks. Human rights training will also be introduced for new employees at our induction centres in the current financial period.

Environment

Water is a key environmental issue at all of Gold Fields' operations and our water management strategy incorporates a comprehensive approach to limiting the use of water and mitigating the impact our mines have on water quality. Our total water withdrawal for the year was 63 million kℓ, while total discharge was 77 million kℓ, both slight improvements on financial 2009 when measured per unit of production.

We remained within all legal limits for water quality during the year and made satisfactory progress in our continuous water monitoring programme at Driefontein as well as our Tingo Valley Acid Mine Drainage (AMD) Rehabilitation Project at Cerro Corona. This rehabilitation project is linked to a legacy site that was not rehabilitated prior to Gold Fields' involvement in the area. As part of our social responsibility strategy Cerro Corona has implemented a programme to mitigate the AMD emanating from the legacy site.

AMD is becoming a critical issue for the South African mining sector and, while not directly impacted, Gold Fields is playing a key role in formulating an industry response. Our mines on the far West Rand have the potential to cause AMD in future. However, due to the current dewatering process this will not become an issue until the current mined out areas are flooded, post closure. Gold Fields has engaged with numerous stakeholders and formulated a strategy designed to prevent the formation of AMD. We are in the process of implementing this strategy, which includes treating our water discharges to potable standards. This project, which has been named Liquid Gold, will be subject to extensive feasibility studies and will be linked to off-take agreements for the treated water. At all operations we continue to engage closely with local communities, government structures and environmental interest groups on issues of water management.

The Group reported no major environmental incidents or fines for non-compliance during the year under review, but we had seven Level 3 incidents unchanged from financial 2009. All these incidents have been addressed and their impact mitigated.

Energy, climate change and carbon footprint

Gold Fields' environmental responsibility is closely tied to issues of energy, climate change and carbon footprint. In South Africa in particular our carbon footprint is dictated by the use of coal-fired energy purchased from South Africa's energy utility, Eskom. Energy saving is thus a key component in our integrated carbon management strategy, which was finalised during the year. The strategy provides a framework for the inclusion of carbon and climate change-related issues into business planning models and decision-making processes throughout the organisation.

Gold Fields is already recognised as a leader in the South African mining industry in dealing with carbon-related issues. For the fourth year in a row we submitted a disclosure report to the National Business Initiative's Carbon Disclosure Project. We were ranked fifth overall on the Carbon Disclosure Leadership Index: JSE 100 for 2009, similar to our ranking in 2008. Total carbon emissions for calendar 2009 amounted to 7.4 million tonnes, similar to the level of emissions in 2008.

Gold Fields is making use of the sophisticated market mechanisms that have developed around the carbon credit market. During the year under review we sold Certified Emissions Reductions (CERs), the financial securities used to trade reduced carbon emissions, to fund a methane gas project at our Beatrix Mine. With this deal we not only became the first gold mining company in the world to utilise CERs, but have set the scene for the use of carbon credits to fund other greenhouse gas and energy-saving projects at Gold Fields (see case studies, pages 116 and 117).

Energy supply and pricing is an issue at all our operations, but has required particular attention in South Africa following

Introduction continued

on Eskom tariff increases of 25 per cent for each of the next three years. As a company we invested significant financial and human resources in energy-saving initiatives around the globe in financial 2010. This has seen our South African electricity consumption decline by five per cent (around 30 MW) to below 600 MW and we are seeking similar energy savings in the current financial year.

Stakeholder engagement and social development

Local communities grant us our social licence to operate and it is imperative that we take an active interest in their development and well-being. Such engagement begins at the exploration stage; in projects such as Komana in Mali (see case study page 112), we invest around ten per cent of our exploration budget on sustainability issues. Before we invest though, communities are engaged to determine their economic, social and environmental requirements. This engagement continues through the construction and production phases of the mine and continues beyond its closure. It is a cradle-to-grave approach which is entrenched in our approach to sustainable development.

Our stakeholders include a wide range of groupings: local, regional and national governments, regulators, NGOs, employees and contractors, formal and informal communities, industry associations and academics institutions. We engage with them in formal and informal meetings and the key issues raised by them inform the content and substance of our sustainability programmes.

During financial 2010 we invested around R150 million directly in sustainability projects covering a wide range of areas, including enterprise development and employment creation, infrastructure, health and education. In addition we make it a priority to employ local labour and contractors, wherever possible. This is in line with our policy that our manpower make-up in every region should ideally reflect the demographics of the host country.

Supply chain management and material stewardship

A critical part of our commitment to local communities is making use, wherever possible, of local suppliers and contractors. Our involvement with these suppliers and contractors extends beyond procurement spend and extends to training and mentoring support. In return we expect these firms to adhere to the same high standards of sustainable development that we do. They are audited and closely monitored for their management of human rights, environmental and safety issues. We plan to roll out the newly developed human rights toolkit to all suppliers and contractors to raise their awareness of these important issues.

These responsibilities extend to the treatment of our waste material, which is often undertaken by contractors. Material stewardship is critical in ensuring that we leave a limited environmental footprint. During the year Gold Fields became the first mining group, registered as a signatory with the International Cyanide Management Institute, to obtain accreditation and full compliance for all its eligible operations under the International Cyanide Management Code. This accreditation extends to all transport and other major suppliers and contractors, which have to provide a certificate of safe disposal and are also subject to our normal ISO 14000 certification audit. Tailings and waste rock remain our big-ticket items when it comes to material wastage and during financial 2010 we made further progress in re-treatment to extract further value from them. A large portion of our industrial waste, such as oil, grease and steel, is recycled.

Corporate governance and risk management

Underpinning our sustainable development programme is a commitment to sound corporate governance standards. Corporate ethics and corporate governance are strategic imperatives for the success of Gold Fields' business. During financial 2010 the Board of Directors adopted the recommendations on good corporate governance as contained in the King III Report on Governance for South Africa, which became effective on 1 March 2010 and will be implemented fully in our next financial period. No material transgressions of our ethics policy were reported during the period under review. In addition, no significant fines or non-monetary sanctions for non-compliance with legal requirements have been levelled against the company.

Gold Fields also supports the principles and processes of the Extractive Industry Transparency Initiative through its membership of the ICMM.

Gold Fields has a well developed enterprise-wide risk management (EWRM) process, which has been in place for a number of years. The overriding purpose of EWRM is to assist the company in achieving its business and strategic objectives, support the company's efforts to achieve the highest levels of corporate governance and achieve full compliance with the requirements of the King III Code.

Case study – Cerro Corona – A business case for sustainable development

Cerro Corona Mine in Peru

In a mere five years, Gold Fields' state-of-the-art Cerro Corona Mine in Peru has become one of the star performers in the company's suite of assets. Currently producing about 90,000 ounces of gold a quarter at a notional cash expenditure of just over US$500/oz, this mine has become a model of operational and financial viability. But it's also a role model for cradle-to-grave sustainable development. Considering its humble beginnings as a derelict mine site, the successful development of Cerro Corona can be attributed to a large extent to applying best sustainable development practice from the early exploration stage to the ramp-up to full production.

Early on, significant investments were made to ensure the sustainability of the proposed operation. These investments took many forms, from engaging the local communities to best practice with regard to environmental management. It was underpinned by a commitment to sound governance principles. Even before the mine reached its prefeasibility stage, extensive engagement with local communities and providing early job opportunities created the basis for sound development. Many hours were spent discussing the plans for the mine with local community members, leading to long-term agreements that prioritised local suppliers and employees, socio-economic and enterprise development, as well as a focus on best environmental management practice.

Today Cerro Corona is a working model for sustainable development and a mine that lives our credo of being the global leader in sustainable gold mining. Its successes over the past five years include:

- An outstanding safety performance confirmed by OHSAS 18001 certification and a number of local and national safety awards.
- ISO 14001 certification for its environmental management system; again the mine has achieved awards for its environmental performance.
- The establishment of a range of socio-economic investments ranging from the provision of education facilities to the development of alternative livelihood projects. Investments in agricultural projects in the area stand out. These projects have seen, amongst others, a 50 per cent rise in farmers' meat production, a considerably higher yield from pasture land, an artificial cattle insemination programme and construction of a US$400,000 dairy plant.
- Employment has been created for local community members either through direct employment or by supporting the use of local suppliers and contractors. Many of our suppliers have used their Gold Fields contracts to grow their operations to provide services to other companies in the area and increase their employment of local labour (see case study page 121).
- Permanent engagement structures have been established to ensure ongoing positive relations with our stakeholders.
- Best practice governance policies and systems.
- A comprehensive risk management system which evaluates potential risks and ensures that mitigatory actions are in place.
- The Gold Fields code of ethics is entrenched and anonymous tip-off service providers have been established.
- A human rights training toolkit has been developed and is being integrated into training processes. Associated grievance mechanisms have been implemented that cater for disputes with external as well as internal parties.

Economic impact

Gold Fields prides itself on being a responsible corporate citizen with all the responsibilities and obligations that come with this position. In this sustainability report we outline in great detail our programmes in the various areas that are grouped under the heading of sustainable development: human resources; health, safety and well-being; environment; energy and carbon management; supply chain management and material stewardship; and social responsibility and stakeholder engagement.

For many stakeholders – from government to local communities – their interaction with Gold Fields is increasingly being defined by the company's sustainability programme. But what this overlooks is the more important contribution the company makes in terms of economic wealth generation, which has contributed to economic growth and poverty reduction for almost 125 years. We view this aspect as our main contribution to the well-being of the countries in which we operate.

In the financial year under review the economic value Gold Fields has distributed amounts to around R20 billion.

The economic value distribution during financial 2010 is broken down as follows:

- Almost R10.6 billion in wages, benefits and contracts paid to our 46,700 full-time employees and significant numbers of contractors working at our mines;
- Tax and royalty payments of around R2.7 billion in financial 2010;
- Procurement spending of over R5 billion;
- Dividend and interest payments of about R1.6 billion; and
- Corporate social investment spending of around R150 million.

The economic contribution of our operations in the four countries we operate in – South Africa, Peru, Ghana and Australia – differs widely, led by the estimated three per cent of gross domestic product (GDP) in Ghana, where Gold Fields is the largest mining company. But it is safe to state that in the local communities adjacent to our mines the role of Gold Fields is inextricably linked to their economic welfare.

Mineral wealth to national wealth

Ensuring that mining contributes to economic development and poverty reduction is a critical issue for many countries. The International Council on Mining and Metals (ICMM), of which Gold Fields is an active member, states that over 50 countries are significantly dependent on mining in that the sector provides at least six per cent of exports or plays a critical role in the domestic economy. The recent boom in mineral exports and prices has also generated billions of dollars of extra revenues for governments of resource-rich countries. More is in store given that China's demand for metals is forecast to grow two to four times over the next 25 years, according to the World Bank.

Past experience has demonstrated that, under the right regulatory and political conditions, mining can provide an important, even critical, contribution to economic growth. Countries like Canada, Australia and South Africa have used their mineral wealth as a springboard to broader economic development.

In a number of mineral-rich countries emerging from periods of chronically poor economic performance, such as Ghana, Mali and Peru – all countries in which Gold Fields is either mining or exploring – mining has provided an important kick-start to growth.

South Africa

Number of employees	43,462
Salaries and contractors (R million)	7,047
Taxes (R million)	696
Procurement spend (R million)	6,505
CSI spend (R million)	42

Ghana

Number of employees	2,514
Salaries and contractors (R million)	1,462
Taxes (R million)	1,004
Procurement spend (R million)	5,949
CSI spend (R million)	58

An equal number of mining-dependent economies though have underperformed their peers and in some cases the "resource curse" – the over-dependence on minerals and metals for national income – has led to significant damages to non-resource sectors of industry and instability caused by fluctuating commodity prices. The challenges associated with translating mineral wealth into national wealth are manifold and well documented: mining revenues have been squandered by governing elites, fuelled corruption and, in extreme cases, funded civil wars and trans-boundary conflicts.

The right public policies will define the success of the conversion rate from mining to economic development and solutions to this challenge are increasingly understood. In a recent paper the ICMM listed some of the key policies required:

- Sound macro economic policies, such as careful management of exchange rates and volatile income tax.
- Transparency in how mineral revenues are reported and spent.
- Improvement in state governance.
- Public investment focused on development priorities.
- Companies giving priority to local employment and procurement.

Public imposts on the mining industry

The mining industry has to make investment decisions for the long-term and timeframes span into decades not years. The investors who put up the risk capital, often in the billions of dollars, are required to take a long-term view of their investment. Gold Fields, for example, is looking at a more than 40-year time horizon for its South Deep Gold Mine, with shareholders willing to spend well over US$1 billion in bringing the mine to full production.

This long timeframe defines the case for sustainable business: an investment can only be recovered by ensuring that the mineral wealth is extracted safely, it benefits the communities impacted by the project and does not compromise the environment.

However, despite our solid sustainability track record, we are increasingly witnessing a high, and rising, level of interference in our operations from governments, communities, organised labour and non-governmental organisations in all the countries in which we operate. Mining and mineral rights are viewed as part of the national patrimony and in some cases their ownership has reverted to the state. Increasingly though these stakeholders are also demanding a say in how mining operations are managed and run. The imposts have manifested themselves in a number of ways: higher taxes, such as the proposed Minerals Resource Rent Tax (Super Tax) in Australia and higher royalty taxes in Ghana and South Africa; restrictions and regulations on ownership and requirements to fill the socio-economic gap left by inadequate public services.

As we have demonstrated, Gold Fields is both a committed corporate citizen that takes its sustainability responsibilities extremely seriously and a creator of significant economic value to adjacent communities and the countries in which it operates. However, it is equally important that shareholders, who after all provide the risk capital, are rewarded for their investment.

It is vital that shareholders' demands are balanced with those of our other stakeholders, who in most cases do not provide investment capital. However, at present, the increasing levels of interference from outside stakeholders are threatening the sustainability of many mining operations. If the balance is not restored we fear that future investments in mining projects will be severely impacted; it is understandable that investors would not want to risk their capital in such an environment. The socio-economic benefits that sustainable mining offers would thus be lost to many communities and countries.

Peru

Number of employees	310
Salaries and contractors (R million)	597
Taxes (R million)	593
Procurement spend (R million)	1,178
CSI spend (R million)	27

Australia

Number of employees	454
Salaries and contractors (R million)	1,526
Taxes (R million)	388
Procurement spend (R million)	3,851
CSI spend (R million)	1

[Our people]

Our people

Gold Fields' 50,000 employees are the most critical stakeholders in the company's effort to become the global leader in sustainable gold mining. They contribute immeasurably to the company's ability to achieve its triple-bottom-line targets. If we are to achieve the ambitious production goals we have set ourselves – namely to have five million ounces of gold a year either in development or in production by 2015 – we need to have a well-informed, trained, motivated, productive and healthy workforce.

Converting workers at Gold Fields into owners of the company will make a major contribution towards achieving future human resource goals. It has always been our aim to ensure that every employee in the company owns shares in Gold Fields. In this regard the company has developed an Employee Share Option Scheme that will see category 3 to 8 employees receiving a 10,75% equity interest in Gold Fields' South African assets. This transaction is expected to be concluded by the end of calendar 2010.

Our responsibility towards our employees starts with the average eight hours they spend at the workplace, but extends to the other 16 hours of the day as well. For this reason we spent the 2010 financial year entrenching our *24 Hours in the Life of a Gold Fields Employee* programme, which was launched early last year throughout the Group.

This programme starts with ensuring that, in return for their labour, our workers receive market-related compensation. In addition generous incentive and bonus schemes are in place to raise the output of our staff and help us reach maximum efficiencies. The *24 Hours* programme also includes components to ensure that employees are well housed, have access to recreational activities and enjoy a healthy lifestyle. We continued to roll out our R550 million employee housing project, launched in South Africa in 2009, and handed over 192 homes to employees and their families during the year.

Health, safety and wellness are integral parts of this programme and are dealt with in detail in the next section of the sustainability report.

Our other human resource-related sustainability issues relate to training, human rights, organised labour, transformation and diversity.

Employee engagement and labour relations

Various structures and engagement forums allow for two-way dialogue between organised labour and company management, including inter alia communication channels with HR managers on all sites; employee representative committees; website, intranet, newsletter and campaign-specific communication; and employee climate surveys. These channels provide Gold Fields with an important sense of the material issues and concerns of its diverse group of employees.

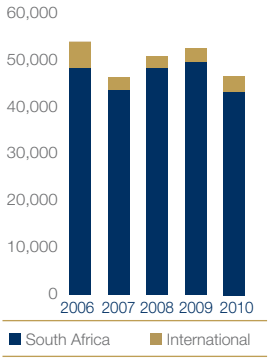
South Africa and Ghana have strongly unionised environments with 80 per cent of South African employees and 93 per cent of Ghanaian employees belonging to unions. Operations in both countries have formal structures in place to engage with trade union representatives, many of whom are full-time labour organisers at our mines.

During the year under review the Ghanaian operations experienced a one-day unprocedural strike action during wage negotiations. The matter was settled through negotiations.

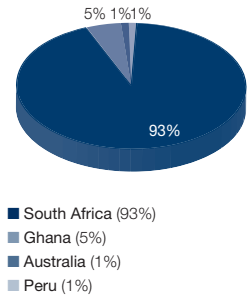
No employees at our operations in Australia and Peru have opted to join an organised labour movement.

Over the years Gold Fields' relationship with trade unions has matured as the company has maintained open and ongoing communication with this important stakeholder group. In South Africa we invested in a number of initiatives to improve labour relations during the year. This included a leadership development programme

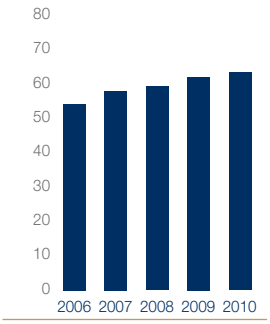
Total employees



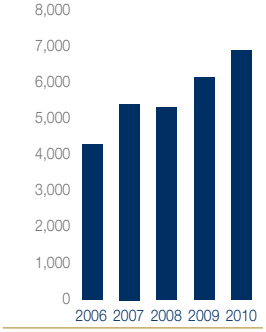
Employees by region



SA employees (HDSA%)



Employees wages and benefits (Rm)



Our people continued

offered to all union leaders to enhance their business acumen and knowledge about the economics of mining.

Improving our understanding of employees' most material issues is equally important and to this end we have proposed a new employee relations model and revised engagement structures in the South Africa Region. This follows an analysis of existing problems in our relationship with organised labour. The model was presented to union representatives for feedback and input in April 2010. This, together with the results of an employee climate survey conducted in financial 2010, will inform our future approach to employee relations.

Transformation and diversity

Transformation and the creation of a diverse and demographically representative workforce is an important sustainability issue at Gold Fields. The company strongly supports legislation and guidelines that promote equal opportunity and demographic representation of its workforce reflecting the wider population.

In South Africa employment equity is a national imperative enshrined in the Employment Equity Act and a key component of the Mining Charter that filters through to the social and labour plans of our mines. While not legislated, the employment of local people in Ghana and Peru is considered best practice and is a necessary ingredient for positive community relationships.

Good progress has been made in Peru, where all of our employees are now local, and in Australia, where the operations are managed to a large extent by Australians. The Tarkwa Mine in Ghana is run by a Ghanaian national and Ghanaians are increasingly being elevated to senior management positions at all operations. Because skills are scarce and expatriate positions highly valued in Ghana, Gold Fields faces a retention challenge in this region. However, remuneration packages are highly competitive and continue to attract top talent.

South Africa presents our biggest transformation challenge and while we have made good empowerment progress in middle management tiers, where 32 per cent of employees are

Case study – Human rights toolkit encourages vigilance about potential abuses

Being a mining company in developing countries comes with a huge burden of responsibility in the area of human rights. Gold Fields is determined to maintain an exemplary human rights record, which is an important part of our alignment with the United Nations Global Compact and our membership of the ICMM.

Our human rights toolkit

More importantly, these responsibilities are enshrined in our human rights policy. The company has a responsibility to educate employees and contractors to ensure that human rights abuses do not occur. The challenge for a company as globally diverse as Gold Fields, however, lies in the fact that human rights issues differ from region to region, so a one-size-fits-all approach was never going to be suitable in rolling out human rights education.

Enter the human rights toolkit, launched across all our operations during the year. Informed by the Global Reporting Index (GRI) and developed in conjunction with human rights experts, the toolkit includes region-specific case studies of human rights abuses that illustrate the key risks for our operations.

This compact box challenges employees' knowledge of human rights issues. A board game highlights gaps in their knowledge, while a DVD, facilitator's guide, training slides, workbook and assessment questions teach them how to identify, avoid and prevent human rights abuses. The flexible toolkit also includes training material to suit different job grades and disciplines, and has been translated into Spanish for use in our South American operations.

"Our next goal is to roll out a similar intervention for suppliers to ensure that they too have a human rights record that's beyond reproach," says Nisha Mowjee, Human Resources Manager, International Operations, who was instrumental in developing the toolkit.

historically disadvantaged South Africans (HDSAs), much remains to be done before senior management levels are satisfactorily representative. Our drive to transform Gold Fields has been given added momentum with government's proposed update to the Mining Charter, which requires that 40 per cent of positions at all levels are filled by HDSAs by 2014. At present we have 36 per cent representativity at these levels. Table 1 below provides our employment and equity breakdown.

Table 1: Gold Fields SA Region workforce profile as at 30 June 2010

Occupational level	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Senior management	9	2	5	63	2	0	2	4	4	0	91
Professionally qualified and experienced specialists and mid-management	171	15	41	558	73	7	18	114	25	0	1,022
Skilled technical and academically qualified workers, junior management, foremen and superintendents	2,145	48	25	2,118	357	14	7	293	664	5	5,676
Semi-skilled and discretionary decision making	12,857	18	4	489	978	10	1	190	9,793	32	24,372
Unskilled and defined decision making	9,920	3	1	55	1,033	2	0	0	4,382	99	15,495
Grand total	25,102	86	76	3,283	2,443	33	28	601	14,868	136	46,656

NB: A = African; C = Coloured; I = Indian; and W = White

Crew replacing liners inside mill at Beatrix

Our people continued

Our primary response to the transformation challenge has been to invest heavily in education and training and we are seeing some promising results from this investment. But it is a long-term process and most mining engineers, for example, will require years of hands-on experience before they can be elevated into more managerial positions. While we wait for this crop of leaders to emerge we will have to recruit senior black managers externally into key positions.

In line with our transformation commitments, we have also targeted a higher representation of women at all levels in the company. At present women make up around seven per cent of our workforce, still short of the 2014 target of ten per cent set for the mining industry by the charter. In addition to inadequate availability of skills, the physical demands of mining make it particularly difficult to attract women to the sector. The appointment of a black female chair by November this year should provide further impetus for progress on this front.

Attracting and retaining skilled people

Global shortages in technical, engineering and Mineral Resources skills remain a challenge across the Gold Fields Group, and each region has strategies in place to attract, develop and retain the best skills available. We have always put a strong emphasis on training and during the year invested R264 million in internal training and skills development initiatives. Each employee received 35 hours of training on average last year.

The accredited Gold Fields Business and Leadership Academy continued to play an important role in developing the skills required by the company for optimal performance. During the year 9,992 employees completed qualifications at the academy, while many other employees underwent further training during financial 2010. This ranged from courses in adult basic education to advanced mining and technological studies.

Gold Fields has for decades engaged with academic institutions and relevant government departments to help improve the quality and quantity of engineering graduates in South Africa. It is therefore pleasing to see that our investment in bursaries is generating a steady supply of black engineers and technicians, 72 of whom were employed full time in the company during the year, while 117 continue to pursue tertiary studies. In 2009 Gold Fields awarded 124 university bursaries, 378 technical learnerships and 40 postgraduate assignments. It will take time for these recruits to gain enough hands-on mining experience to be elevated to more senior positions, but we are confident that the programme will create a robust pipeline of highly skilled HDSA candidates and usher in a new breed of management to the company.

To strengthen the skills pipeline in South Africa further we announced a R28 million investment in skills development through a three-year sponsorship of the mining faculties of the University of the Witwatersrand and the University of Johannesburg. In terms of the sponsorship, the universities will receive a combined once-off capital injection of R8 million followed by R6 million a year for three years. In return Gold Fields is afforded naming right status for the infrastructure that it sponsors as well as participation in advisory committees at the two universities. Amongst others the funds will be used to equip mining design laboratories; for upgrading and new equipment for existing design laboratories; and salaries of full-time senior tutors at the faculties.

In other countries too Gold Fields is developing closer relationships with tertiary institutions. Ghana's second batch of 10 sponsored engineering apprentices is currently in the process of completing the second year of study at the Takoradi Technical Institute (TTI) in Tarkwa. The skills development of these students is augmented by their practical work experience at our engineering departments at the mines.

The South American region has formed alliances with a number of tertiary educational institutions to deliver training programmes on leadership, human rights, executive coaching, technical skills and financial skills. These institutions to date include the University of Piura and DBM Peru. The company is also finalising relationships with three other universities.

Leadership development

The company's leadership development programme, piloted in the South Africa Region in financial 2009, focuses on ensuring that all executives and senior managers are equipped to fill vacancies when needed and have a wider understanding of all the issues confronting the company's leadership. Altogether 16 senior managers joined the pilot programme on a full-time basis for eight months. The outcome of this pilot study was extremely positive and during the year under review the programme was successfully launched in Peru. The West Africa and Australasia Regions concluded the design and exploratory phases and will launch the programme in the final quarter of 2010.

A total of 23 Ghanaian employees completed supervisory, management and leadership training while 16 protégés were assigned mentors for ongoing, hands-on training and development. Around 242 training events focusing on supervisory and team leadership skills were held at the company during the year.

The Australasia Region ran several leader training programmes during the year, focusing on supervisor training, Occupational health and safety law for supervisors, frontline management and individual coaching. Employees trained in management and supervisory skills increased during financial 2010 to 74 per cent of identified employees.

The South America Region's management and supervisory training focused on developing supervisory capabilities in mine operations, geology and the mineral resources divisions of the company. Around 29 per cent of managers and 28 per cent of supervisors are involved in the leadership training programme being run in conjunction with the University of Piura.

Human rights

Adherence to human rights is a relatively new segment in the corporate HR practice. It has developed sophisticated tools to prevent and monitor infringements ranging from the use of child labour and forced labour to racial and gender discrimination, as well as upholding rights to freedom of association such as membership of trade unions. Gold Fields' human rights policy strictly enforces the elimination of any significant risks to these rights. Internal grievance mechanisms also allow employees and contractors to raise possible human rights infringements.

During financial 2010 human rights was one of the focus areas of the human resources department, which kicked off the campaign with the launch of a toolkit for HR managers (see case study, page 102). The toolkit and accompanying awareness programmes are currently being rolled out in all the regions.

Longer term it is envisaged that adherence to human rights is integrated into all investment agreements as well as contracts with suppliers.

Case study – From mine labourer to community relations

Charles Stofile

When Charles Stofile was a schoolboy he dreamed of a career in politics, but the reality of apartheid South Africa in the 1980s severely limited his options and his first job at Gold Fields was as a general mine labourer.

Today he stands in shoes that are vastly different from the miners' boots he once filled. As head of Stakeholder Engagement and Local Economic Development at Beatrix Mine, Charles has come a long way. His career has been characterised by self-motivation and a willingness to grab opportunities for learning and improvement afforded by Gold Fields.

"To improve my prospects as a miner I did the company's Blasting Certificate, but then my focus changed and I realised I wanted to be in a job dealing with people and their development, where I could make positive changes in the community in which I lived," he says.

To get there Charles first did a management programme through the University of Cape Town, before taking management capacity and project management training courses at the Gold Fields Academy. "Studying while working full time and meeting your responsibilities as a family man is tough, but I believe you have to make sacrifices if you want to get ahead," he says.

The studies paid off and Stofile climbed the ranks from mining team leader to Human Resources and Sustainable Development Officer, then Sustainable Development Superintendent, before taking up his current position. "It was a bold step for Gold Fields to establish the Academy when it did and it certainly helped me take a 200 per cent leap in my career," he says.

[Health, safety and well-being]

Health, safety and well-being

Safety is the cornerstone of sustainability at Gold Fields. The statement, that *if we cannot mine safely we will not mine* is more than just a philosophy; during the year the prioritisation of safety over production resulted in an estimated 722 kg of gold not being mined. More importantly, together with the safety credo *stop, think, fix, verify and continue*, it has initiated a change in the way that the company and its people think about issues of safety in mining. There is a realisation amongst our people that it is indeed possible to mine without injury or fatality and that the target of *Zero Harm* at our operations is achievable.

However Gold Fields is a long way from achieving its ultimate ambition of *Zero Harm*. During financial 2010 the target of reducing fatalities at the South African operations by a third was not met. A total of 18 employees tragically lost their lives at our South African operations. We owe it to those who have died to further improve on our safety performance.

The key safety statistics (see accompanying graphs) show that while many safety metrics show improvement, there are still areas where we are lagging.

In the South Africa Region, the Fatal Injury Frequency Rate improved by 18 per cent from 0.16 in financial 2009 to 0.14 in financial 2010 and the Serious Injury Frequency Rate by 14 per cent from 3.22 to 2.76 over the same period. The Lost Time Injury Frequency Rate showed a marginal improvement of nine per cent from 5.38 in financial 2009 to 4.91 in financial 2010.

The South America Region reported no fatalities. The Lost Time Injury Frequency Rate improved by 28 per cent from 0.25 in financial 2009 to 0.18 in financial 2010, but the Medically Treated Injury Frequency Rate showed a slight regression from 0.90 to 1.00. Critically, the Cerro Corona Mine received its OHSAS 18001 certification.

The West Africa Region also had no fatalities but other safety standards unfortunately regressed. The Lost Time Injury Frequency Rate declined from 0.31 in financial 2009 to 0.37 during the year under review, while the Medically Treated Injury Frequency Rate regressed from 0.88 to 1.95.

In Australia our operations had no fatalities but the Lost Time Injury Frequency Rate weakened from 0.94 in financial 2009 to 2.00 in financial 2010 while the Medically Treated Injury Frequency Rate regressed from 9.44 to 10.47.

Various health and safety programmes, rolled out during the year, have made some impact but further work is needed before we are anywhere close to achieving our targets. Incentivising our employees is a critical component and the achievement of safety targets accounts for between a third and up to 50 per cent of their bonuses and incentives. A similar emphasis is being placed on the health and well-being of our staff. We realise that accidents are more likely if our employees are unwell as a result of occupational and other diseases. During the year under review Gold Fields entrenched its efforts – as part of its *24 Hours in the life of a Gold Fields employee* programme – to combat the impact of diseases and encourage a healthy lifestyle.

Engaging employees on issues of safety

Management, employees and contractors all play a crucial role in achieving health and safety goals. Employees are represented at various levels on health and safety committees and on a range of statutory and voluntary engagement forums between supervisors, line managers and organised labour. General health and safety topics are also covered in formal agreements with trade unions and during financial 2010 we also initiated a tripartite forum between the company, government and labour.

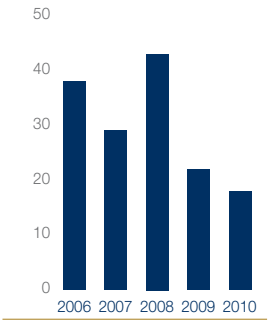
General and job-specific health and safety training forms part of induction, and is reinforced annually through refresher training. Risk-specific training is also provided where needed.

Quantifying our health and safety risks

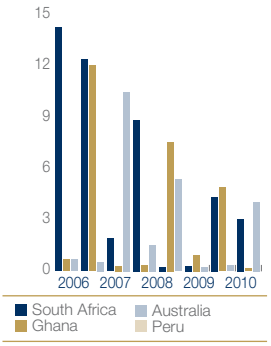
Safety is the number one priority at all our operations, but it enjoys even greater emphasis at our South African operations, where deep underground and labour-intensive mining continues to claim the lives of our employees and contractors.

The most significant risk arises from fall of ground, linked to gravity and seismicity. In total fall of ground related accidents comprised 39 per cent of the 18 fatalities in financial 2010 compared with 59 per cent of 22 fatalities in financial 2009. While fatalities caused by gravity increased to five in financial 2010 from two in financial 2009, seismic related fatalities came down sharply to two in financial 2010 from 11 previously. Such improvements are in part attributable to the work done by the Seismic Task Team (see case study, page 106).

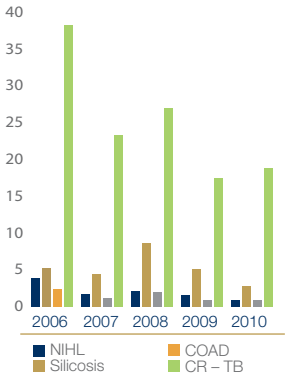
Number of fatalities



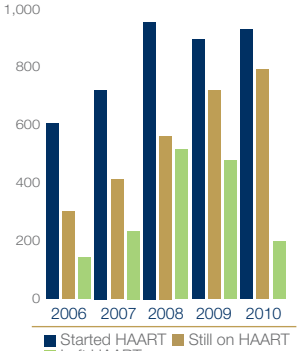
LTIFR



Occupational diseases



HAART* participants in SA



HAART – High-active anti-retroviral treatment

Health, safety and well-being continued

High levels of mechanisation, together with the relative shallow nature of the ore bodies in the Australian underground mines, mean employees there are not as exposed to gravity and seismicity-related safety hazards as they are in South Africa. Similarly the open-cast mines in Ghana and Peru pose a much lower injury and fatality risk. At those mines vehicular accidents and hand-tool injuries pose the greatest injury concerns.

The nature of open-cast operations also poses a much lower occupational diseases risk, and silicosis, chronic obstructive airways disease (COAD) and tuberculosis (TB) are not a significant issue in the Australasian, West African and South American regions.

They are, however, a key risk in the South African Region. HIV/Aids, while not an occupational disease, compounds the risk of TB and the high rate of HIV infection in the general South African population, coupled with the dust-exposure risk associated with gold mining, places South African gold miners at the top of the TB risk category.

Noise-induced hearing loss (NIHL) is also a key occupational health risk, that is monitored and actioned at our South African and Australian operations.

Initiatives to improve safety performance

Our pro-active approach to safety has been instrumental in achieving performance improvements during the year. The *Safe Production Rules* were successfully rolled out to all operations in the group in all relevant languages.

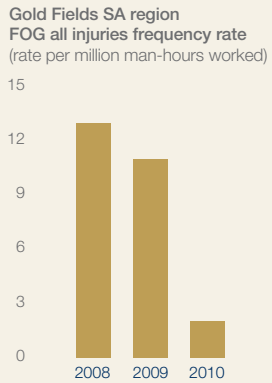
In South Africa they have been fortified by the implementation of the *Safe Production Management Programme* (SPM), the original five pillars of which were consolidated during the year into a focus on two critical areas: risk reduction and compliance. Initiatives actioned through the safe production management task team were instrumental in improving safety at the South African operations. Other programmes are being planned, including a behavioural based safety programme, which has been designed for roll out in the 12 months to end-June 2011 in the South Africa Region to reduce accidents caused by negligence or non-adherence to standards.

A progress assessment was carried out by the DuPont consultancy during April as a follow-up assessment to the initial audit carried out in 2008. The assessment has shown that the South Africa Region has made good progress towards establishing a culture where safe production and *Zero Harm* are reflected as a standard way of working.

The Australian operations continued to entrench the highly successful *Zero Incident Process* (ZIP) safety training programme, which uses psychologically based interventions to bring about behaviour change. During the year, the programme was extended to all major underground contractors. Ghana's "safety referee" system, introduced at Damang Mine, continues to entrench vigilance and improved safety behaviour through a system of discipline and reward.

Many operations also improved reporting methods during the year. The Tarkwa Mine now reports an average of 2,900 hazards a month compared to a total of 1,020 for the previous year, and both Ghanaian mines include all contractor and minor injuries requiring any form of medical treatment in their MTIFR statistics. Australia's St Ives operation has expanded the scope of LTIs to include injuries that cause lost-time many months after the initial incident.

Case study – Seismic Task Team makes good progress



Frans Castelyn at the Seismic lab

The Seismic Task Team, formed last year under the leadership of rock engineer Frans Castelyn, has already made great strides in quantifying the risk associated with seismicity and put strategies in place to reduce the exposure of Gold Fields' workers to seismic events. This has been instrumental in reducing the operations' fall-of-ground (FOG) injuries by 38 per cent for the current fiscal year. Fatalities linked to seismic events have fallen to two in financial 2010 from 11 in the previous years.

These major advancements are the result of the combined efforts of a team of highly qualified and experienced mining seismologists, and some of the best seismic systems in the country, all stationed at Gold Fields' Seismicity Laboratory at Driefontein.

At South Africa's Driefontein and Kloof Mines, underground geophones equipped with three-way sensors detect seismic events and send the data through to a centralised control room, alerting the Seismic Task Team whenever a potentially dangerous seismic event has occurred. The team analyses the data to determine a more precise location within a 30 meter margin of error, before sending this information through to the shaft at the mine where the event took place. The entire process can take as little as three minutes and actively saves lives.

"On the team's recommendations, Gold Fields has also implemented centralised blasting, whereby all blasting takes place during a specific time window when there are no workers underground. Our research shows that seismic action is directly related to blasting activity and that 70 per cent of seismic events occur within two hours of blasting, so this strategy drastically reduces the exposure of our workforce," explains Castelyn.

Reducing the burden of occupational diseases

All employees undergo initial and annual medical surveillance, the scope and practice of which is aligned to local legal requirements and regional health and safety risks. These tests allow for prevention, early identification and treatment of occupational diseases.

Our most important occupational diseases intervention is Project 4M, aimed at reducing silicosis and noise induced hearing loss at the South African operations in line with the Mine Health and Safety Council Milestones for 2013. Gold Fields is fully committed to meeting and exceeding these targets. Engineering controls reduce exposure at source, while administrative control, training and awareness entrench behavioural change.

We are making some progress. At the end of financial 2010 96 per cent of equipment measured generated a sound pressure level below 110 dB, a key indicator for the December 2013 NIHL milestones. Only four per cent of the individual gravimetric dust sample measures taken at the same time were above the occupational exposure limits of 0.1 mg/m^3, which is within the 2013 silicosis milestone indicator of not more than five per cent.

Because of the high rate of co-infection, the South Africa Region consolidated its disease management approach into a single unified strategy that incorporates HIV/Aids, other sexually transmitted infections and TB. Our voluntary counselling and testing (VCT), rates are only 44 per cent of the workforce, and more work remains to be done to meet our 100 per cent VCT target. We continue to raise awareness amongst employees and are investigating partnership opportunities with government to achieve the national goal of testing 15 million people by June 2011.

During financial 2010 993 employees in the South Africa Region joined the high-active anti-retroviral treatment programme (Haart). This was in addition to the 794 employees who remained on Haart during the year.

In Ghana, Gold Fields continues to monitor and treat all cases of malaria among employees, and to educate and train community members. The HIV/Aids programme provides employees and contractors with access to a personalised, confidential health risk assessment and tailored health improvement plan that includes optional HIV/Aids testing. The programme was extended to dependants of employees and community members during the year.

Australia's St Ives operation is investigating the use of sintered filters to reduce 99 per cent of diesel particulate at source and expects to be in a position to report on their impact over the next 12 months.

Well-being

The *24 Hours in the life of a Gold Fields employee* programme, is premised on the understanding that the role of a company extends beyond the eight hours an employee spends at the workplace. Ensuring a safe workplace, providing staff with decent housing, offering a nutritional diet and encouraging workers to live a healthy lifestyle all form part of the programme. Sport is a critical component in this strategy and we harnessed our staff's enthusiasm for soccer to encourage active participation in sports. We started upgrading and investing in new sporting facilities at all our operations to encourage employees to lead a healthier lifestyle.

Case study – Gold Fields nurse leads by example

Vicky Gumede

Vicky Gumede's story begins like so many others. Months and months of feeling sick pointed to a deeper underlying health issue. "I started to get sick, tested positive for TB, went on medication but ended up falling ill again," says the auxiliary nurse from the Gold Fields Medical Centre at the Leslie Williams Hospital in Carletonville.

Fortunately, advice from her mother meant that Vicky's story doesn't end like so many others. "She thought it was time I had an HIV/Aids test. I was so afraid but I went to my neighbour for counselling and got tested the next day," she relates. The HIV positive result was unsurprising but no less devastating for that. Vicky's CD4 count – the measure of her immune system – was just 17 (a healthy person has a CD4 count of between 600 and 1 000).

"When I came back to work I told my manager that I was HIV positive and he encouraged me to seek treatment through the Gold Fields ARV programme," Vicky explains. That was in 2006. Today, she's living proof that a positive HIV result need not be a death sentence. "My CD4 count is now 826 and my viral load negative, meaning that there is an undetectable amount of virus in my blood," she says proudly.

Vicky's path to recovery inspired her to share her story with colleagues and fellow community members. In her work and at home she draws on her own experience to counsel people about the importance of having an HIV test. She's regularly called upon by Gold Fields to address groups of employees at rallies and Aids Day events.

With opportunistic illnesses behind her, Vicky has clear goals for her future. She hopes to be able to study to become a fully qualified nurse. "I also want to take a formal peer educator course, and join the 1 000 other qualified Gold Fields peer educators."

[Environment]

Environment

The environmental impact of our operations is one of Gold Fields' most important sustainability issues, particularly as the mining sector is the focus of much criticism regarding its considerable environmental footprint. Most recently, scrutiny has focused on the dewatering of underground mines, acid mine drainage (AMD), leaching from tailings dams and the carbon footprint of gold mining. Gold Fields is acutely aware of these issues; unless they are dealt with effectively they will have an adverse impact on our goal of being the global leader in sustainable gold mining.

Guided by the principles of the International Council on Mining and Metals (ICMM) through our membership and the United Nations Global Compact, our environmental policy statement commits us to continually improving our environmental performance and reducing our environmental footprint.

During the year under review our Peruvian mine, Cerro Corona, became the last of our operations to be ISO 14001:2004 certified. The ISO 14001 standards, together with the company's sustainable development framework and dedicated environmental management structures, govern the way in which Gold Fields identifies, manages and mitigates its key environmental risks. We view legal compliance as an absolute non-negotiable and maintain an ongoing dialogue with government, communities, NGOs, environmental interest groups and key stakeholders on how we manage our environmental impact.

Engaging with stakeholders on environmental issues

Neighbouring communities are key stakeholders in Gold Fields' environmental footprint and the company has formed dedicated environmental engagement forums with many of these communities. In the South America Region, for example, community representatives regularly meet with the company's environmental management team and play an important monitoring and participatory role.

Environmental impact is also a key issue when the company conducts exploration for new mining opportunities. The ability to mine in an environmentally sustainable way is a key consideration when investigating the exploration potential of an area (see case study, page 112).

In the South Africa Region, Gold Fields was instrumental in forming and currently chairs the Mining Interest Group (MIG), through which the industry collectively approaches water management in the area, including the Wonderfonteinspruit river. The company is also represented on the Far West Rand Dolomitic Water Association, which engages with farmers and other stakeholders on dewatering and water quality issues.

Ongoing interactions with stakeholders in these engagement platforms, together with internally-generated risk reviews, have highlighted water, land management and waste as our most material environmental issues (see the supply chain management and material stewardship section for information on waste management).

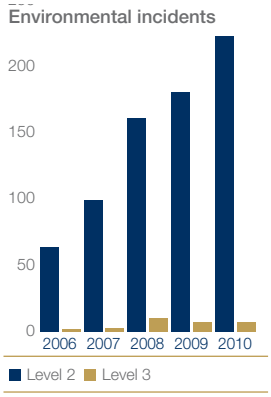
Water

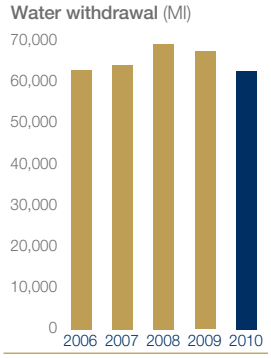
The dewatering of mines, acid mine drainage (AMD), water quality and water availability are headline environmental issues in all regions in which Gold Fields operates. The graphs alongside illustrate the improvements made in water usage and quality during the year under review. Total water withdrawal for the year amounted to 63 million kℓ, while a total of 77 million kℓ was discharged. The average quality of water discharged for the year was 70.43 milli-Siemens/metre (mS/m), which is acceptable by international mining standards. Our draft water licences for the South African mines contain an inherent requirement to ensure that our discharges conform to a maximum limit of 60 milli-Siemens/meter within the next few years. Our water strategy will address how we can achieve this requirement within the stipulated timeframe. Negotiations with the Department of Water Affairs are ongoing.

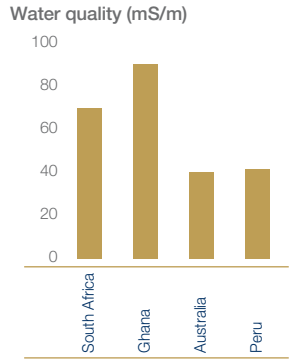
South Africa Region

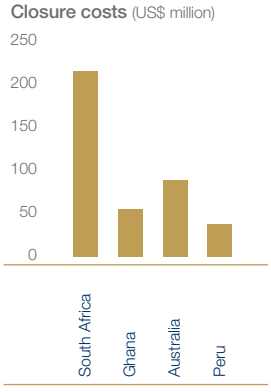
AMD poses the most pressing environmental risk in the South Africa Region and is a key component of the company's water strategy. This strategy makes provision for, amongst others, characterisation of the groundwater plumes, separation of clean and dirty water and mapping and monitoring of underground plumes. Waiting for the mines to close before dealing with the risk of AMD has proven disastrous for a number of other South African mining operations. Gold Fields' water strategy is designed to avoid this scenario and to ensure a long-term solution.

To improve our water monitoring systems, we piloted a continuous water monitoring system at Driefontein during the year (see case study, page 113), which will be rolled out in the catchment area in the current year. The company also approved a R21 million three-year investment in a proprietary software system to consolidate all









Environment continued

environmental data and generate interpretative reports and trend analyses.

Kloof is the only one of our South African operations that has received a new water licence from the Department of Water Affairs and Forestry. The other mines have received draft licences and are in negotiations to receive their new licences.

Gold Fields' long-term strategy for dealing with the risk of uranium in mining waste and water is to investigate the treatment of water and waste by removing the uranium to ensure that levels are kept within limits set by the World Health Organisation. Currently we have bio-dams and settling dams in place to ensure uranium levels remain within the legislated limits. The company is also actively involved in industry initiatives investigating the potential benefits and pitfalls of removing tailings dams off permeable dolomite sites to prevent groundwater pollution. In the long term we are also looking at options to extract uranium from tailings for commercial purposes.

South America Region

Water quality is the key environmental consideration and the issue most frequently raised by communities at the Cerro Corona Mine in Peru. The company submits water samples, taken in conjunction with community representatives, to the relevant authorities on a monthly basis and water quality is externally audited every six months. In most instances these samples indicate that water quality exceeds the standards required by legislation.

However, communities downstream of the mine continue to raise water quality as an issue. In response the company has asked the authorities to conduct an external and independent study in areas outside the mine's direct area of influence, and devised an externally approved water monitoring system for the area. As part of our community programme we invested in a rehabilitation plant for the Tingo River, even though it is unrelated to and far from our operation.

In one of the adjoining valleys to the Cerro Corona Mine are two springs known as SP7 and SP11. Though these springs cannot necessarily be geologically linked to the mine, as a proactive measure we commenced discussions with the landowners to obtain permission to monitor the quality of the water discharged from the springs. We have now reached agreement with the landowner to allow us to monitor the quality on an ongoing basis (monitoring has commenced during the year) and to discuss potential action plans should any deterioration of the water quality occur.

West Africa Region

We previously reported that sulphuric material had been discovered in one of the pits at the Tarkwa operation in Ghana. Samples taken during the year indicated that water quality at this pit is not significantly different from the other pits and that the effect of the sulphides is therefore not significant.

Case study – Environmental stewardship begins with exploration

Sankarani River in Mali

Long before Gold Fields sinks the first shaft or opens the first pit, the company would already have spent years determining whether it will be able to mine in a way that is sustainable and causes *Zero Harm* to the local communities and the environment.

Our Komana mineral exploration project in Mali is a prime example of the company's commitment to determining sustainability in the exploration stage. External consultants, Environmental Resources Management, were contracted to undertake a comprehensive environmental and social impact assessment (ESIA) to establish the key economic, social and environmental impacts our operations could have.

This can only be achieved by getting to know local communities and the place they call home. The Komana ESIA therefore necessarily included in-depth consultation with the local authorities and extensive public participation by members of communities within the area. This goes hand in hand with independent investigations into the area's cultural heritage, biodiversity and water resources.

As is often the case in areas with a predominantly rural population, environmental and social considerations are inextricably linked in Mali and the majority of residents rely on the land for their livelihood. This presents risks and opportunities. The ESIA highlights the economic importance and ecological sensitivity of the Sankarani River, which runs through the exploration area and is used by local people for drinking, fishing and irrigation. But it also highlights the opportunity for Gold Fields to bring employment, infrastructure, better schooling and medical care to the local community. These considerations will be carefully weighed up before Gold Fields decides to go ahead with mining.

Australasia Region

Water issues in Australia relate chiefly to ongoing supply of process-quality water. Such water is currently sourced from borefields close to the Agnew and St Ives Mines but both operations have begun sourcing alternative water supplies. Additional sources include groundwater from a decommissioned open-pit near Agnew and water from a freshwater dam near St Ives.

Land management and biodiversity

As the western side of the Driefontein Mine has been identified by authorities as a potential protected environmental area, the company has commissioned an independent baseline study to determine the level of biodiversity in the area and inform an appropriate management strategy. This will serve as a pilot programme for other South African operations.

In Africa Gold Fields is a founder and active member of Leadership for Conservation Africa (LCA), an organisation that brings together business and environmental organisations to pursue conservation-led socio-economic development.

The LCA Board uses its international network of leading business and governmental leaders to promote LCA initiatives, and to support specific conservation-driven development projects in each of the respective member countries.

In 2010 Gold Fields doubled its contribution to the LCA and took the lead in developing two potential projects in Ghana: the Cape Three Point coastal forest reserve and the Shai Hills savannah reserve. It is envisaged that both will be taken to feasibility study in the near future under Gold Fields' leadership.

The LCA, which enjoys support from 16 African countries and leading companies operating in Africa, believes that conservation-driven development can contribute significantly to the socio-economic well-being of rural Africa, while sustaining habitats and wildlife for future generations.

The shores of Lake Lefroy near Australia's St Ives operation (see case study page 117) are areas of sensitive biodiversity which could be disrupted through overclearing. However, internal and external permitting systems are in place and clearing activity is monitored by environmental authorities on an ongoing basis.

Environmental incidents

Gold Fields has an established incident reporting system ranging from Level 1 to Level 5. The incident levels are categorised in the glossary at the back of the annual report.

Our trends show a sustained increase in Level 2 incidences from 181 in financial 2009 to 223 in financial 2010, which, in part, reflects an improved reporting standard for environmental incidences. This has enabled us to become more proactive in our response and prevent incidences from occurring in future. During the year the number of Level 3 incidences was unchanged at seven. Level 3 incidents are detailed on our website at www.goldfields.co.za.

Case study – You cannot manage what you cannot measure

Danny Ramsuchit

As one of our biggest environmental impacts, water has long been an important issue in the area surrounding our Driefontein Gold Mine in South Africa. This has taken on even further significance in light of the public scrutiny under which water quality in the Wonderfonteinspruit has been placed. Gold Fields complies with all water-related environmental legislation and conducts weekly, monthly and quarterly water quality tests. As part of this programme, we implemented a pilot project for the testing of water quality that has taken the commitment to water sustainability a step further.

The introduction of an automated continuous water monitoring system at Driefontein has allowed Gold Fields to get the most accurate and comprehensive data regarding both the fissure and mine process water leaving its operation. "Continuous water monitoring means you avoid the normal pitfalls of random sampling, whereby results can be influenced by the time at which the sample was taken, as well as other variables," says Danny Ramsuchit, head of Environmental Management at the mine. Calibrated and managed by independent company, Süd Chemie, the system monitors pH, conductivity, temperature and free chlorine levels, which serve as early warning indicators.

These results are updated every three minutes and are available on an ongoing basis to company managers and the Department of Water Affairs via a dedicated online portal. They provide Gold Fields with a wealth of data that can be used for trend analysis and immediate, real-time detection of any water quality issues.

Successfully running as a pilot for five years at Driefontein, the continuous water monitoring project has provided a model for roll-out to other parts of the company. The Department of Water Affairs is even considering including such systems as a mandatory requirement for new licensing conditions.

Energy and carbon management

Energy and carbon management

Rising energy costs and growing concerns about the effect of climate change have elevated the importance of energy efficiency and carbon management for large companies such as ours.

In its pursuit of being the global leader in sustainable gold mining, Gold Fields has been pro-actively aligning the company and its operations to a carbon-constrained economy. Our intention is to make low-carbon behaviour and related business decisions the norm within the company. Energy efficiency is integral to our carbon policy and a key environmental consideration. At most of our operations electricity is derived via coal or diesel, which are major contributors to CO_2 emissions around the globe. Saving energy will thus have a positive and measurable impact on our environmental footprint.

Adopting an integrated carbon management strategy

Gold Fields is in the process of formulating an integrated carbon management strategy. This will align us with the latest corporate governance standards and the requirements of King III, which demands increased attention to climate change and recognition of the business costs and opportunities of environmental risks.

Once implemented, the strategy will provide a framework for the inclusion of carbon and climate change-related issues into business planning models and decision-making processes throughout the company. Through the implementation of this strategy Gold Fields will seek, amongst others, to:

- Limit its liabilities in view of existing and impending emissions regulation;
- Decrease energy costs through improved energy efficiency and lower emissions; and
- Increase revenues through opportunities such as carbon trading.

The strategy has been distilled into 15 initiatives and will be rolled out to all regions supported by an extensive communications campaign.

Tracking and reporting on impact

The company's key source of carbon emissions is coal-fired electricity in the South African operation and gas and diesel-generated power in the Australasia, West Africa and South America Regions. In a number of countries in which we operate our emissions are being measured and monitored.

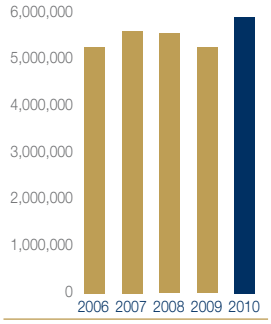
In South Africa Gold Fields was ranked fifth overall on the Carbon Disclosure Leadership Index among the JSE Top 100 Companies. The company furthermore discloses its carbon footprint to the National Business Initiative's Carbon Disclosure Project (CDP), which details the calculation of the carbon footprint and quantifies and reports greenhouse gas (GHG) emissions. During the year under review we reported on Scope 1, 2 and 3 emissions for the company's global operations.

Our carbon footprint for the year was 7.4 million tonnes CO_2-e, comprising 1.3 million tonnes Scope 1 emissions, 5.1 million tonnes Scope 2 and 1 million tonnes Scope 3 emissions. Total 2010 emissions were virtually unchanged from 2009 levels, but significantly higher than the 6.1 million tonnes CO_2-e emitted in 2008, when the South Deep and Cerro Corona Mines were not included in our portfolio. The carbon footprint per ounce of gold was determined to be 1.78 tonnes CO_2-e/ounce, compared with 1.51 tonnes CO_2-e/ounce in 2009 and 1.4 tonnes in 2008. (This calculation only takes into account Scope 1 and 2 emissions). The scope definitions are contained in the glossary.

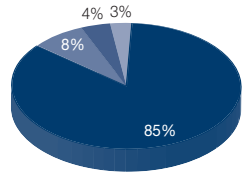
The South African operations accounted for 90 per cent of all Gold Fields Scope 1 and 2 emissions for calendar 2010. This is not surprising given that the South African mines, with their extensive underground operations, utilise the most electricity.

In accordance with the National Greenhouse and Energy Reporting Act 2007, the Australasian operations reported to the National Pollutant Inventory and made its annual energy efficiency opportunities submission. Four projects were highlighted as potential opportunities, including a fuel management system installation, ore haulage optimisation and secondary fan rationalisation.

Electricity consumption (MWh)

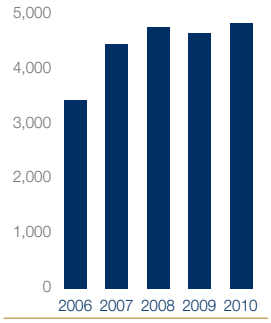


Electricity consumption (MWh) – per region

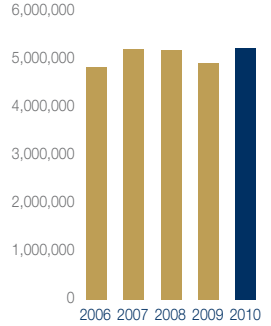


- South Africa (85%)
- Ghana (8%)
- Australia (4%)
- Peru (3%)

Diesel consumption (TJ)



CO_2 emissions* (tonnes)



*Includes only Scope 1 and Scope 2 emissions

Energy and carbon management continued

Australia's draft legislation for the Carbon Pollution Reduction Scheme (CPRS) was postponed until 2012. In the interim Gold Fields has registered with the CPRS. When it comes into force, this cap and trade legislation will allow the company to import certain carbon units.

The South African energy challenge

Electricity accounts for around 96 per cent of the energy used in the Gold Fields' South Africa Region. The country's energy supply crisis and the 25 per cent per year national electricity tariff increase for each of the next three years are therefore material issues. As part of its ongoing response to the energy supply crisis in the country, the company made a commitment during the year to reduce its electricity consumption at its South Africa Region by five per cent during financial 2010, equivalent to around 30 MW.

It is however important to understand this figure in light of various factors that affect energy consumption in underground mining. Around 48 per cent of all electricity consumption is used for ventilation and the cooling and pumping of water. The cooling requirements of deep underground mines depend on the depth of the mine and increase exponentially with the depth at which mining is undertaken. The average depth of ore mined in South Africa has increased over the past few years and as a result energy consumption per tonne mined has risen. Similarly we are ramping up production at South Deep which also requires a significant rise in power usage.

Furthermore average electricity demand rises as the grade of ore mined declines due to increased hoisting and milling requirements. In South Africa the average yield has decreased from 5.5 g/t in financial 2007 to 4.2 g/t in financial 2010, resulting in a slight increase in average electricity consumption per kilogram gold produced. However, the energy savings alluded to earlier managed to offset these increases and enabled the South Africa Region to reduce its energy consumption significantly during the year under review.

The Group's total electricity consumption rose by 11 per cent to almost 5,922,322 MWh as Cerro Corona was included for the full financial year for the first time. The commissioning of Tarkwa's CIL plant also boosted power usage.

Case study – From methane curse to carbon trading

What the flare at Beatrix will look like

Over the past 30 years explosions caused by the ignition of methane claimed more than 40 of our miners' lives at Beatrix, Gold Fields' mine in the Free State. We are now turning the methane curse into a carbon-trading and electricity-generation blessing.

The same methane – 40 per cent of the total at Beatrix – will now be flared and later on harnessed to produce 5 MW of electricity, representing five per cent of Beatrix's electricity needs. Gold Fields put the finishing touches on the methane project during the year under review and in the process became the first gold miner in the world to sell Certified Emissions Reductions (CERs), the financial securities used to trade carbon emissions.

Gold Fields will sell 1,700,000 CERs to European energy trading company Mercuria Energy Trading SA under forward contracts, which will run until 2016. A CER is awarded for every tonne of carbon dioxide (CO_2) saved during a company's production process. Since methane is considered a particularly "aggressive" greenhouse gas, we will receive 21 CERs for each tonne of methane we capture.

At current CER values and exchange rates, the CER contract is worth about R200 million and will provide an economic return on the project. Gold Fields will use the funds to finance the flare facility and the power generation plant, says Jan du Plessis, Senior Consultant, Environmental Engineering, in the South Africa Region. Since 2005 he has been working on a strategy to make our operations greener by reducing dependence on carbon-based energy, particularly coal.

This clearly has environmental benefits for the company, but the establishment of a viable global market in the trading of carbon credits derived from carbon emissions saved has also made it economically viable to become a greener company, as it will aid the funding at projects which otherwise may have not gotten off the ground.

Energy-saving and alternative energy projects

During the year, Gold Fields invested heavily in energy-saving initiatives across all its operations. These initiatives have gained higher commercial viability with the increased use of carbon credits to fund them. The South Africa Region has identified ten potential projects that, if successfully developed, could yield savings in excess of 600,000 tonnes of CO_2-e (equivalent) per year.

The first among these projects – and the one that is up and running – is the Beatrix Mine Methane Project, which will generate about 5 MW of electricity and save around 2,000 tonnes of methane, which equals 42,000 tonnes of CO_2–e (see case study, page 116).

Other projects include the Kloof Ice Chiller Project, currently in validation stage, which employs hard-ice technology for underground mine cooling. Once implemented the two projects should reduce our greenhouse gas (GHG) emissions by around six per cent.

In the Australasia Region, we have successfully tested a solar/wind lighting system at St Ives to replace diesel-fired lighting. The company is reviewing options to roll out the system more extensively at the St Ives and Agnew operations and is also investigating the possibility of using solar-powered pumps for tailings dams.

As a new operation, the South America Region is still investigating potential energy-saving projects. Two focused investigations at our Ghanaian mines – extending the life of truck tyres and use of cleaner diesel fuels – have already led to significant energy savings. However, as a result of the increased mining rate, diesel consumption in Ghana went up slightly.

Case study – Harnessing wind power in Australia

Lake Lefroy

A new project at Gold Fields' St Ives operation in the Australasia Region looks set to harness wind power as a renewable energy source for the mine. This comes at a critical time for the operation, which currently sources power from BHP Billiton, an agreement that expires in 2014. The company is in negotiations to extend the contract but BHP Billiton is unable to guarantee uninterrupted power for any requirements that the mine may have over and above the current 20 MW supplied per year. Gold Fields is ready to bring new underground mines into production, but these will require up to 40 MW of power, so the pressure is on to find alternative sources of energy.

Prior to committing to a large capital investment in wind turbines, Gold Fields has followed industry best practice by conducting a two-year targeted wind survey to establish whether wind speeds in the area surrounding St Ives will be sufficient to provide the additional power requirements. Typically, average wind speeds above four meters per second (14.4 km/h) are needed to turn a large-scale wind turbine.

In 2009 St Ives' management commissioned the installation of a ten meter-high mast near the centre of Lake Lefroy. Wind speed data is recorded every 15 minutes and captured by a data collection system. The results look promising. Data gathered up to now, together with regional wind maps, indicate that the wind resource exceeds the minimum requirement for turning large turbines.

Wind energy has the potential to have a positive environmental impact in Australia, particularly in the southern half of the continent, and Gold Fields will see the benefit from using this renewable energy source in a reduced carbon footprint.

[Supply chain management and material stewardship]

Supply chain management and material stewardship

Suppliers form a vital link in our business chain and are a key stakeholder in the company. They provide us with the raw materials needed to mine gold as well as the equipment and services for our mines. But supply chain management at Gold Fields extends beyond ensuring a cost-effective and secure supply pipeline. As a core sustainability issue it incorporates the interests of local economies in our host countries, and provides the company with an opportunity to invest in the development of local small- to medium-sized businesses through preferential procurement practices.

Inasmuch as the company recognises the responsibility it has towards its suppliers, it also has a responsibility to ensure that it builds relationships with business partners who adopt sustainable business practices that do not cause harm to people or the environment. In effect a fruitful relationship will only develop if our partners accept and adopt the high standards of conduct that Gold Fields sets for its own employees and operations. Large organisations are in a unique position to influence the corporate governance and business practices of the companies in their supply chain, and Gold Fields endeavours to use this opportunity to entrench the principles of sustainable development in the companies with which it interacts.

Our relationships with suppliers also include the important element of material stewardship, which compels us to manage all materials used and disposed of by the operations. These standards are extended to its suppliers, particularly those who provide transport and waste management services.

Local procurement

While not legislated in all countries in which we operate, securing a "social licence to operate" is a common requirement and one that hinges partly on a company's willingness to contribute to the local economy through sustainable procurement practices. It is Gold Fields' policy to make use, where possible, of local suppliers in all regions. Our mines are often located in remote regions where infrastructure is poor and economic activity limited. In such instances, preferential procurement practices, benefiting indigenous or local suppliers and service providers, play an even greater role in helping to develop the local economy.

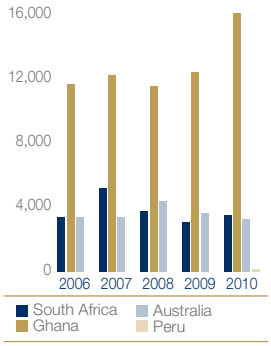
Legislation in the South America Region (Peru) requires that companies give priority to local suppliers, provided they meet the necessary standards. Around 15 per cent of the region's procurement spend goes to local suppliers in the immediate area surrounding our Cerro Corona Mine. These suppliers provide heavy equipment, general services and light transportation. The contracts they have secured with Gold Fields have allowed many of these companies to grow from small start-up enterprises to profitable and sustainable medium-sized operations (see case study page 121).

The South Africa Region's social and labour plan requirements emphasise local economic development, of which preferential procurement is an important component. It is Gold Fields' policy to make use of local historically disadvantaged South African-owned (HDSA-owned) companies wherever possible. During the year we spent R3.05 billion with such suppliers, which accounts for 46 per cent of the total procurement budget in the South Africa Region.

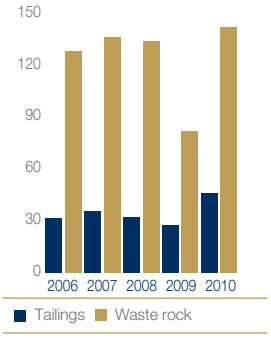
In the West Africa Region, the majority of contractors are located within a 40 km radius of the mines, while the Australasia Region has, since inception, consistently made use of local suppliers.

While contracts with large organisations like Gold Fields can transform the business of local suppliers, many face multiple challenges in meeting the required contractual standards. Gold Fields is committed to providing assistance and an enabling environment that will allow local suppliers to overcome these challenges and become preferred vendors. Management in the South America Region meets with local suppliers on a bimonthly basis and offers ongoing training to bring these companies up to standard. Should an HDSA supplier not meet the required standards, the South Africa Region offers various interventions to support and develop the company concerned.

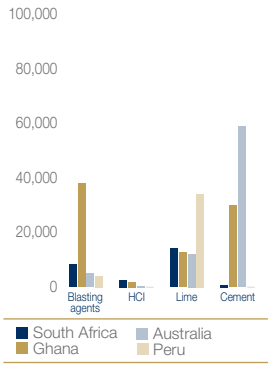
Cyanide consumption ('000 tonnes)



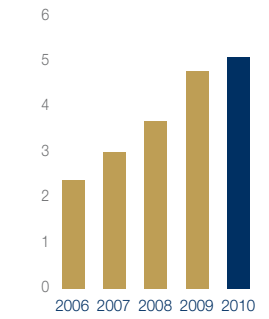
Mining waste (billion tonnes)



Materials (tonnes)



Procurement spend (Rbn)



Supply chain management and material stewardship continued

Ensuring sustainable development business practice

Business standards relate not only to the operational requirements of the company but also to other sustainable development issues such as safety, human rights, community development and environmental responsibility. The company's supply chain management and material stewardship policies seek to encourage business partners and vendors to adopt sustainable business practices.

All contractors to the company are expected to meet its occupational health and safety and environmental management standards, which mostly comprise those set out in the OHSAS 18001 and ISO 14001:2004 standards. Suppliers undergo prescreening for health, safety and environmental management as well as regular compliance audits, conducted internally by the safety and environmental teams or externally by independent assessors.

As a signatory to the United Nations Global Compact and as part of its commitment to the principles of the International Council on Mining and Metals (ICMM), Gold Fields upholds the highest standards for the protection of human rights. Human rights are also a pillar of our sustainable development framework and are enshrined in our code of ethics and human rights policy.

During the year the company developed a human rights toolkit to entrench human rights practices across all its operations. The toolkit currently targets employees but future plans include its roll-out to suppliers and contractors to raise awareness about the risk of human rights abuses. While suppliers are not currently screened specifically for human rights compliance, the general selection audit for new suppliers includes a human rights component and they are required to meet the human rights standards and commitments of the company. Any incidence of human rights abuse among suppliers can lead to the immediate termination of the contract.

In Peru contracts with local suppliers, and maintenance of these relationships, include stipulations for investment in local community development projects.

Ensuring responsible material stewardship

Gold Fields' supply chain and material stewardship policies highlight the company's commitment to source, store, utilise and dispose of materials in an environmentally and socially responsible manner, with due attention to issues of health and safety.

Fortunately, gold is not harmful to humans or the environment and has many beneficial applications in medicinal and environmental technologies. However, the gold production process utilises a

Case study – Former worker starts thriving supplier business

Jimmy Gumede

Jimmy Gumede, a former Gold Fields employee, started JEG Mining Service & Projects in 2006 with little more than a cellphone, his pension and an all-important construction contract at the No 3 Shaft of Kloof Gold Mine.

"Starting a business is about taking risks and I had to give up my salary and the mine house we were living in to pursue my aspirations, but I would not be where I am today if Gold Fields hadn't empowered me by giving me my first contract," he says.

Today, JEG employs six permanent staff and over 150 contractors from the local community, and in the past financial year reported turnover of R10 million. In addition to Gold Fields, the company lists Central Rand Gold, Uranium One and Harmony among its clients.

But Gumede's journey hasn't been without its challenges, chief among which was funding the business entirely from his own pocket. "I learned the importance of respecting your business enough to leave money in it when you are paid, instead of spending it all," he says.

Landing contracts is another ongoing challenge and Gumede works hard to establish relationships with procurement officers through face-to-face meetings. "Some managers still prefer to go with large brand names in the construction industry. It's frustrating because we know we can often deliver a better job, at a lower cost using local labour," he says.

In JEG's favour is Gumede's vast experience in mining. "I've worked my entire life in this industry and I understand the requirements of every job we take on," he says. He knows this specialist knowledge is a key differentiator and has wisely restricted JEG's focus exclusively to the mining sector.

wide range of materials and generates waste products which are potentially hazardous or environmentally harmful. Our biggest waste output comes from waste rock and tailings and chemical and diesel waste, while cyanide and reagents are potentially harmful chemicals being used in the gold process. The management, transportation and disposal of this waste, whether by the company or its contractors, are critical components in our material stewardship policy.

All waste disposal, transportation and recycling contractors are audited for ISO 14001 compliance and procurement contracts require certification in terms of the relevant waste management legislation of the country. During the year Gold Fields became the first mining group to obtain accreditation for full compliance with the International Cyanide Management Institute's Cyanide Management Code. This accreditation extends to transport suppliers and contractors. The code 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 Nations.

The South Africa Region recycles a large portion of its waste rock to process any available gold, while contractors recycle a portion of the remainder for use as crushed rock in construction. The remaining waste rock is kept in waste dumps, the rehabilitation of which is catered for by closure cost provisions. Many of these waste rock facilities undergo concurrent rehabilitation during a mine's active life.

A portion of our tailings is also used as backfill for our underground operations to improve shaft stability, while the remainder is stored in tailings dams. Tailings dams have multiple control mechanisms to ensure that they are stable and that their potentially harmful impact on the environment is mitigated. The results of routine inspections, which range in frequency from daily to annually, are evaluated by independent, certified engineers. The tailings dams also have full pollution containment facilities designed to capture any runoff from the dams. Much of the water in the dams is recycled for use in the mine's processes, thus ensuring that the facilities act almost as closed circuits. We also plant vegetation on the side slopes to ensure that dust emissions from the dams are limited. Tailings management systems are fully compliant with ISO 14001 certification requirements and externally audited.

The company's operations have systems and contracts in place to recycle steel, grease, oils, organic waste and paper and cardboard products where possible. On-site salvage yards separate the various forms of waste for reuse and recycling.

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.

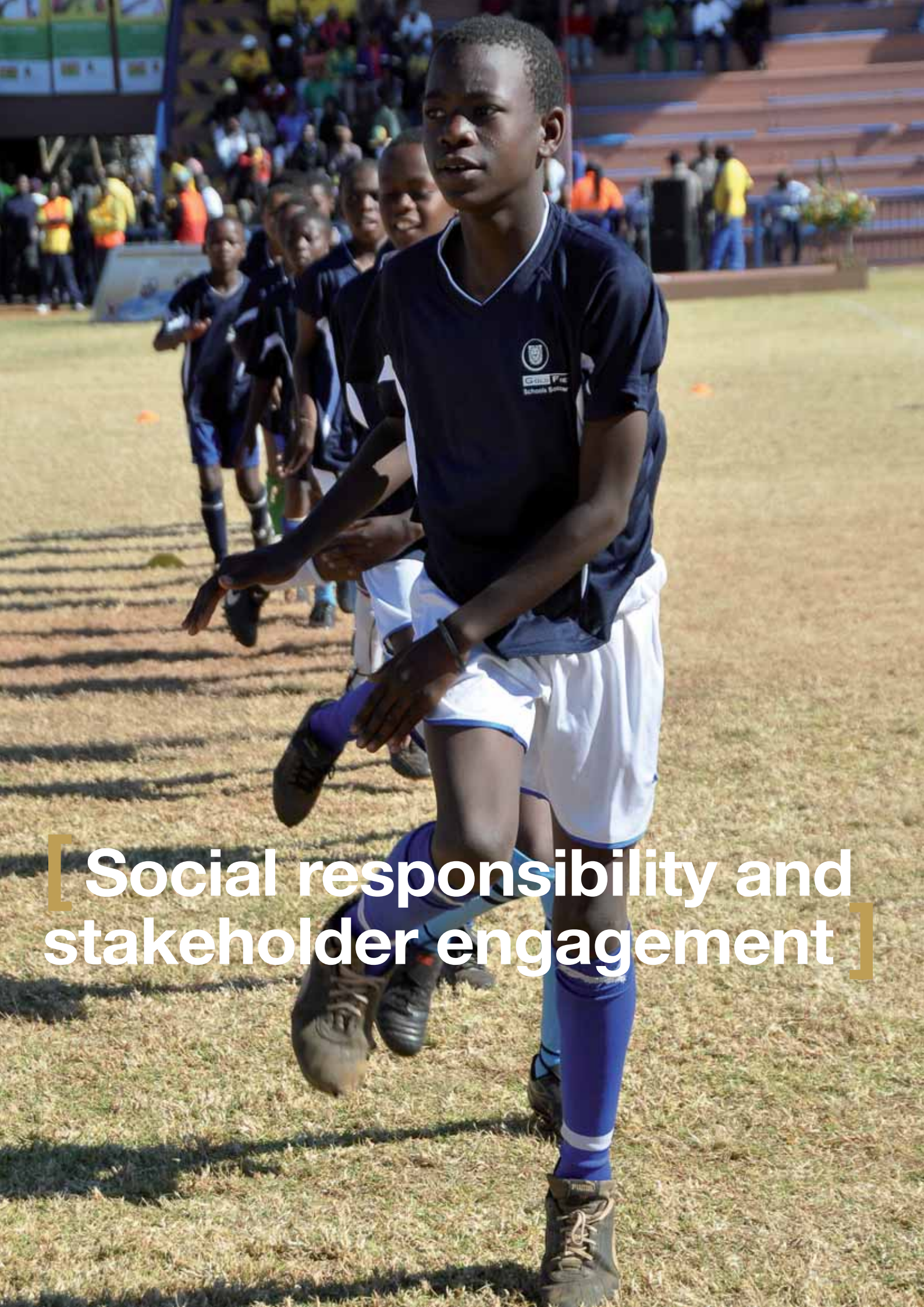
Case study – Building businesses in Peru's local communities

Juan de Dios Villanueva

Román Acuña Galvez used to be a farmer focusing on cattle breeding in the remote areas surrounding the Cerro Corona Mine in Peru. When Gold Fields opened the mine in his community, Galvez saw an opportunity to start his own small business. With his connection to the local community, he was well placed to supply the company with staffing services as Gold Fields was committed to prioritise the employment of local labour. What started out as a business of 16 people in 2006 quickly grew and today Galvez provides employment for 120 people. He now counts other mines and businesses in the area among his customers though Cerro Corona remains his largest client.

He's not the only entrepreneurial success story in the local communities near Cerro Corona. Transportistas Chuquilin, formed in 2007, provides transportation services to Cerro Corona and has created eight jobs, while Contratistas Generales Coymolache del Perú SRL, headed by Juan de Dios Villanueva, employs 27 local people and is a heavy-machinery contractor to Gold Fields La Cima. They are just a few among the small businesses that have taken advantage of the opportunities created by the mine.

Each of these small businesses falls into Cerro Corona's direct area of influence which is defined as the Coymolache, Pilancones, El Tingo and Hualgayoc communities. Like Galvez, the majority of them survived as farmers before the mine opened and, while they didn't have any prior experience as entrepreneurs, they benefit enormously from the ongoing business support and guidance Gold Fields provides to its suppliers. Meeting Gold Fields' exacting standards for quality, safety and sustainability should also ensure that these suppliers continue to expand and that the company leaves a lasting legacy in the communities in which it operates.



[Social responsibility and stakeholder engagement]

Social responsibility and stakeholder engagement

Gold Fields' operations have a significant impact on the lives of people who reside in the communities around our mines; the company in turn requires the support of these communities to be able to operate effectively. They are an important source of labour and provide us with the access and social licence necessary to operate. The mines we operate often have a lifetime that spans generations and it is therefore vital that we invest in the upliftment and improvement of the people with whom we interact. Meaningful and transparent stakeholder engagement with these communities is a critical prerequisite for such investments and, therefore, to the sustainability of our mines.

While gaining community buy-in is an important social responsibility, it is also a business imperative. Only by understanding the needs and concerns of these stakeholder groups can we build constructive and positive relationships that will support the long-term objectives of the business. Mining operations that do not enjoy a good reputation among communities are less likely to be given a mandate for future expansion and are more likely to experience disruptions to production from them. Where community relationships are weak, it is a reasonable expectation that the mine's bottom-line will suffer.

Talking to communities

Gold Fields is guided in this approach by the internationally used AA 1000 Stakeholder Engagement Standard. Stakeholder groups differ from one region to the next, but are generally determined by the company's impact on local communities, which are represented by various layers of government, elected community leaders, informal community groups, NGOs, environmental focus groups, organised labour and local enterprises. The tone of engagement with these groups can have a significant impact on the company's ability to overcome community-related challenges. We thus spend considerable time and resources in building sound community relations.

Gold Fields begins the engagement process at the exploration stage, talking to community stakeholder groups to understand their needs and obtain their input on future plans for the prospective development of a new mining operation. In exploration projects, such as Komana in Mali (see case study, page 112), we dedicate between five to ten per cent of our budget to sustainability issues, a large portion of which is spent on building community relations.

Another example is Chucapaca, the advanced exploration stage project in Peru, where we invested a great deal of time during the year under review building relationships with the Santa Cruz de Oyo-Oyo, Corire and Santiago de Chucapaca communities. These communities are now broadly supportive of our exploration work in their area, but have concerns about the potential impact of any future mine on the quality and availability of water – a scarce resource in the area. We have finalised a five-year agreement that underlines our commitment to the sustainable management of water resources and the extent of our investment in community health, education and employment projects.

Responding to community needs

Integral to the AA 1000 SES process is the establishment of regular formal engagement platforms with each stakeholder group. The agenda for participatory consultation is determined by the materiality of issues, both to the company as well as the stakeholder groups. We are also guided by country-specific legislation regarding community engagement and relations.

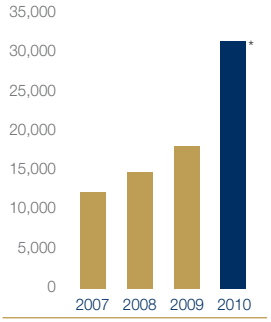
South Africa

Sustainable development initiatives in the South Africa Region are largely centred around spending by our mines in terms of their statutory Social and Labour Plans (SLPs), which are approved by the Department of Mineral Resources. Gold Fields also takes cognisance of municipalities' integrated development plans and issues raised by communities in developing our sustainability programmes. During the year under review, the South Africa Region invested about R42 million in community development and skills training projects.

In line with the requirements of the SLPs, these projects are located in the areas around our mines, as well as in labour sending areas. Many of our rural development projects are based in the Eastern Cape and KwaZulu-Natal provinces, home to around 31 per cent of Gold Fields' staff (see case study, page 124).

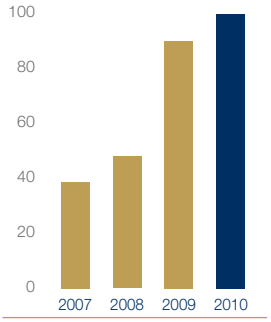
Closer to our operations in the Free State and the West Rand, the four mines themselves invest heavily in projects that support community initiatives, but, more importantly, support local economic development (LED). Our flagship project, the Living Gold rose farm near Carletonville, which employs about 300 local workers, continues to require funding support to the tune of around R10 million a year from Driefontein Gold Mine. Similarly the Golden Oils project was supported by Beatrix with about R2.5 million during financial 2010. Other projects include the Thusanang business support

Economic value distributed
(Rm)

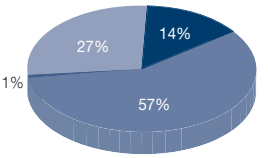


**The 2010 economic value includes procurement of all purchase orders, not just supplies issued.*

Total CSI spend
(Rm)

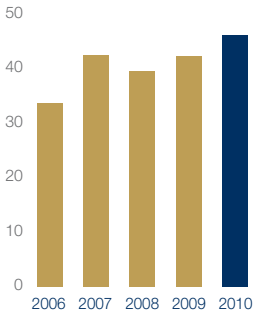


CSI spend
(% of total Group)



- South Africa (14%)
- Ghana (57%)
- Australia (1%)
- Peru (27%)

Procurement spend SA – HDSA
(% of total)



Social responsibility and stakeholder engagement continued

centre at Driefontein and a brick making business at Beatrix. All our operations also contribute towards the Business Trust and the National Business Initiative, two organisations heavily involved in supporting LED around the country.

The Department of Mineral Resources has also approved plans for new Local Economic Development projects at South Deep, including a flagship project that will help emerging farmers in the South Deep community gain access to much-needed seed capital. A total of R15 million will be invested over the next five years into the trust fund established for this purpose, which will be administered by representatives from the local farming community and Gold Fields.

The company is focused on projects that empower communities, build capacity and transfer skills for greater self-reliance. All community projects include clearly defined handover periods and exit strategies. In the coming year we will focus on further improving our understanding of community needs and collaborating with relevant stakeholders in devising long-term strategies that meet those needs effectively.

It is important to note that sustainability spending is fully integrated into the operational budgets of our mines in South Africa. As such the South Africa Region spends hundreds of millions of rand on projects that benefit our employees, their family members and the communities in which they live. Falling under this umbrella is Gold Fields' five-year R550 million housing programme as well as regular investments in schools that serve our communities.

On the skills development front, Gold Fields announced a three year R28 million sponsorship of the mining engineering faculties of Wits University and the University of Johannesburg during financial 2010, of which half will be disbursed this year. This is in addition to the approximate R175 million the Group spends on training in South Africa through the Gold Fields Academy, on-mine training and bursaries.

West Africa

During the year under review, Gold Fields' West African operations invested US$2 million in community development projects at its two Ghanaian mines. These include education projects to build schools and provide scholarships for local children, 300 of whom have already benefited from secondary and tertiary education assistance over the past five years. The company's infrastructural development initiatives have also improved road access to remote areas and delivered electricity and potable water to many adjacent communities.

Gold Fields has also invested heavily in alternative livelihood projects that provide a sustainable income for unemployed members of the community. These include oil palm and fish farms which employed 110 people during the reporting period (see case study on opposite page).

Case study – Social investment in the Eastern Cape

Nominiko Tshayiso

Almost a third of Gold Fields employees in South Africa hail from impoverished rural areas in the Eastern Cape and KwaZulu-Natal. A significant portion of the company's sustainability budget is therefore dedicated to these rural areas via the Abalimi Phambili crop and poultry farming project. In financial 2010 R3 million was spent in these labour sending areas, the bulk of it on agricultural development projects coordinated by the TEBA Development Agency.

Abalimi Phambili provides local emerging farmers, some of whom were formerly employed by Gold Fields, with training, mentorship, technical support and advice, access to funding and links to viable markets. For example, 45 former employees, who were medically boarded due to spinal injuries, are now poultry farmers in these areas. They are a portion of the 1,800 farmers who benefit from the crop and poultry development projects.

One of the success stories is a young woman, Nominiko Tshayiso, who has been involved in poultry farming in the Lusikisiki area of the Eastern Cape since 1997. Ms Tshayiso was identified by an Abalimi Phambili facilitator who provided her with training and technical advice and quickly noticed her entrepreneurial spirit. She was identified as the right person to develop a local hatchery for day old chicks, a project that has the support of the KwaZulu-Natal Poultry Institute (KZNPI), which initially trained Ms Tshayiso.

Ms Tshayiso has successfully grown the first part of the enterprise – supplying local farmers with day old chicks, which she sources from hatcheries in KwaZulu-Natal. She sells over 30,000 chicks and 4,800 chickens per month in the area and with the proceeds has purchased a bakkie and employs three staff in the business. The next stage of the business is to build a hatchery in Lusikisiki, though this is taking longer to complete than planned, largely due to material supply problems.

Ms Tshayiso has to juggle her new business with her chosen profession as a teacher in the area. It's a balancing act she is performing well.

South America

The remote location of Gold Fields' Cerro Corona Mine means that local communities rely heavily on the company for health, education, skills development and training programmes, as well as basic infrastructure, such as roads and telecommunications. During the year under review we invested US$3.5 million in such projects, in line with commitments agreed upon when the company established the operation.

One of our success stories at Cerro Corona is our investment in agricultural projects in the area including pastures and meat production. The latter has seen a 50 per cent rise in local meat farmers' production, while the yield of the pasture land has risen from five tonnes per hectare in 2005, before Gold Fields' investment, to 15 tonnes in 2009. The area supported has increased from 800 hectares to around 1,500 hectares. The project also involved the introduction of Brown Swiss cattle to the dairy herds, and an artificial insemination programme that resulted in a 55 per cent pregnancy rate among the herd. Between 80 per cent and 90 per cent of the cattle is vaccinated compared to just 30 per cent in 2005. The third phase of the project was the construction of a US$400,000 dairy plant – it is scheduled to start operating late in 2010.

Australia

Community-related issues at the company's Australian operations focus mainly on the rights of indigenous people under the terms of the Native Titles regulations. Gold Fields also invests in community development projects around the St Ives and Agnew mines through the Gold Fields Australia Foundation.

Tackling the unemployment challenge

Of all the challenges facing the diverse communities in which we operate, unemployment is the most pressing. Community expectations that Gold Fields will provide jobs for local people are high and our company policies heavily favour the use of local labour. In South Africa and Peru legislation requires companies to give priority to local labour and suppliers. We therefore train prospective employees to achieve requisite mining skills and assist local suppliers in meeting the standards required for all our vendors.

However, Gold Fields' operations can only provide a limited number of jobs. Community investment in all regions thus includes an element of alternative income training and skills development for local community members. The farming projects in Peru and Ghana provide just two examples of how successful such an approach can be.

In South Africa we offer retrenched staff the option of receiving training at a registered institution, which provides workers with the skills needed to seek employment in other sectors. It is a model which we are developing further, particularly at a time when unemployment levels in South Africa remain high and show few signs of easing.

Case study – Investing in alternative livelihoods in Ghana

Fish cage culture project

"Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime." The Gold Fields Ghana Foundation took this old Chinese proverb very literally and has invested significant funds and resources in two fish farming projects at the Tarkwa Gold Mine. The project started in October 2008 with the development of the Abekoase project of eight fish ponds. Seven ponds have been stocked with tilapia fingerlings and the remaining one with catfish. Over 100 community members were employed in the construction of the ponds, which now employ 40 workers on a permanent basis.

In November last year Gold Fields funded the development of eight nylon netting cages on a lake at the mine. The cage culture project employs one person full time. To date over 50,000 tilapia fingerlings have been stocked.

The produce from both fish projects is being sold to the mine's canteens, local hotels and restaurants. Gold Fields Ghana has greater ambitions and is investigating the feasibility of a cold storage facility which would facilitate larger economies of scale and a significant expansion of the project. Gold Fields is still helping to manage this project in its early stages, but plans to hand it over to the local community once the business is a "going concern" and links to market have been firmly established.

In Ghana, around 40 per cent of the community investment budget is channeled to agricultural projects under the Sustainable Community Empowerment and Economic Development (SEED) programme. Between October 2008 and mid-2010 SEED has spent over US$250,000 on the Tarkwa fish projects.

Apart from fish farming, Gold Fields has already distributed over 16,000 healthy oil palm seedlings to 263 farmers in various communities around Tarkwa, providing them with planting materials and technical training. Farmers also have access to oil palm processing facilities, which allows them to "own" part of the manufacturing process instead of being limited to being suppliers of raw palm oil fruits only.

[Corporate governance]

Corporate governance

The Gold Fields code of ethics commits the company to conducting its business in an ethical and fair manner, promoting a culture that is non-sectarian and apolitical and which is socially and environmentally responsible. This is underpinned by the company's core values of safety, responsibility, honesty, respect, innovation and delivery. 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.

Gold Fields' shares are listed on the JSE Limited (the JSE) as a primary listing and the company is therefore required to comply with the JSE Listings Requirements in respect of the King II and King III Reports on Corporate Governance ("King III"). The company's shares also trade in the United States of America (USA) on the New York Stock Exchange (NYSE) and are registered with the United States Securities and Exchange Commission (SEC). As such, the company is subject to the disclosure and corporate governance requirements of the NYSE, in so far as these relate to foreign private issuers such as Gold Fields. The company also has a secondary listing on the NASDAQ Dubai Limited, Euronext in Brussels and the SWX Swiss Exchange and is subject to the disclosure requirements of these exchange.

Gold Fields adheres to the following key corporate governance principles:

- **Code of ethics:** No material transgression of our ethics policy has been reported via a dedicated hotline, or other means. In addition, no significant fines or non-monetary sanctions for non-compliance with legal requirements have been levelled against the company;
- **Compliance with King III:** The Board adopted the recommendations on good corporate governance as contained in the King III Report on Corporate Governance and the King Code of Governance Principles for South Africa. However, the company has assessed the compliance level in respect of King III and identified areas that require improvement. The Board is in the process of embedding the principles and recommendations of King III across the Group and will be in a position to report fully on the level of compliance in the next annual report which will be for the six months financial period ending 31 December 2010.
- **Compliance with King II:** 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.

Board of Directors

Board composition

The company has a unitary Board, which is the highest governing authority of the company. As such its role is crucial in ensuring that management serves the long-term interests of shareowners and other stakeholders. Within this context the Board seeks to create sustainable stakeholder value in a responsible and ethical manner, guided by sound principles of corporate citizenship.

The Gold Fields Board comprises 14 directors, two of whom are executive and 12 non-executive directors. The role of non-executive directors, who are by definition independent of management, is to protect shareholders' interests, including those of minority shareholders. Furthermore their role is to ensure a balance of power on the Board so that no individual director or group of directors has unfettered decision-making powers.

The Board is kept informed of all developments at the company, first and foremost, via the executive directors and the company secretary. But a number of other communication mechanisms are also available through which stakeholders can provide recommendation or direction to the Board. These include employee climate surveys, employee roadshows, company newsletters, the corporate intranet and email communication, amongst many other.

The role of the Chair of the Board and the Chief Executive Officer (CEO) are separated and are currently filled by independent non-executive director Alan Wright and executive director Nick Holland respectively. The Board, in its entirety, will in future review the performance and independence of the Chair on an annual basis based on recommendations by the Nominating and Governance Committee. The Chair will be appointed annually based on the outcome of a yearly assessment by the Board, with the assistance of the Nominating and Governance Committee.

The composition of Gold Fields' Board changed during the year under review. John Hopwood sadly passed away on 19 March 2010. His position as Chair of the Audit Committee has been taken over by Gayle Wilson. Paul Schmidt joined the board on 6 November 2009 as executive Financial Director. The Board also announced the appointment of Dr Mamphela Ramphele as Deputy Chair of the Board with effect from 1 July 2010. She has also been nominated to take over the role of Chair from Alan Wright after the annual general meeting (AGM) on 2 November 2010 when Mr Wright retires.

Corporate governance continued

Details of the directors and their status as executive, non-executive or independent non-executive directors are given on pages 30 and 31 of this annual report.

Remuneration

Non-executive directors receive remuneration that is due to members of the Board as well as restricted share allocations with a three-year vesting period, as detailed in the directors' report on pages 165 to 177. Directors appointed to serve as members on Board subcommittees receive additional remuneration. The remuneration of directors is recommended by the Board after receiving outside advice, and approved by the shareholders of the company at a general meeting.

The Board has recommended to shareholders that the Gold Fields Limited 2005 Non-executive Share Plan Scheme, which governed the award of restricted shares to non-executive directors, be discontinued immediately. This is to achieve full compliance with the rules of the JSE Listings Requirements, which state that from 1 April 2010, any director who participates in a share incentive/option scheme will not be regarded as independent. The JSE has ruled that section 3.84(f)(iii) of the Listings Requirements, as amended, will not be applied retrospectively. Effectively, the restricted shares awarded to the non-executive directors before the amended JSE Listings Requirement became effective 1 April 2010 will remain valid and the non-executive directors are considered independent until the restricted shares already awarded vest.

Board and directors' evaluation

In line with recommendations by King III, the Board asked the Institute of Directors to conduct the annual evaluation of the Board, the independence of non-executive directors and the performance of the Board subcommittees. The Institute is in the process of finalising its report and the findings will be discussed at the November 2010 Board meeting.

Rotation of directors

In accordance with the company's articles of association, one-third of the directors shall retire from office at each AGM; 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 make themselves available for re-election and can be immediately re-elected by the shareholders at the AGM. The Board, through the Nominating and Governance Committee, recommends the eligibility of retiring directors, subject to availability and considering the contribution they can make to the business, for reappointment. A director who served on the Board for more than three years since his/her last election or appointment needs to retire at the next AGM in terms of the articles of association of the company.

In future, the Board will rigorously evaluate a director's independence in judgement and character after serving on the Board for nine years or more.

Board of Directors' Charter

In accordance with the Board of Directors' Charter, the directors seek to promote the vision of the company, while upholding sound principles of corporate governance. The charter, which is available on the Gold Fields website (www.goldfields.co.za), articulates the objectives and responsibilities of the Board.

The Board discharges its responsibilities by:

- 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; and
- 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 as well as the Nomination and Governance Committees.

Board meetings and attendance

The Board is required to meet at least four times a year, but met on ten occasions – in person or telephonically – during the year under review. The record of attendance by members of the Board is contained in the table opposite.

	2009					2010				
Director	5/8	21/8	6/11	17/11	8/12	3/2	25/3	19/4	6/5	24/6
Wright, AJ	√	√	√	√	√	√	√	√	√	√
Holland, NJ	√	√	√	√	√	√	√	√	√	√
Schmidt, PA[1]	n/a	n/a	n/a	√	√	√	√	√	√	√
Ansah, K	#	√	√	√	√	√	√	√	√	√
Carolus, CA	√	√	√	√	√	#	√	√	√	√
Dañino, R	√	√	√	√	√	√	√	√	√	√
Hill, AR	n/a	n/a	√	√	√	√	√	√	√	√
Hopwood, JG[3]	√	√	√	√	√	√	n/a	n/a	n/a	n/a
Menell, RP	√	√	√	√	#	√	√	√	√	√
Murray, DN	√	√	√	√	√	√	#	√	√	√
Ncube, DMJ	√	√	√	√	√	√	√	√	√	√
Pennant-Rea, RL	√	√	√	#	#	√	√	√	√	√
Ramphele, MA[2]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
von Christierson, CI	√	√	√	#	√	√	√	√	√	√
Wilson, GM	√	√	√	√	√	√	√	√	√	√

√ Indicates attendance.

 # Indicates absence with apology.

n/a *Indicates not a director at the time or not required to attend.*

[1] *Appointed 6 November 2009.*

[2] *Appointed 1 July 2010.*

[3] *Deceased 19 March 2010.*

Board committees

The Board has established a number of standing committees with delegated authority from the Board. The Board remains the focal point of corporate governance and the highest governing authority of the company. In delegating its authority to the subcommittees, the directors do not abdicate their duties and responsibilities. The subcommittee members are all non-executive directors and the CEO is a permanent invitee to each subcommittee meeting. The subcommittees comprise the Nominating and Governance Committee, the Audit Committee, the Remuneration Committee, the Safety, Health and Sustainable Development Committee and the Capital Projects Control and Review Committee. The subcommittees operate in accordance with written terms of reference, which are regularly reviewed by the Board and are available on the company's website (www.goldfields.co.za) or, on request, from the company's secretarial office. Updated terms of reference are currently being reviewed and, once approved by the Board, will be placed on the website.

Each Board subcommittee is chaired by an independent non-executive director. The subcommittees are required to evaluate their own effectiveness and performance on an annual basis and to report the respective findings to the Board for consideration.

Nominating and Governance Committee

The Nominating and Governance Committee is chaired by Alan Wright. It comprises non-executive directors Kofi Ansah, Roberto Dañino, Rupert Pennant-Rea, Mamphela Ramphele and Chris von Christierson. The written terms of reference, inter alia, require this Committee to:

- Develop the approach of the company to matters of corporate governance and make recommendations to the Board with respect to all such matters;
- Identify a successor to the Chair and Chief Executive Officer and make recommendations in this regard to the Board;
- Consider the mandates of Board Committees, the selection and rotation of committee members and chairmen as well as reviewing the performance and effectiveness of each Board committee on an ongoing basis; and
- Evaluate the effectiveness of the Board, its committees and management and report the findings of the evaluation to the Board.

Corporate governance continued

The Nominating and Governance Committee met on four occasions during the year under review. The record of attendance by members is contained in the table below.

	2009		2010	
Director	20/8	05/11	2/2	5/5
Wright, AJ	√	√	√	√
Ansah, K	√	√	√	√
Dañino, R	√	√	√	√
Pennant-Rea, RL	√	√	√	√
Ramphele, MA[1]	n/a	n/a	n/a	n/a
von Christierson, CI	√	√	√	√

√ *Indicates attendance.*
n/a *Indicates not a member at the time.*
[1] *Appointed 1 July 2010.*

Audit Committee

The Audit Committee is chaired by Gayle Wilson. Other members include Rick Menell, Don Ncube and Rupert Pennant-Rea. The Committee is required to meet at least quarterly. Its duties comprise inter alia monitoring and reviewing:

- The effectiveness of the internal audit function;
- The appointment of the external auditors;
- The reports of both the external and internal auditors;
- The effectiveness of the company's information systems and other internal controls;
- The quarterly and annual financial and operational reports and the annual financial statements;
- The annual report for form 20-F filed with the SEC;
- The accounting policies of the Group and proposed revisions;
- The external audit findings, reports and fees and their approval;
- The 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 the information provided in the report is reliable and recommending the report to the Board for approval;
- The enterprise-wide risk management processes in the company; and
- The risk management policies and risk strategies.

All members of the Audit Committee are independent non-executive directors.

The internal and external auditors have unrestricted access to the Audit Committee, the Audit Committee Chair and the Chair of the Board, ensuring that the auditors independence is not impaired. The internal and external auditors report at Audit Committee meetings after having separately briefed the Audit Committee beforehand.

The Group internal audit function is headed by the senior manager, internal audit. The Audit Committee has the authority to appoint and dismiss the senior manager, internal audit. The Audit Committee determines the purpose, authority and responsibility of the internal audit function in an Internal Audit Charter.

The Audit Committee approves all significant non-audit functions by the company's independent auditor. For the period under review the Audit Committee approved the non-audit services for accounting advice and taxation. In consideration for rendering these services the company's independent auditor was paid an amount of R1 million.

The Audit Committee has evaluated the independence of the independent auditors and is satisfied that they have maintained their independence during the year.

The Group has a robust "top-down" approach to risk management which begins at corporate level (holding company level) and is filtered down each operation/subsidiary in the Group. The Audit Committee is satisfied that the risk management process has been thorough and that all significant risks have been identified and measures to mitigate the identified risks have been put in place.

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.

The Audit Committee is not aware of any actions against the company or its subsidiaries other than those disclosed in this report.

The Audit Committee has deemed the system of internal controls to be sufficient to reduce significant risks of financial misstatement to an acceptable level. The system is designed to manage the risks faced by the Group and is not a guarantee that the risks are eliminated.

The consolidated Gold Fields Limited financial statements for the year ended 30 June 2010, the management's discussion and analysis and the sustainability report were considered by the Audit Committee and discussed with both management and the external auditors.

The Committee has:

- Evaluated significant judgements and reporting decisions;
- Evaluated the completeness of the financial and sustainability discussion and disclosures; and
- Discussed the treatment of significant and unusual transactions with management and the external auditors.

The Audit Committee believes that they have complied in all material respect with the statutory requirements of the various regulations governing disclosure and reporting in the annual financial statements and has recommended to the Board that the annual financial statements be adopted and approved by the Board.

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.

The Audit Committee has updated formal, written terms of reference to be 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.

The Audit Committee met on seven occasions during the year under review. The record of attendance by members is contained in the table below.

	2009				2010		
Director	3/8	19/8	27/10	1/12	1/2	5/5	24/5
Hopwood, JG[1]	√	√	√	√	√	n/a	n/a
Menell, RP	√	√	√	√	√	√	√
Ncube, DMJ	√	√	√	√	√	√	√
Pennant-Rea, RL	√	√	√	√	√	√	√
Wilson, GM[2]	√	√	√	√	√	√	√

√ *Indicates attendance.*

n/a *Indicates not a member at the time.*

[1] *Deceased 19 March 2010.*

[2] *Appointed Chair of the Audit Committee on 25 March 2010.*

Remuneration Committee

The Remuneration Committee comprises the following independent non-executive directors: Chris von Christierson (Chair), Don Ncube, Alan Wright and Gayle Wilson. Mamphela Ramphele was appointed to the Remuneration Committee on 4 August 2010 replacing Mr Wright. It is required to meet at least twice a year. The Committee, which has updated its formal terms of reference, has established the company's remuneration philosophy as well as the terms and conditions of employment of executive directors and other senior executives, including a short-term performance-linked bonus scheme and a long-term share incentive scheme. The remuneration policies are reviewed on a regular basis.

The terms and conditions of employment of the executive directors are contained in a written contract of employment. The remuneration details of these contracts are listed on page 171 of this annual report. The notice periods of the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have been reviewed and the CEO's notice period has been extended from six months to two years and the CFO's from six months to one year. 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 (Exco), including the CFO. These limits apply when their services are terminated as a result of a takeover or a merger.

Corporate governance continued

The Remuneration Committee met on seven occasions during the year under review. The record of attendance by members is contained in the table below.

	2009			2010			
Director	30/07	20/08	5/11	2/2	25/03	5/05	24/06
von Christierson, CI	√	√	√	√	√	√	√
Hopwood, JG[1]	√	√	√	√	n/a	n/a	n/a
Ncube, DMJ	√	√	#	√	√	√	√
Wright, AJ	√	√	√	√	√	√	√
Wilson, GM	√	√	√	√	√	√	√

√ *Indicates attendance.*

Indicates absence with apology.

n/a *Indicates not a member at the time.*

[1] *Deceased 19 March 2010.*

Safety, Health and Sustainable Development Committee (SHSD)

The Safety, Health and Sustainable Development Committee (formerly known as the Safety, Health, Environment and Community Committee) consists of the following independent non-executive directors: David Murray (Chair), Cheryl Carolus, Kofi Ansah, Rick Menell and Alan Wright. On 1 July 2010 Mamphela Ramphele replaced Mr Wright as a member of the Committee.

During the year under review the company placed an increased emphasis on non-financial value drivers, commonly grouped under the sustainable development heading. The focus includes socio-economic issues such as community and individual development, employment equity, and health and safety. The SHSD Committee plays a pivotal role in assisting the Board in its oversight of the company's environmental, health and safety programmes. The directors on the SHSD Committee have, amongst them, considerable experience in the field of sustainable development. Through its oversight and monitoring role the SHSD Committee seeks to minimise health, safety and mining-related incidents and accidents, while also ensuring that the company's operations are in compliance with all environmental regulations. This Committee has updated formal terms of reference and should meet at least twice a year.

The SHSD Committee met on four occasions during the year under review. The record of attendance by members is contained in the table below.

	2009		2010	
Director	20/8	5/11	2/2	5/5
Murray, DN	√	√	√	√
Ansah, K	√	√	√	√
Carolus, CA	√	√	√	√
Menell, RP	√	√	√	√
Ramphele, MA[1]	n/a	n/a	n/a	n/a
Wright, AJ	√	√	√	√

√ *Indicates attendance.*

n/a *Indicates not a member at the time.*

[1] *Appointed 1 July 2010.*

Capital Projects Control and Review Committee

The Capital Projects Control and Review Committee comprises five independent non-executive directors: Rick Menell (Chair), David Murray, Alan Hill, Chris von Christierson and Gayle Wilson.

The Committee has adopted formal, written terms of reference that were approved by the Board. The terms of reference, inter alia, require that this Committee satisfies the Board that the company has used correct, efficient methodologies in implementing capital projects in excess of R1.5 billion or US$200 million. The Committee also ensures that adequate controls are in place to review such projects from inception to completion and making recommendations to management that it considers appropriate.

The Capital Projects Control and Review Committee met on four occasions during the year under review and is satisfied that it has met its responsibilities during the past financial year in compliance with its terms of reference. The record of attendance by members is contained in the table below.

	2009		2010	
Director	19/8	4/11	1/2	5/5
Menell, RP	√	√	√	√
Hill, AR	n/a	√	√	√
Murray, DN	√	√	√	√
von Christierson, CI	√	√	√	√
Wilson, GM	√	√	√	√

√ Indicates attendance.
n/a Indicates not a member at the time.

Executive Committee

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

The Exco has also been mandated by the Board to assist 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. A disclosure co-ordinator has been appointed at each operation to ensure appropriate implementation throughout the company.

The Exco members are profiled on pages 32 and 33 of this annual report.

Each operating subsidiary of the company has established Board and management committee structures to ensure sound corporate governance practices and standards. The company's executive directors serve on the Board of operating subsidiaries.

Internal control

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

Internal auditors monitor the internal control systems and report their findings and recommendations to the Audit Committee of the Board and senior management. Action is taken to address any deficiencies identified. During the year under review no material breakdown in the functioning of these controls, procedures and systems was reported to the Board.

Code of ethics

Directors and employees are bound to uphold the company's core values of honesty, transparency and integrity, which underpin the code of ethics. This code requires all directors and employees to maintain the ethical standards set by the company, namely that employees conduct themselves with integrity, in accordance with all applicable laws and in a manner which is beyond reproach. An appropriate protocol is in place to ensure that all employees are trained in this regard. The code of ethics also articulates the Group's policy with respect to conflicts of interest, confidentiality, fair dealing as well as the protection and proper use of company assets. This applies to all directors and employees of the company. The code of ethics is available on the company's website (www.goldfields.co.za) and is communicated to all current and new employees.

The Board's Audit Committee is tasked with ensuring the consistent application of and adherence to the code of ethics.

Gold Fields has 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 the company pursues prosecution of the employee concerned.

Insider trading

The Group operates a closed period prior to the publication of its quarterly and year-end 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. The Company Secretary announces these closed periods.

[Risk management]

Risk management

Gold Fields has a well-developed enterprise-wide risk management (EWRM) process, which has been in place for a number of years. The overriding purpose of EWRM is to assist the company in achieving its business and strategic objectives, namely to *sweat our assets, secure our future and grow Gold Fields*. EWRM also backs the company's efforts to achieve the highest levels of corporate governance and full compliance with the requirements of the recently launched King III Code.

Risk management process

The EWRM process is divided in two key segments: operational and strategic risk management.

Diagram 1 below illustrates how the segments are integrated. The integration was initiated in the year under review to ensure that operational and strategic risks and their mitigating strategies are aligned, while also supporting the company's strategic and business objectives.

Safety underpins our risk management process and the dictum of *if we cannot mine safely, we will not mine* forms the foundation of EWRM. The dictum finds practical implementation via the principles of *stop, think, fix, verify and continue*.

Diagram 1 also shows the various types of operational risk assessments conducted at our mines and service divisions. The process is in line with risk management frameworks such as SIMRAC (Safety in Mining Research Advisory Committee) in South Africa and the AS/NZS 4360 risk management standard in Australia. The universal framework used at Gold Fields is the ISO 31000 international guideline on risk management. ISO 31000 guides the essential integration between operational and strategic risk management.

A strategic risk management assessment starts at our mines and service divisions on a quarterly basis. The top risks are identified, analysed and actioned by affirming and strengthening existing mitigating actions and putting new ones in place, where appropriate.

The Gold Fields' Executive Committee reviews the top risks biannually and develops mitigating strategies, which are presented at the Board's Audit Committee's risk meeting. The Audit Committee is a subcommittee of the Board of Directors and has been tasked with assisting the Board with its risk governance duties and responsibilities.

Gold Fields' governance structure for risk management starts with line management and then filters up through the management structure. Ultimate responsibility rests with the Board and management, but the integral involvement of all line managers and the fact that management have taken ownership of the process helps to make risk management effective.

Diagram 1 Gold Fields' risk management process

Risk management continued

Integrating strategy, risk and performance

One of the newly adopted principles from the King III Code of Corporate Governance is the integration of strategy, risk and performance. Our key response to this principle was to include the mitigating strategies from corporate, regional and operational risk registers in the individual balanced scorecards (BSC) of employees. Members of the Gold Fields Executive Committee, including the Chief Executive Officer, were the first employees to have their BSC adjusted to include risk-mitigating strategies. This proved to be a fairly seamless process as the BSC had already been designed to include the company's three key strategic objectives: *Sweat our assets, securing our future and growing* Gold Fields. Diagram 2 below illustrates the process in graphic format.

Diagram 2 Achieving our strategic objectives by integrating strategy, risk and performance

Assurance on the risk management process

An internal assurance system has been developed to monitor the risk management process. Its key features are:

- Internal Audit receives ongoing information on the risk register and EWRM process. This allows Internal Audit to ensure that its audit plan is up to date and risk based.
- The mines and service divisions have an Internal Controller reporting to the Financial Manager. Their duty is to ensure that risks and mitigating strategies are implemented and kept up to date. This information is captured by the Internal Controller in the Cura risk management software.
- Internal Audit conducts an annual review to assess the effectiveness of the risk management process. The extent to which mitigating strategies are implemented and whether these strategies are included in the individual BSC is part of this audit.
- The corporate, regional and site Human Resource Managers are responsible for ensuring that risk-mitigating strategies are included in the BSC.

Risk management monitoring

Compliance with the risk management requirements of King III was audited during the year under review by Internal Audit. The key conclusions were:

- The Gold Fields' risk management process is compliant with the requirements of King III; and
- The South Africa Region has implemented risk-mitigating strategies and included them in the BSC of relevant employees.

Effectiveness of the risk management process

Strengthening the mitigating strategies through the EWRM process has helped in lowering the company's risk profile during the year under review. It has also played a key role in furthering the strategic objectives set by the company for the next few years. Diagram 3 shows that key objectives were achieved or there was an improvement in performance in the majority of risk areas when measured against key performance indicators. King III requires that once a year the Board reviews and expresses a view on the effectiveness of the risk management process.

Diagram 3 Summary of Gold Fields' performance against targets set for financial 2010

Strategic objective	Risk area	Targets set for financial 2010	Key risk indicator guideline	Performance
SWEAT OUR ASSETS	Safety	2013 MHSC* milestone targets	Injury and severity rates	
	Health	2013 MHSC* milestone targets	Illness rates and numbers	
	Environment	Zero Level 4 and 5 incidents	Number of incidents	
	Business plan delivery	95 per cent compliance with business plan	NCE, cash cost, margin, EPS growth, M^2 and development meters etc.	
SECURING OUR FUTURE	Human resources	60 per cent successor cover ratio	Percentage turnover	
	Licence to operate	Full compliance with all legal and social requirements	Licences	
	Ethics/corporate governance	No material or significant failures	SOX audit results	
GROWING GOLD FIELDS	Capital projects	Projects to be completed on time and within budgets	Cost/timeframes, IRR and NPV	
	Mergers and acquisitions	IRR five per cent brownfields IRR ten per cent greenfields	G-Bar ranking system	
	Exploration	Leaning towards greater geological potential in high-risk areas	G-Bar ranking system	

*MHSC – MINE HEALTH AND SAFETY COUNCIL ON TARGET IMPROVED BUT BELOW TARGET BELOW TARGET

Risk management continued

Physical risk management

Over the past three years Gold Fields has been consistently rated in the top quartile of global companies participating in insurability ratings conducted on behalf of the global insurance industry. Our objectives under the overall balanced scorecard for the group is to achieve a "good or low-risk" status for all our operations during the annual physical risk management surveys conducted by the IMIU – International Mining Industry Underwriters – and Zurich Risk Engineering, another underwriting firm. This contributes to the favourable insurance premiums enjoyed by Gold Fields over the last few years. The findings of the surveys are depicted in diagrams 4 and 5 below.

IMIU and Zurich are used on a rotational basis by Gold Fields to benchmark our performance and to add an external monitoring element to the internal assurance process outlined earlier. These surveys are respected by the market. The IMIU survey is conducted at 300 mines worldwide. Their recommendations for improvement are followed up by Gold Fields by allocating capital for their implementation. Our engineers draw up project plans to ensure the implementation of these recommendations and monitor them on a regular basis.

Diagram 4 The average IMIU insurability ratings achieved by our operations over the last three years

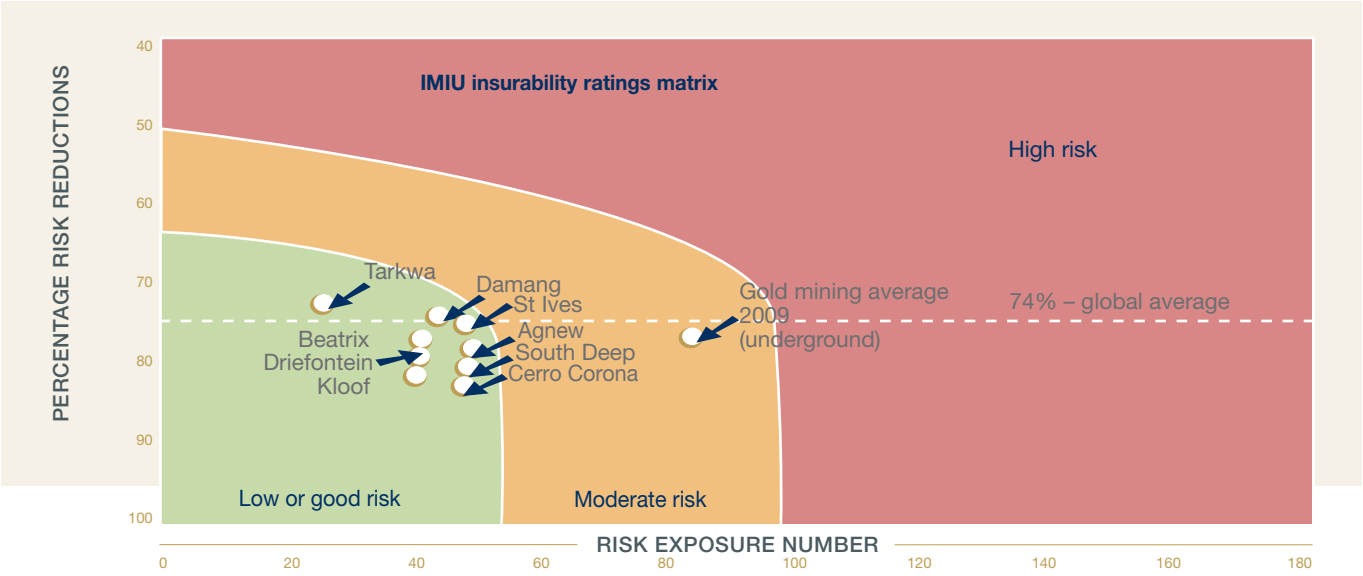


Diagram 5 Insurance ratings achieved during the survey conducted by Zurich Risk Engineering. Beatrix, Driefontein and Kloof are "excellent" insurance risks in terms of the Zurich criteria.

Zurich criteria	Beatrix	Drie-fontein	Kloof	South Deep	Tarkwa	Damang	Agnew	St Ives	Gold Fields average
Property *(Fire protection standards)*	79	71	74	30	102	110	71	60	**74**
Business interruption *(Flexibility/ability to recover)*	35	32	32	58	95	98	100	100	**69**
Property *(Critical spares)*	46	46	46	70	96	96	53	53	**62**
Business interruption *(Spares capacity)*	35	15	21	96	91	91	94	69	**63**
Overall mine rating	**49**	**41**	**43**	**64**	**96**	**99**	**73**	**71**	**67**

Note – The Cerro Corona survey will only be conducted in November 2010.

0 – 50 EXCELLENT RISK | 51 – 100 GOOD RISK | 101 – 150 FAIR RISK | 151+ HIGH RISK

GOLD FIELDS' MAJOR RISKS AND HOW WE DEAL WITH THEM

Principal risks	Controls and mitigating strategies
Political, social and legal	
• Gold Fields operates in South Africa, Ghana, Peru and Australia. Changes in the political environment in these states could affect our business and our investment approach. • A change in fiscal policies in the form of higher royalties or taxes will have a negative impact on mining companies if the changes were not built into business plans. • In South Africa government has implemented laws and regulations to redress inequalities caused by previous government policies. These laws have a material impact on our operations in the country. • Increasing unionisation is a trend in many of the countries in which we operate. Their strategies and actions inevitably affect our businesses. • Adjacent communities often have high, sometimes unrealistic, expectations of the socio-economic benefits a mine can provide, sometimes causing tensions.	• Gold Fields is acutely aware of the importance of proactive stakeholder engagement and has implemented sound strategies and structures around it. A focused and deliberate stakeholder engagement process has established positive and constructive relationships with governments and other stakeholders. • As part of this engagement Gold Fields has well-developed local economic development and social investment programmes in place that are primarily aimed at neighbouring communities. • In South Africa Gold Fields uses a number of vehicles to achieve this: Social and Labour Plans at the mines, local economic development initiatives as well as extensive operational interventions. • Trade unions represent the majority of our workers at the South African and Ghanaian mines. We engage with trade union leadership and shop stewards in a range of formal and informal meetings both at mine level and at the management/union leadership level. • Progress towards the achievement of commitments, in terms of the Mining Charter, is on track and the company should achieve its targeted BEE ownership requirements for 2014 in the near future.
Financial and economic	
Revenue, earnings and cash flows are dependent on a number of factors, some of them beyond the control of the company: • Volatility in the market price for gold, and to a lesser extent copper, as well as exchange rates affect the profitability of Gold Fields and the cash flows generated by its operations. • Because Gold Fields does not use commodity or derivative instruments to protect against low gold prices, the company could be exposed to rapid declines in the gold price. • Although proper control is maintained over input and unit costs, the global economic environment can lead to high material and commodity prices impacting these costs.	• Gold Fields has well-developed and sound financial, accounting and reporting systems backed by internal and external assurances procedures. Gold Fields is SOX compliant. • Strategic and business planning processes are overseen by the Executive Committee, which ensures that external and internal factors impacting on costs are monitored and mitigating actions put in place should they exceed budgeted forecasts. • All costs are benchmarked against Notional Cash Expenditure (NCE), the company's key measure of economic performance. A short-term NCE margin target of 20 per cent has been set. • A number of other cost optimisation initiatives are in place: – Operational delivery and increasing reserve flexibility through accelerated Ore Reserve development. – Technology initiatives, including mechanisation. – Reducing energy and utility consumption, surface and supply chain costs. – A business re-engineering process has been initiated to ensure operational optimisation and delivery on NCE targets.

Risk management continued

Principal risks	Controls and mitigating strategies
Technical and operational	
• For investors, Gold Fields' reserves and resources are key to determining the value of the company. The assumptions used to arrive at an accurate reserve and resource statement are subject to external factors which can change quickly. • The company's mines rely heavily on electricity. Escalating electricity costs around the world coupled with supply interruptions in some countries are a major risk. • The infrastructure at some of the mines in Gold Fields is ageing. Although a comprehensive maintenance strategy is in place, breakdowns and unplanned stoppages can occur.	• Gold Fields applies the highest level of due diligence regarding reserves and resources standards and complies strictly with all the codes and regulations in countries where it operates. • Power conservation strategies and power savings initiatives are in place at all operations. Additional resources have been made available to explore alternative energy sources and implement renewable energy trials in line with the Group's carbon management strategy. Carbon trading is being actively utilised to mitigate the cost of investing in energy savings and alternative energy projects. • Extensive maintenance systems are in place under a well-staffed and resourced engineering structure (operational and maintenance). A comprehensive structural inspection and maintenance management system for all shaft steelwork was developed and a remedial action management system has been implemented.
Environment, safety and health	
• Mining in general and deep level mining in particular is a dangerous business. Safety procedures and safety training are embedded in our operations. Notwithstanding these, our employees and contractors – and by implication continuous operations at our mines – are at risk from: – Mine accidents. – Occupational illnesses as a result of prolonged exposure to heat, dust and noise. – Lifestyle illnesses such as HIV, Aids and STDs. • As a result of the dangers associated with mining, Gold Fields is subject to extensive and increasingly more stringent environmental regulations and policies. The company strives to adhere to these regulations in all its jurisdictions, but environmental incidents still pose a considerable risk to Gold Fields' financial position and reputation. These include: – Environmental accidents. – Legacy issues from the older mines in the Gold Fields portfolio. – Increased rehabilitation costs due to changing variables. – Costs associated with changing compliance requirements.	• Ensuring the safety, health and well-being of all employees and contractors is the number one priority and value system at Gold Fields. Integrated safe production management systems and job safety procedures have been implemented to the extent that production is stopped if the working environment is deemed unsafe. Safety strategies and policies are constantly being monitored and reviewed by management to ensure best practices are being implemented. External safety consultants, such as DuPont, are used to benchmark systems, identify gaps and make recommendations for improvement. • Gold Fields has developed sustainable development frameworks which contain a range of environmental policies to ensure the company meets all statutory obligations and limits its environmental footprint going forward. In particular, the company ensures that all operations: • Engage systematically with all key stakeholders on environmental matters. • Have environmental management plans in place. • Are ISO 14001 certificated. • Utilise independent specialists to audit legal and social compliance with environmental regulations and identify opportunities for improvement.

Assurance report

REPORT OF THE INDEPENDENT ASSURERS

To the Board of Directors and Management
of Gold Fields Limited

Introduction

We have been engaged by the management of Gold Fields Limited ("Gold Fields") to conduct an independent limited assurance engagement in respect of selected subject matter reported in Gold Fields' annual report 2010 for the year ended 30 June 2010 ("the Report"). This assurance report applies only to the subject matter as referenced herein.

Subject matter

The subject matter as listed below was selected for an expression of limited assurance. We refer to this information collectively as the "Identified Sustainability Information".

- The alignment of Gold Fields' sustainability policies to the International Council of Mining and Metals (ICMM) 10 Sustainable Development Principles (page 93 and website: www.goldfields.co.za)
- Gold Fields' material sustainable development risks and opportunities based on its own review of the business and the views and expectations of its stakeholders (page 139 and 140).
- The systems and approaches that Gold Fields has implemented to manage its material sustainable development priorities as related to the Key Performance Indicators (KPIs) listed below.
- Gold Fields' performance on its sustainable development priorities by way of the selected KPIs:
  - Number of fatalities (page 107).
  - Medically Treated Injury Frequency Rate (MTIFR) (page 107).
  - Lost Time Injury Frequency Rate (LTIFR) (page 107).
  - Percentage of workforce on the voluntary counselling and testing (VCT) programme (page 109).
  - Number of people on high-active anti-retroviral treatment (Haart) (page 107, 109).
  - Percentage historically disadvantaged South Africans (HDSA) in management (page 103).
  - Number of women in mining (page 103).
  - Total amount of corporate social investment (CSI) spend in ZAR (page 98, 99).
  - Amount of CO_2 emissions in tonnes (page 115).
  - Average quality of water discharged in milli-Siemens/metre (mS/m) (page 111).
  - Total number of level 2 and level 3 environmental incidents reported (page 111 and 113).
  - Statement that all operations are ISO 14001 certified (page 94).
  - Statement that an appropriate protocol is in place to ensure that all employees are trained on the code of ethics (page 133).
- Gold Fields' self-declared A+ GRI G3 application level (page 93).

Directors' responsibility

Gold Fields' directors are responsible for the selection, preparation and presentation of the identified subject matter and GRI application self-declaration in accordance with the GRI's new generation (G3) guidelines and the ICMM sustainable development framework.

Responsibility of the independent assurers

Our responsibility is to conduct a limited assurance engagement and, based on our assurance procedures, report our conclusions to the directors.

Work performed

We conducted our engagement in accordance with the International Standards for Assurance Engagements 3000, "Assurance Engagements other than audits or reviews of historical financial information" (ISAE 3000) issued by the International Auditing and Assurance Standards Board; and the ICMM Sustainable Development Framework Assurance Procedure.

The requirements as set out by both the ICMM Sustainable Development Framework Assurance Procedure and the reporting criteria as stipulated by the GRI new generation (G3) guidelines, have been applied as assurance criteria. Gold Fields' internal corporate reporting procedures were applied as criteria for testing the selected KPIs in the scope of assurance.

Assurance report continued

Our work consisted of:

- Reviewing Gold Fields' implementation of the ICMM requirements;
- Obtaining an understanding of the systems used to generate, aggregate and report data at selected operations in South Africa, Ghana, and Peru;
- Conducting interviews with management at the sampled operations and at head office;
- Applying the assurance criteria in evaluating the data generation and reporting processes;
- Performing key controls testing;
- Testing the accuracy of data reported on a sample basis;
- Reviewing the consistency between the subject matter and related statements in the report; and
- Reviewing the validity of Gold Fields' self-declared GRI application level in the annual report.

Inherent limitations

Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for determining, calculating, sampling or estimating such data. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements.

The evidence gathering procedures for limited assurance are more restricted than for reasonable assurance and therefore less assurance is obtained with limited assurance than for reasonable assurance.

Conversion factors used to derive emissions and energy used from fuel and electricity consumed, are based upon information and factors derived by independent third parties. Our assurance work has not included an examination of the derivation of those factors and other third party information.

We have not carried out any work on data reported for prior reporting periods, nor in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the agreed subject matter.

Conclusion

We were unable to express an opinion on the percentage of workforce on the VCT programme reported, as the data collection and record keeping system for this KPI had not been operational for the full reporting period.

In our opinion, except for the percentage of workforce on the VCT programme referred to above, nothing has come to our attention causing us to believe that the Identified Sustainability Information selected for limited assurance for the year ended 30 June 2010 is misstated in any material respects.

PricewaterhouseCoopers Inc
Director: Wessie van der Westhuizen
Registered Auditor

Johannesburg
10 September 2010

Annual financial statements

Growing free cash flow and maintaining a strong balance sheet

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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 165 to 259 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, PricewaterhouseCoopers Incorporated, audited the financial statements, and their report is presented on page 145.

The financial statements were approved by the Board of Directors on 10 September 2010 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

10 September 2010

Report of the independent auditors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLD FIELDS LIMITED

We have audited the Group annual financial statements and annual financial statements of Gold Fields Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2010, and the consolidated and separate income statements, statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 165 to 259.

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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Gold Fields Limited as at 30 June 2010, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc
Director: PC Hough
Registered Auditor
Johannesburg
10 September 2010

Management's discussion and analysis of the financial statements

Paul Schmidt
Financial Director

(The following management's discussion and analysis of the financial statements should be read together with the Gold Fields' consolidated financial statements, including the notes appearing with these financial statements.)

The financial results have been prepared in accordance with International Financial Reporting Standards (IFRS) which is consistent with the previous year.

RESULTS FOR THE YEAR

Net earnings attributable to ordinary shareholders for financial 2010 were R3,631 million (or 515 cents per share), compared with R1,536 million (or 229 cents per share) achieved in the previous financial year. The reasons for this increase are discussed below.

Headline earnings excluding the after-tax effect of asset impairments and profits on the sale of investments and fixed assets amounted to R3,164 million or 449 cents per share for financial 2010, compared with R2,890 million or 431 cents per share in financial 2009.

These results are analysed as follows:

REVENUE

Revenue increased 9% from R29,087 million in financial 2009 to R31,565 million in financial 2010. The increase in revenue of R2,478 million was due to the increase in the rand gold price from R253,459 per kilogram to R264,468 per kilogram and an increase in gold sales. The rand gold price increase was due to a 24% increase in the US dollar gold price from an average of US$875 per ounce to US$1,085 per ounce year-on-year, partially offset by a stronger rand, which strengthened 16% from an average of 9.01 to 7.58 to the US dollar.

Gold sales increased 4% from 3,689,600 ounces in financial 2009 to 3,837,300 ounces in financial 2010. Gold sales at the South African operations decreased 5% from 2,038,700 ounces to 1,933,000 ounces while gold sales at the West African operations increased 14% from 812,800 ounces to 928,100 ounces. Gold sales at the South American operation (Cerro Corona) increased from 217,800 equivalent ounces to 389,900 equivalent ounces while at the Australasian operations, gold sales decreased 5% from 620,400 ounces to 586,300 ounces.

At the South African operations, the decrease in gold sales of 105,700 ounces was mainly as a result of safety-related mine stoppages and a slow start after the Christmas break.

At Driefontein, gold sales reduced by 14% from 829,900 ounces to 709,800 ounces as a result of lower underground volumes mined occasioned by safety factors and an 11% decrease in underground yields from 7.5 grams per tonne to 6.7 grams per tonne.

Gold sales at Kloof decreased by 12% from 643,000 ounces to 566,500 ounces as a result of safety-related mine stoppages. At Beatrix, gold output remained relatively flat at 391,900 ounces whilst at South Deep, gold sales increased 52% from 174,700 ounces to 264,800 ounces in line with the production build-up.

At the West African operations, gold sales at Tarkwa increased 18% from 612,400 ounces to 720,700 ounces mainly due to the commissioning of the new CIL plant, which allowed increased throughput. Damang's gold sales increased 3% from 200,400 ounces to 207,400 ounces due to the commissioning of the secondary crusher in the June quarter which allowed more hard high-grade ore to be milled.

Gold sales at Cerro Corona in South America increased by 79% because of full-year's production in financial 2010 compared with only six full months in financial 2009. Cerro Corona commenced commercial levels of production in January 2009.

At the Australasian operations production decreased 5% to 586,300 ounces. Gold sales at St Ives decreased by 2% from 428,300 ounces to 421,100 ounces due to less ore mined at Belleisle. At Agnew, gold sales declined by 14% from 192,100 ounces to 165,200 ounces due to depletion of Songvang surface stockpiles.

COST OF SALES

Cost of sales, which consists of operating costs, changes in gold inventories and amortisation and depreciation, increased from R21,766 million in financial 2009 to R23,829 million in financial 2010.

The table below presents the analysis of cost of sales:

Analysis of cost of sales	2010 R million	2009 R million
Total cash cost	**18,782**	17,145
Add/(deduct): General and administration	**705**	707
Rehabilitation	**122**	129
Gold inventory change – cash portion	**104**	192
Royalties*	**(543)**	(339)
Operating costs	**19,170**	17,834
(Deduct)/add: Gold inventory change – total	**(178)**	(210)
Amortisation and depreciation	**4,837**	4,142
Cost of sales per income statement	**23,829**	21,766

** Royalties are deducted as they are included as part of total cash cost but are reflected as part of taxation in the income statement.*

The analysis that follows provides a more detailed comparison of cost of sales and Notional Cash Expenditure (NCE) per ounce.

Operating costs – cost of sales less gold inventory change, and amortisation and depreciation

Operating costs increased by 7% from R17,834 million in financial 2009 to R19,170 million in financial 2010. The increase at the South African operations was 14% from R9,840 million to R11,204 million. At the West African operations, operating costs decreased 8% from R4,240 million in financial 2009 to R3,924 million but increased 10% in local currency from US$471 million to US$518 million. In South America at Cerro Corona, operating costs increased from R779 million to R1,024 million and in local currency terms from US$86 million to US$135 million as a result of the 79% increase in production. At the Australasian operations, operating costs increased from R2,976 million to R3,018 million but in local currency it was marginally higher at A$452 million.

At the South African operations the increase of R1,364 million was mainly due to the above-inflation annual wage increases of around 12% all-in, a 35% increase in electricity costs of R417 million and an increase in commodity costs, partially offset by the lower production levels and benefits achieved through our cost-saving initiatives, such as programmes to reduce surface labour, improved workshop delivery, more effective salvage and reclamation and a focus on core business training, amongst others.

At the West African operations, the increase of US$47 million was mainly due to the increase in production. At Tarkwa, operating costs increased from US$338 million to US$387 million due to the 18% increase in production which resulted in an increase in management fee, increased fuel consumption together with increased plant cost due to higher throughput. At Damang, despite the increase in production, operating costs were relatively unchanged at US$131 million compared with US$132 million in financial 2009.

At the Australasian operation, operating costs increased by A$6 million from A$345 million to A$351 million as a result of an increase in deferred waste charges and an increase in grade control drilling on the additional pit ounces mined, and inflationary increases partially offset by the lower production. At Agnew, costs were flat at A$101 million.

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, total cash cost and total production cost in US$/oz and R/kg for the years ended 30 June 2010 and 2009.

	Year ended 30 June 2010			Year ended 30 June 2009		
	Gold sold ('000 oz)	**Total cash cost[5] (US$/oz)**	**Total cash cost[5] (R/kg)**	Gold sold ('000 oz)	Total cash cost[5] (US$/oz)	Total cash cost[5] (R/kg)
• Driefontein	**709.8**	**692**	**168,568**	829.9	448	129,837
• Kloof	**566.5**	**768**	**187,154**	643.0	507	146,930
• Beatrix	**391.9**	**740**	**180,358**	391.1	552	159,799
• South Deep	**264.8**	**811**	**197,669**	174.7	717	207,803
South African operations	**1,933.0**	**740**	**180,392**	2,038.7	510	147,657
• Tarkwa[1]	**720.7**	**536**	**130,636**	612.4	521	150,814
• Damang[2]	**207.4**	**660**	**160,890**	200.4	660	191,179
West African operations	**928.1**	**564**	**137,397**	812.8	556	154,589
Peru – Cerro Corona[3]	**389.9**	**348**	**84,737**	217.8	369	106,777
• St Ives	**421.1**	**710**	**173,085**	428.3	596	172,707
• Agnew	**165.2**	**539**	**131,323**	192.1	401	116,120
Australasian operations[4]	**586.3**	**662**	**161,315**	620.4	536	155,188
Total operations	**3,837.3**			3,689.6		
Weighted average cost		**646**	**157,360**		516	149,398

[1] *In financial 2010 and 2009, 512,400 ounces and 435,400 ounces respectively were attributable to Gold Fields.*

[2] *In financial 2010 and 2009, 147,500 ounces and 142,500 ounces respectively were attributable to Gold Fields.*

[3] *In financial 2010 and 2009, 314,700 equivalent ounces and 175,800 equivalent ounces were respectively attributable to Gold Fields.*

[4] *Total production costs for the Australasian operations are not split between the two operations.*

[5] *Total cash cost is calculated in accordance with the Gold Industry standard.*

The weighted average total cash cost per kilogram increased by 5% from R149,398 per kilogram (US$516 per ounce) in financial 2009, to R157,360 per kilogram (US$646 per ounce) in financial 2010.

The weighted average total cash cost at the South African operations in rand terms increased 22% from R147,657 per kilogram (US$510 per ounce) in financial 2009 to R180,392 per kilogram (US$740 per ounce) in financial 2010. This increase was as a result of the decline in gold production and the increase in costs described earlier.

At the West African operations total cash cost increased from US$556 per ounce to US$564 per ounce, an increase of 1%.

At Cerro Corona in South America, total cash costs decreased from US$369 per ounce to US$348 per ounce, a decrease of 6%. This was due to an increase in gold equivalent ounces sold.

At the Australasian operations, total cash cost increased from A$724 per ounce (US$536 per ounce) to A$751 per ounce (US$662 per ounce) as a result of the decrease in gold production and the increase in costs described earlier.

General and administration (G&A) costs

Net general and administration costs, which are included in operating costs, at R705 million in financial 2010 compared with R707 million in financial 2009.

Costs falling under the definition of general and administration costs included the following:

- Recovered corporate expenditure for financial 2010 was R306 million compared with R254 million in financial 2009;
- Management fees in Ghana of R151 million, compared with R136 million in financial 2009. In dollar terms they increased from US$15 million to US$20 million and was as a result of the higher revenue generated by the two West African operations;
- The cost of regional offices in Australasia, West Africa and South America increased by R11 million from R102 million financial 2009 to R113 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 R46 million in financial 2010, charged at an average of US$1.93 per ounce of attributable gold production. The financial 2009 charge was R56 million at an average of US$1.80 per ounce of attributable gold production. The lower fees in financial 2010 was due to the stronger rand;
- Off-site training amounted to R72 million in financial 2010 compared with R149 million in financial 2009 due to a deliberate decision to downscale training and relocate certain training functions back to the mines in order to focus on on-mine training; and
- Other costs relating to Chamber of Mines and special technical projects.

Gold inventory change

Gold inventory change in financial 2010 was a R178 million credit to costs, compared with a credit to costs of R210 million in financial 2009.

At Tarkwa, there was a credit to costs in financial 2010 of US$11 million compared with a credit of US$18 million in financial 2009. The US$11 million credit in fiscal 2010 was due to a slower than expected release from the North heap leach facility. The US$18 million credit in financial 2009 was due to gold lock-up in the new plant, a build-up at the North heap leach and increased stockpiles at year end.

At Damang, there was a charge to costs of US$2 million in financial 2010 compared with a credit of US$2 million in financial 2009. The charge in financial 2010 was due to the utilisation of the crushed ore stockpile created in financial 2009 to create mill feed flexibility, partly as a result of the crusher rebuild and the commissioning of a secondary crusher commissioned late in the fourth quarter of financial 2010. The credit in financial 2009 was mainly due to the deliberate stockpiling of crushed ore to improve mill feed flexibility.

Cerro Corona unsold stock decreased from US$4 million at the end of financial 2009 to US$1 million at the end of financial 2010. In both years, the level of the stock was driven by sales and shipping schedules.

At St Ives, there was a credit to costs of A$15 million in financial 2010 compared with a credit to costs in financial 2009 of A$2 million. The increase in the credit to cost was mainly as a result of stockpiling lower-grade ore and heap leach gold in-process, as more high-grade ore was available from the underground mines. In financial 2009 low-grade Leviathan ore was stockpiled.

At Agnew, there was a charge to costs in financial 2010 of A$1 million compared with a charge of A$3 million in financial 2009. Both amounts were due to the processing of surface stockpiles, including the Songvang stockpile.

Amortisation and depreciation

Amortisation and depreciation increased by R695 million, from R4,142 million in financial 2009 to R4,837 million in financial 2010.

At the South African operations amortisation increased from R2,036 million in financial 2009 to R2,416 million in financial 2010, an increase of R380 million. Driefontein decreased from R625 million to R622 million due to lower production; Kloof increased from R693 million to R800 million and Beatrix from R435 million to R542 million due to a reduction in short-life ore reserve development. South Deep increased from R283 million to R453 million mainly due to the increase in production in line with the build-up.

At the West African operations, amortisation increased from US$74 million in financial 2009 to US$128 million in financial 2010. Tarkwa increased from US$55 million in financial 2009 to US$111 million in financial 2010 due to increased production and the additional amortisation on the CIL expansion and HPGR projects. Damang was similar year-on-year at US$17 million.

In South America, amortisation at Cerro Corona increased from US$39 million in financial 2009 to US$55 million in financial 2010 as a result of the increase in production.

Management's discussion and analysis of the financial statements continued

Amortisation and depreciation (continued)

At the Australasian operations, amortisation decreased from A$142 million in financial 2009 to A$133 million in financial 2010 due to lower production and an increase in reserves at St Ives and Agnew partially offset by amortisation of A$14 million on the buy-back of the Morgan Stanley royalty.

Notional cash expenditure (NCE)

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

	Year ended 30 June 2010					Year ended 30 June 2009				
	Gold produced ('000 oz)	Operating costs US$ million	Capital expediture 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
• Driefontein	709.8	505.6	150.3	924	225,208	829.9	391.8	114.8	610	176,838
• Kloof	566.5	451.8	145.7	1,054	256,962	643.0	342.3	106.4	698	202,140
• Beatrix	391.9	299.9	85.8	984	239,867	391.1	226.1	69.9	757	219,254
• South Deep	264.8	220.9	212.8	1,638	399,211	174.7	131.9	113.3	1,403	406,423
South African operations	1,933.0	1,478.1	594.7	1,072	261,323	2,038.7	1,092.1	404.3	734	212,629
• Tarkwa	720.7	387.0	148.6	743	181,115	612.4	338.1	201.1	881	255,066
• Damang	207.4	130.7	29.8	774	188,591	200.4	132.4	16.9	745	215,851
West African operations	928.1	517.7	178.4	750	182,786	812.8	470.5	218.0	847	245,398
South American operations – Cerro Corona (Peru)	393.6	135.1	85.6	561	136,650	219.3	86.4	116.8	926	268,382
• St Ives	421.1	308.9	103.0	978	238,345	428.3	255.4	68.8	757	219,299
• Agnew	165.2	89.3	55.2	875	213,132	192.1	74.8	30.8	550	159,240
Australian operations	586.3	398.2	158.2	949	231,239	620.4	330.2	99.6	693	200,705
Group operations/ projects	3,841.0	2,529.1	1,016.9	923	224,979	3,691.2	1,979.3	838.7	763	221,153

The above calculation is based on the average rand to the US dollar exchange rate for the year of 7.58 and 9.01 for financial 2010 and financial 2009 respectively.

The NCE for financial 2010 of US$923 per ounce was higher than the US$763 per ounce achieved in financial 2009 because of the higher operating and capital expenditure together with the stronger rand, partially offset by the higher production.

Net operating profit

Net operating profit increased by 6% from R7,321 million in financial 2009 to R7,736 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 which more than offset the higher cost of sales.

INVESTMENT INCOME

Income from investments increased 36% from R225 million in financial 2009 to R305 million in financial 2010. The increase was mainly due to higher average cash balances in financial 2010 compared with financial 2009.

The interest received in financial 2010 of R305 million comprises R1 million in dividend income, R66 million on monies invested in the South African environmental rehabilitation trust funds and R238 million on other cash and cash equivalent balances.

The interest received in financial 2009 of R225 million comprised R12 million in dividend income, R82 million on monies invested in the South African environmental rehabilitation trust funds and R131 million on other cash and cash equivalent balances.

Interest received on the funds invested in rehabilitation trust funds decreased from R82 million in financial 2009 to R66 million in financial 2010 due to lower interest rates in financial 2010 compared with financial 2009.

Interest on other cash balances increased from R131 million in financial 2009 to R238 million in financial 2010 mainly due to higher average cash and cash equivalent balances held in financial 2010.

FINANCE EXPENSE

Finance expense decreased from R873 million in financial 2009 to R493 million in financial 2010.

The finance expense of R493 million in financial 2010 comprised R45 million interest payable on the preference shares, R38 million relating to the accretion of the environmental rehabilitation liability and R499 million on various Group borrowings, partially offset by interest capitalised of R88 million.

The finance expense of R873 million in financial 2009 comprised R88 million interest charges on the preference shares, R18 million interest paid on the Mvela loan, R38 million relating to the accretion of the environmental rehabilitation liability and R807 million in respect of other interest charges, partially offset by interest capitalised of R78 million.

Below is an analysis of the components making up other interest, stated on a comparative basis:

	2010 R million	2009 R million
Interest on Commercial Paper	**208**	14
Interest on borrowings to fund capital expenditure and operating costs at the South African operations	**182**	383
Forward cover costs on the foreign exchange contract taken out on the revolving credit facility	**38**	341
Interest on project finance loan – Gold Fields La Cima	**39**	26
Interest on the revolving credit facility used to partially fund capital expenditure at Cerro Corona and in financial 2009, the purchase of investments in Sino Gold Limited	**27**	41
Other interest charges	**5**	2
	499	807

Other interest charges decreased from R807 million in financial 2009 to R499 million in financial 2010 due to:

- The cancellation of the forward cover contract on the Western Areas loan in September 2009 resulting in the forward cover costs decreasing from R341 million in financial 2009 to R38 million in financial 2010.
- A strategy in South Africa to move away from traditional bank debt and to access the commercial paper market in order to benefit from the lower interest rates offered by the commercial paper.

Interest on the preference shares in financial 2010 is 49% lower than in financial 2009 because in October 2008, R600 million (including R23 million of associated interest) of the initial issue of R1,200 million preference shares to Rand Merchant Bank on 24 December 2007, were redeemed.

During financial 2010, R88 million (financial 2009: R78 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 2010 included South Deep (financial 2009: South Deep and Cerro Corona).

Environmental rehabilitation interest charges were flat, year-on-year, at R38 million.

Management's discussion and analysis of the financial statements continued

REALISED GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

Currency forward contracts

During financial 2010 the Group had three different 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 between one and three months throughout financial 2008, financial 2009 and financial 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. The forward cover costs were accounted for as part of interest.

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 2010, South African rand forward cover contracts were taken out to cover commitments of the South African operations in various currencies:

- An initial US dollar forward contract of US$20 million was entered into during the year. At the end of the financial year, US$3 million was outstanding; and
- An initial Australian dollar forward contract of AS$12 million was entered into during the year. At the end of the financial year, AS$9 million was outstanding.

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 between one and three months throughout financial 2008 and financial 2009. The forward cover was also reduced with the partial repayments of US$61 million and US$172 million against the loan on 6 December 2007 and 31 December 2007 respectively.

During financial 2009, a further amount of US$44 million was repaid against the loan and the forward cover was reduced by the same amount. The balance of US$274 million forward cover was extended to 15 July 2009, being the next repayment date on the loan, at an average forward rate of R8.0893/US$. For accounting purposes, this forward cover was designated as a hedging instrument. As a result, the gains and losses on the forward cover was accounted for under gain/(loss) on foreign exchange, along with gains and losses on the underlying loan that has been hedged. The forward cover points was accounted for as part of interest.

South Africa – US dollar/rand forward sales – In October 2008, US$150 million of expected gold revenue for the December quarter was sold forward on behalf of the South African operations. In December 2008, the US$150 million was extended to the March quarter at an average forward rate of R10.3818. During the March quarter US$30 million was settled at a gain for the quarter of R7 million. The outstanding balance of US$120 million was extended into the June quarter at an average forward rate of R10.2595. In the June quarter, the remaining forward cover of US$120 million was partly delivered into and the balance closed out, resulting in a gain of R54 million. This was accounted for in the income statement in the June quarter.

Australia – US dollar/Australian dollars forward sales – In October 2008, US$70 million of expected gold revenue for the December quarter was sold forward on behalf of the Australasian operations. In December 2008, US$56 million was extended to the March quarter at an average forward rate of A$0.6650. During the March quarter an additional US$8 million of the same instruments was taken out. The total of US$64 million was extended into the June quarter at an average forward rate of A$0.6445. In the June quarter the forward cover of US$64 million was partly delivered into and the balance closed out, resulting in a gain of A$2 million (R13 million). This was accounted for in the income statement.

International Petroleum Exchange gasoil call option

In financial 2009, 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 for financial 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 for financial 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.

The above contracts were delivered into during financial 2010. As at 30 June 2010, there were no outstanding copper financial instruments.

The financial instruments discussed above increased from a loss of R56 million in financial 2009 to a gain of R210 million in financial 2010. The increase is explained below:

	2010 R million	2009 R million
International Petroleum Exchange gasoil call option	**(2)**	(126)
Gain on receipt of four million top-up shares in Eldorado Gold Corporation	**402**	—
Copper financial instruments	**(196)**	—
US dollar/rand currency hedge	**—**	(3)
US dollar/rand forward sales	**—**	61
US dollar/Australian dollar forward sales	**—**	13
Other	**6**	(1)
	210	(56)

(LOSS)/GAIN ON FOREIGN EXCHANGE

The loss on foreign exchange in financial 2010 was R65 million compared with a gain of R92 million in financial 2009.

	2010 R million	2009 R million
(Loss)/gain on repayment of Australian dollar-denominated intercompany loans	**(49)**	125
Gain on US dollar proceeds in respect of the South Deep fire insurance claim	**—**	35
Exchange losses on cash balances held in currencies other than the functional currencies of the Group's various subsidiary companies	**(16)**	(68)
	(65)	92

Management's discussion and analysis of the financial statements continued

OTHER COSTS

Other operating costs of R203 million in financial 2009 compared with R209 million in financial 2010. The charge for financial 2010 is mainly made up of:

- Social contributions and sponsorships;
- Loan facility charges;
- Research and development into mechanised mining; and
- Fair value writedown of the rose cultivars at Living Gold.

The charge for financial 2009 is mainly made up of:

- Restructuring costs at the training academy;
- New loan facility charges;
- Research and development into mechanised mining;
- Fair value writedown of the rose cultivars at Living Gold; and
- Sale agreement adjustment with Orezone Resources Inc. with reference to the sale of Essakane in the previous financial year.

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, R408 million was accounted for in financial 2010 compared with R303 million in financial 2009. The corresponding entry for the above adjustments was share-based payment reserve within shareholders' equity.

The reasons for the increase in share-based payments was mainly a result of new allocations during financial 2010 and the effect of the additional March grant in financial 2009 which were expensed for a full year in financial 2010 compared with only three months in financial 2009.

EXPLORATION EXPENSE

Gold Fields spent R613 million (US$81 million) on exploration in financial 2010 compared with R508 million (US$56 million) in financial 2009. The bulk of the expenditure was incurred on a diversified pipeline of projects in Africa, Australia, China and North, South and Central America. The increase in financial 2010 is due to spend on advanced stage exploration projects, Chucapaca in Peru (US$11 million) and Yanfolila in Mali (US$13 million). Subject to continued exploration success, expenditure is expected to be US$100 million in financial 2011.

SHARE OF RESULTS OF ASSOCIATES AFTER TAXATION

Gold Fields equity accounts for two associates; Rand Refinery Limited and Rusoro Mining Limited.

The Group's 35% share of after-tax profits in Rand Refinery Limited was R14 million in financial 2009 compared with R64 million in financial 2010.

The Group's 26% share of after-tax profits in Rusoro Mining Limited was a loss of R156 million in financial 2009 compared with a gain of R54 million in financial 2010. The share of Rusoro's financial 2010 profit takes into account R84 million translation gain as a result of applying hyperinflationary accounting to its investments in Venezuela.

RESTRUCTURING COSTS

Restructuring costs decreased from R126 million in financial 2009 to R17 million in financial 2010. The costs in both years relate to the restructuring of the South African operations.

SOUTH DEEP INSURANCE CLAIM

South Deep insurance claim of R131 million received in financial 2009 related to the receipt of the insurance claim proceeds from the incident in financial 2007.

DRIEFONTEIN 9 SHAFT CLOSURE COSTS

During financial 2008, Driefontein suspended its 9 Shaft project due to a lack of power supply. An estimated R24 million was provided for the closure in the same year. In financial 2009, a R2 million overprovision was reversed after finalisation of the total closure costs.

IMPAIRMENT OF INVESTMENTS AND ASSETS

Impairment of investments decreased from R1,210 million in financial 2009 to R258 million in financial 2010.

The impairment charge in financial 2010 of R258 million comprised an impairment charge of R197 million of Rusoro to its market value of R235 million (US$31 million). The balance of the impairment charge related to a writedown of R61 million of sundry offshore listed exploration equity investments.

The impairment charge in financial 2009 of R1,210 million comprised an impairment charge of R1,066 million of Rusoro to its market value of R390 million (US$48 million). The balance of the impairment charge related to a writedown of R144 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".

Various internal and external sources of information were considered and management has concluded that no indicators of impairment of assets existed at 30 June 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 R260,000 per kilogram for financial 2011 and financial 2012 and R290,000 per kilogram thereafter (2009: R245,000 per kilogram for financial 2010 and financial 2011 and R280,000 per kilogram thereafter);
- Discount rate of 6.1% – 6.8% (financial 2009: 6%);
- 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.

In both financial 2010 and financial 2009, the application of the above estimates and assumptions did not result in any impairment charge to the Group's mining assets.

PROFIT/(LOSS) ON DISPOSAL OF INVESTMENTS

The profit on the sale of investments in financial 2010 amounted to R847 million compared with a loss of R148 million in financial 2009.

The profit on disposal of investments in financial 2010 comprises:

	R million
Gain on exchange of 58 million Sino Gold shares for 28 million shares in Eldorado Gold Corporation	447
Gain on sale of 32 million Eldorado Gold Corporation shares acquired through the Sino Gold Inc. share exchange (28 million) plus a further four million top-up shares	350
Gain from sale of Troy Resources shares	30
Gain from sale of Orezone Resources shares	10
Gain from sale of equity shares held through the New Africa Mining Fund	8
Gain from the sale of Aquarius Platinum Limited	2
	847

Management's discussion and analysis of the financial statements continued

PROFIT/(LOSS) ON DISPOSAL OF INVESTMENTS (continued)

The loss on disposal of investments in financial 2009 comprised:

	R million
Loss on exchange of 42 million Orezone Resources Inc. shares for 3 million IAMGold Limited shares as a result of the acquisition of all Orezone shares by IAMGold	(209)
Gain from the subsequent sale of the abovementioned 3 million shares in IAMGold Limited	65
Loss from the sale of 70% holding in IRCA (Pty) Limited Group	(3)
Loss from the sale of shares in Lakota Resources Inc.	(1)
	(148)

PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Profit on disposal of property, plant and equipment decreased from R4 million in financial 2009 to R3 million in financial 2010.

The major disposals in financial 2010 related to the sale of surplus housing at Beatrix whereas in financial 2009, they related to the sale of surplus housing at Driefontein, Kloof and Beatrix.

MINING AND INCOME TAX

The table below indicates Gold Fields' effective tax expense rate for financial 2010 and financial 2009.

	2010 R million	2009 R million
Income and mining tax		
Effective tax expense rate	40.3	55.9

In financial 2010, the effective tax expense rate of 40% was lower than the maximum South African mining statutory tax rate of 43% mainly due to the tax effect of the following:

- R701 million adjustment to reflect the actual realised company tax rates in South Africa and offshore;
- R126 million reduction relating to the South African mining tax formula rate adjustment;
- R537 million adjustment relating to profit on disposal of investments and a gain on financial instruments on Eldorado top-up shares, which is subject to capital gains tax rather than income tax; and
- R199 million of non-taxable income across the various operations.

The above were offset by the following tax-effected charges:

- R551 million non-deductible charges comprising share-based payments (R176 million), exploration expense (R264 million) and impairment charges (R111 million);
- R668 million of royalties and levies at the South African, West African, Australasian and South American operations; and
- R181 million of capital gains tax on taxable gains on disposal of investments.

In financial 2009, the effective tax expense rate of 56% was higher than the maximum South African mining statutory tax rate of 43% mainly due to the tax effect of the following:

- R507 million adjustment to reflect the actual realised company tax rates in South Africa and offshore;
- R250 million reduction relating to the South African mining tax formula rate adjustment; and
- R25 million of assessed losses previously unrecognised at GFL Mining Services Limited and Gold Fields protection Services Limited.

The above were offset by the following tax-effected charges:

- R870 million non-deductible charges comprising share-based payments (R131 million), exploration expense (R219 million) and impairment charges (R520 million); and
- R339 million of royalties and levies at the West African and Australasian operations.

Profit attributable to ordinary shareholders of the company

As a result of the factors discussed above, Gold Fields posted earnings attributable to ordinary shareholders of the company of R3,631 million in financial 2010 compared with R1,536 million in financial 2009.

Profit attributable to non-controlling interest

Profits attributable to non-controlling interest were R643 million in financial 2010 compared with R319 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 remained unchanged in Gold Fields Ghana (Tarkwa) and Abosso Goldfields (Damang) at 28.9%, in Gold Fields La Cima (Cerro Corona) at 19.3% and in Living Gold (Pty) Limited at 35.01%.

The amount making up the non-controlling interest is shown below:

	Minority interest	**2010 R million**	2009 R million
Gold Fields Ghana Limited – Tarkwa	**28.9%**	**412**	260
Abosso Goldfields – Damang	**28.9%**	**101**	24
Gold Fields La Cima – Cerro Corona	**19.3%**	**133**	44
Living Gold (Pty) Limited	**35.0%**	**(3)**	(9)
		643	319

LIQUIDITY AND CAPITAL RESOURCES

Cash resources

Cash flows from operating activities

Cash inflows from operating activities increased from R6,001 million in financial 2009 to R8,507 million in financial 2010. The increase of R2,506 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	**943**
Increase in interest received as a result of higher cash balances	**107**
Release of working capital investment arising mainly from trade receivables	**1,201**
Lower interest payments due to lower borrowings and lower interest rates	**327**
Decrease in taxes paid	**49**
Lower dividends received	**(10)**
Increase in dividends paid to ordinary and minority shareholders	**(111)**
	2,506

Cash flows from investing activities

Cash outflows from investing activities increased from R7,284 million in financial 2009 to R7,432 million in financial 2010. The items comprising these numbers are discussed below.

Additions to property, plant and equipment

Capital expenditure increased from R7,649 million in financial 2009 to R7,742 million in financial 2010.

Management's discussion and analysis of the financial statements continued

Additions to property, plant and equipment (continued)

Capital expenditure at the South African operations increased from R3,643 million in financial 2009 to R4,508 million in financial 2010. The increase in capital expenditure of R865 million was due to:

- Driefontein increasing from R1,034 million in financial 2009 to R1,140 million in financial 2010. This was mainly due to increased expenditure on ORD and the uranium project partially offset by decreased expenditure on high- and low-density accommodation and various other capital projects;
- Kloof increasing from R959 million in financial 2009 to R1,104 million in financial 2010. This was due to accelerated expenditure on the main shaft pump column and increased expenditure on housing projects and hydro power equipment;
- South Deep increasing from R1,021 million in financial 2009 to R1,613 million in financial 2010. This increase was due to expenditure on increased development, the ventilation shaft deepening, the new tailings facility and infrastructure as per the project plan build-up; and
- Beatrix increasing from R629 million in financial 2009 to R651 million in financial 2010. This was mainly due to increased ORD and infrastructure upgrades.

Capital expenditure at the West African operations decreased from US$218 million in financial 2009 to US$178 million in financial 2010.

- Tarkwa decreased from US$201 million in financial 2009 to US$148 million in financial 2010. This was mainly due to the high spend on the CIL expansion project that was completed in financial 2009; and
- Damang increased from US$17 million in financial 2009 to US$30 million in financial 2010. This was due to expenditure on the secondary crusher and additional on-mine exploration.

Capital expenditure at the Australasian operations increased from A$135 million in financial 2009 to A$180 million in financial 2010.

- St Ives increased from A$93 million to A$117 million in financial 2010. The increase was due to accelerated capital development at Athena underground mine of A$31 million, with nothing expensed on this project in financial 2009; and
- Agnew increased from A$42 million in financial 2009 to A$63 million in financial 2010. The increase was due to the acquisition of a mining fleet to commence owner-mining.

Capital expenditure at Cerro Corona in Peru decreased from US$117 million in financial 2009 to US$86 million in financial 2010. This was mainly due to the completion of the project construction in the second quarter of financial 2009.

Proceeds on the disposal of property, plant and equipment

Proceeds on the disposal of property, plant and equipment decreased from R32 million in financial 2009 to R9 million in financial 2010. In both years, this related to the disposal of various redundant assets at the South African mining operations.

Royalty termination

On 27 August 2009, Gold Fields reached 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 2010, 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)/sale of subsidiary

In financial 2009, the Group disposed of its entire 70% controlling interest in the IRCA (Pty) Limited Group for R45 million.

Purchase of investments

Investment purchases decreased from R99 million in financial 2009 to R97 million in financial 2010.

The purchase of investments in financial 2010 comprised:	**R million**
Purchase of a shareholding in Atacama Pacific Gold Corporation	**5**
Loans advanced to GBF Underground Mining Company	**91**
Other	**1**
	97

The purchase of investments in financial 2009 comprised:	R million
Rights offer in Sino Gold Limited to maintain the Group's 19.9% shareholding	95
Purchase of a 9.1% holding in Glencar Mining Plc.	17
Purchase of 5.4% holding in Clancy Exploration Limited	2
Purchase of a 0.5% holding in Cascadero Copper Corporation	1
Loans repaid by GBF Underground Mining Company	(16)
	99

Proceeds on the disposal of investments

Proceeds on the disposal of investments increased from R482 million in financial 2009 to R2,831 million in financial 2010.

The proceeds on the disposal of investment in financial 2010 comprised:	**R million**
Sale of shares in:	
Eldorado Gold Corporation	**2,731**
Troy Resources NL	**53**
Orezone Resources Inc.	**29**
Great Basin Gold Limited and Lupa Joint Venture held through New Africa Mining Fund	**12**
Aquarius Platinum Limited	**5**
Cascadero Copper Corporation	**1**
	2,831

The proceeds on disposal of investments in financial 2009 comprised:	R million
Sale of IAMGold Corporation shares	282
Redemption of preference shares held in a wholly owned subsidiary of Mvela Resources Limited	200
	482

Environmental trust funds and rehabilitation payments

During financial 2010 Gold Fields paid R60 million into its South African environmental trust funds and spent R33 million on ongoing rehabilitation, resulting in a total cash outflow of R93 million for the year.

During financial 2009 Gold Fields paid over R58 million to its environmental trust funds and spent R36 million on ongoing rehabilitation resulting in a total cash outflow of R94 million for the year.

Management's discussion and analysis of the financial statements continued

Cash flows from financing activities

Net cash generated by financing activities decreased from R2,087 million in financial 2009 to net cash utilised of R75 million in financial 2010. The items comprising these amounts are discussed below.

Loans (repaid to)/received from minority shareholders

Minority shareholders' loans repaid were R116 million in financial 2010 compared with loans received of R10 million in financial 2009. The R116 million repaid in financial 2010 related to loan repayments of US$15 million by Tarkwa to IAMGold.

The R10 million received in financial 2009 related to an advance and a repayment between Tarkwa and its minority shareholder, IAMGold of US$6 million. The R10 million related to different exchange rates used to convert the advance and repayment to South African rand.

Loans raised

Loans raised increased from R11,704 million in financial 2009 to R12,276 million in financial 2010.

The loans raised in financial 2010 comprised:	**R million**
Notes issued as Commercial Paper loans to refinance existing facilities	**7,902**
US$221 million was raised under the split-tenor revolving credit facility to partially fund the St Ives Royalty and the acquisition of Glencar Mining	**1,642**
US$200 million was raised under syndicated revolving loan facility for purposes of refinancing existing facilities	**1,548**
Borrowings by GFIMSA from various local banks to fund short-term working capital requirements and capital expenditure	**1,040**
Proceeds on the scrip lending of three million Mvelaphanda shares	**144**
	12,276

The R11,704 million received in financial 2009 comprised:	R million
Drawn down on a credit facility in order to repay the Mvela loan. Mvela then used the proceeds from the loan repayment to subscribe for its 15% interest in GFIMSA by paying the R4,139 million to GFIMSA. Immediately upon receipt of the GFIMSA shares, Mvela exercised its right to use the GFIMSA shares to subscribe for 50 million new ordinary shares in Gold Fields	4,139
Borrowings by GFIMSA from various local banks to fund short-term working capital requirements and capital expenditure	3,900
US$138 million drawn down on the US$750 million syndicated facility to fund the capital expenditure on Cerro Corona and the acquisition, in financial 2009, of additional Sino Gold Limited shares	1,325
Notes issued as Commercial Paper loans to refinance existing facilities	1,143
US$116 million was raised under the syndicated revolving loan facility for purposes of refinancing existing facilities	993
US$20 million was drawn down under the short-term syndicated facility to fund capital expenditure	204
	11,704

Loans repaid

Loans repaid increased from R9,724 million in financial 2009 to R12,291 million in financial 2010.

Loans repaid in financial 2010 comprised:	**R million**
Commercial Paper loans	**5,443**
Group committed and uncommitted facilities	**2,140**
Syndicated revolving loan facility – US$272 million	**2,019**
Split-tenor revolving credit facility – US$290 million	**2,155**
Project finance facility at Cerro Corona – US$50 million	**383**
Syndicated facility – short term US$20 million	**151**
	12,291

The loans repaid in financial 2009 comprised:	R million
Mvelaphanda loan	4,623
Group committed and committed facilities	2,802
Syndicated revolving loan facility – US$44 million	377
Split-tenor revolving credit facility – US$150 million	1,299
Preference shares	623
	9,724

Shares issued

Shares issued decreased from R97 million in financial 2009 to R57 million in financial 2010.

The R57 million in financial 2010 related to proceeds received from shares issued in terms of the Group's employee share scheme.

The R97 million in financial 2009 included R25 million received from the issue of 50,000,000 shares as a result of the completion of the Mvelaphanda transaction and R72 million 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 for financial 2010 amounted to R999 million compared with net cash utilised of R804 million in financial 2009, a net increase of R1,803 million.

Total Group cash and cash equivalents amounted to R3,791 million at 30 June 2010, as compared with R2,804 million at the end of financial 2009.

STATEMENT OF FINANCIAL POSITION

Borrowings

Total debt (short and long-term) decreased from R8,896 million in financial 2009 to R8,487 million in financial 2010. Net debt (total debt less cash and cash equivalents) decreased from R6,092 million in financial 2009 to R4,697 million in financial 2010. These decreases are 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 three new facilities:

- US$450 million 3.5-year facility at LIBOR plus 175 basis points, 100 basis points lower than the existing facility it replaced;
- R1 billion 3-year facility at JIBAR plus 300 basis points; and
- R500 million 3-year facility at JIBAR plus 285 basis points.

During financial 2010, Gold Fields extensively accessed the Commercial Paper market in South Africa in order to benefit from the lower interest rates being charged on this paper relative to the traditional bank debt.

Long-term provisions

Long-term provisions at the end of financial 2010 were R2,318 million as compared with R2,320 million at the end of financial 2009 and included a provision for post-retirement health care costs of R22 million (financial 2009: R21 million), a provision for environmental rehabilitation costs of R2,296 million (financial 2009: R2,268 million) and other long term provisions of Rnil (financial 2009: R31 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.

Management's discussion and analysis of the financial statements continued

Provision for environmental rehabilitation costs

The amount provided for environmental rehabilitation costs increased from R2,268 million in financial 2009 to R2,296 million in financial 2010. This provision represented the present value of closure, rehabilitation and other environmental obligations incurred up to 30 June 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 financial 2009 for each region are shown in the table below:

	South Africa	Ghana	Australia	Peru
Inflation rates				
Financial 2009	7.0%	3.0%	2.5%	5.4%
Financial 2010	**7.0%**	**2.0%**	**2.5%**	**2.0%**
Discount rates				
Financial 2009	7.0 – 8.7%	4.1 – 4.4%	6.2 – 6.3%	6.7%
Financial 2010	**7.0 – 8.3%**	**6.1 – 6.4%**	**5.7 – 5.9%**	**5.2%**

The inflation adjustment for financial 2010 was R122 million compared with R129 million in financial 2009 and the interest adjustment for both financial 2010 and 2009 was R38 million.

Adjustments for new disturbances and changes in environmental legislation during financial 2010 and 2009, after applying the above inflation and discount rates were:

	2010 R million	2009 R million
South Africa	**(19)**	162
Ghana	**(33)**	70
Australia	**29**	3
Peru	**(50)**	(31)
Total	**(73)**	204

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 R887 million in financial 2009 to R1,013 million in financial 2010. The increase consists of contributions of R60 million and interest income of R66 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

During financial 2009, Gold Fields La Cima, a subsidiary of Gold Fields Limited, formally declared its intention to jointly participate 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$12 million) of the estimated cost of the project. The project commenced during financial 2010 and is expected to be completed by June 2011. The portion of the long-term provision of R31 million included in financial 2009 has now been reclassified as a short-term under accounts payable.

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 Governance 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 year, numerous strategic initiatives have been concluded. These include the transition of SAP support into a more robust and suitable contract. A capital control system at South Deep was implemented enabling the tracking and monitoring of earned value for our key capital investment projects.

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 annually.

The key programmes within ICT remain focused on the following themes:

1. Safety;
2. Information management and communications;
3. Productivity;
4. Cost management; and
5. ICT operational and delivery excellence.

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 to supporting the Gold Fields business. This model will see ICT at Gold Fields being organised according to the following areas:

- Commercial;
- Mining and MRM;
- Engineering;
- Environmental, health, safety, risk and medical;
- Infrastructure; and
- Projects and vendor management.

The Gold Fields ICT operating model enables ICT to focus on business imperatives and providing 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.

Management's discussion and analysis of the financial statements continued

Financials

ICT continues to focus on generating cost savings through the careful execution of its strategy. These savings are being used to finance the necessary investments in technology and business projects for the future.

Gold Fields ICT fiscal 2010 highlights

- Transition SAP support into a new global support model;
- The deployment of an IT solution to manage capital projects;
- The introduction of the new ICT operating model and strategy;
- The conclusion of phases 1 and 2 of the records and document management programme; and
- The conclusion of a security review and progress towards ISO certification.

Gold Fields ICT fiscal 2011 highlights

Financial 2011 ICT is expected to continue its focus on global standardisation and improved service delivery through the following strategic projects:

- The renegotiation of the outsource environment to generate savings on outsourced components;
- Development of the ICT global delivery excellence programme;
- The development of a global telepresence platform;
- The restructuring of ICT hardware and the negotiation of a new hardware hosting environment;
- The launch of a records and document management system; and
- Deployment of a consolidated business intelligence platform.

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 as noted.

PA Schmidt
Financial Director
10 September 2010

Directors' report

The directors have pleasure in submitting their report and the annual financial statements of the company and the Group for the year ended 30 June 2010.

PROFILE

Business of the company

Gold Fields Limited 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 nine operating mines in South Africa, Peru, Ghana and Australia. The company has total attributable Mineral Reserves of approximately 78 million ounces and Mineral Resources of 281 million ounces. Gold Fields is listed on 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 34 to 69 of this report.

FINANCIAL RESULTS

The information on the financial position of the Group for the year ended 30 June 2010 is set out in the financial statements on pages 194 to 243 of this annual report. The income statement shows profit attributable to Gold Fields Limited of R3,631 million (US$479 million) in financial 2010 compared to R1,536 million (US$170 million) in financial 2009.

COMPLIANCE WITH FINANCIAL REPORTING STANDARDS

The Gold Fields Group annual financial statements comply with International Financial Reporting Standards, 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 CAPITAL

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 for the year ended 30 June 2010:

	2010		2009	
	No of shares	**Rand**	No of shares	Rand
At the beginning of the year	**704,749,849**	**352,374,924.50**	653,200,682	326,600,341.00
Exercise of options by participants in the Gold Fields incentive schemes	**1,153,662**	**576,831.00**	1,549,167	774,583.50
Shares issued to Mvelaphanda Gold (Pty) Limited	**—**	**—**	50,000,000	25,000,000.00
At 30 June	**705,903,511**	**352,951,755.50**	704,749, 849	352,374,924.50

The following are the movements in the issued non-convertible redeemable preference share capital of the company for the year ended 30 June 2010:

	2010		2009	
	No of shares	**Rand**	No of shares	Rand
At the beginning of the year	**50**	**0.50**	100	1.00
Shares redeemed with FirstRand Bank Limited	**—**	**—**	(50)	(0.50)
At the end of the year	**50**	**0.50**	50	0.50

Directors' report continued

In terms of the 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.

In terms of the authority granted by shareholders at the annual general meeting held on 4 November 2009, all of the authorised but unissued ordinary 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 20% 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.

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 4 November 2009. 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 30 June 2010, the company had in issue, through The Bank of New York Mellon on the New York Stock Exchange (NYSE), 283,262,351 (2009: 298,196,921) 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) to substitute the scheme in place prior to the reverse takeover of Driefontein by Gold Fields in 1999. 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 23 March 2013.

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; and
- Share options expire no later than seven years from the grant date.

The directors are 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 30 June 2010, this represented 3.23% of shares in issue. The unexercised options under the scheme represented 0.19% of shares in issue as at 30 June 2010.

Further details of the scheme are disclosed in note 5 of the financial statements on pages 200 to 202.

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 201.

The salient features of the scheme are as follows:

- Share options vest one year after allocation;
- 10,000 share options will be issued annually to non-executive directors provided the directors in question have attended at least 75% of the Board meetings; and
- 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 12 February 2011.

Further details of the scheme are disclosed in note 5 of the financial statements on pages 200 to 202.

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;
- 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. 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. In addition 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, collectively referred to as "the peer group", over the three year period:
  - AngloGold Ashanti
  - Barrick Gold Corp.
  - Goldcorp Inc.
  - Harmony Gold Mining Co.
  - Newmont Mining Corp.

  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; and
- 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 170.

Further details of the scheme are disclosed in note 5 of the financial statements on pages 200 to 202.

Directors' report continued

Gold Fields Limited 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.

The salient features of the plan are as follows:

- Restricted shares are to be granted annually; and
- 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 200 to 202.

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 Scheme be immediately discontinued.

The directors are 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 5% 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 0.5% of the company's total issued ordinary share capital. The unexercised options and shares under the schemes and plans represented 2.22% of shares in issue at 30 June 2010.

Consolidated table of all equity-settled instruments under all the schemes

	Number of equity securities
Outstanding at 1 July 2009	13,927,911*
Movement during the year	
Granted during the year	4,789,069
Exercised and released	(1,124,081)
Forfeited	(1,314,002)
Conditions for vesting not met	(609,751)
Outstanding at 30 June 2010	15,669,146**

** Included in this number are 81,700 options and 101,100 restricted shares available to non-executive directors under the GF Non-executive Share Plan and the Gold Fields Limited 2005 Non-executive Share Plan, respectively.*

*** Included in this number are 81,700 options and 132,578 restricted shares available to non-executive directors under the GF Non-executive Share Plan and the Gold Fields Limited 2005 Non-executive Share Plan, respectively.*

Due to the number of prohibited periods which the company has been subjected to 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 year under review:

Director	Nature of change	Date of change
Paul Schmidt[1]	Appointed	6 November 2009
John Hopwood	Passed away	19 March 2010

[1] *Appointed Financial Director*

Gayle Wilson was appointed Chair of the Audit Committee on 25 March 2010 to replace John Hopwood.

Mamphela Ramphele joined the Board on 1 July 2010 as an independent non-executive director and Deputy Chair of the Board. She will take over as Chair of the Board from Alan Wright who will retire at the end of the company's annual general meeting to be held on 2 November 2010.

Rotation of directors

Directors retiring in terms of the company's articles of association are Dr MA Ramphele, Mr PA Schmidt, Mr RL Pennant-Rea, Mr DMJ Ncube and Mr AJ Wright. Mr Wright 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

As at 30 June 2010, the directors' beneficial and associate interest in the issued and listed share capital of the company was 0.026% (2009: 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	**2010**	2009	**2010**	2009	**2010**	2009
Alan Wright	**71,582**	71,582	**87,635**	87,635	**5,360**	5,360
Mamphela Ramphele	**–**	–	**–**	–	**–**	–
Nicholas Holland	**–**	–	**–**	–	**–**	–
Paul Schmidt	**–**	–	**–**	–	**–**	–
Kofi Ansah	**–**	–	**–**	–	**–**	–
Cheryl Carolus	**–**	–	**–**	–	**–**	–
Roberto Danino	**–**	–	**–**	–	**–**	–
John Hopwood[1]	**15,000**	15,000	**–**	–	**–**	–
Richard Menell	**–**	–	**–**	–	**–**	–
David Murray	**–**	–	**–**	–	**–**	–
Donald Ncube	**–**	–	**–**	–	**–**	–
Rupert Pennant-Rea	**2,030**	2,030	**–**	–	**–**	–
Chris von Christierson	**3,000**	–	**–**	–	**–**	–
Gayle Wilson	**–**	–	**–**	–	**–**	–
Total	**91,612**	88,612	**87,635**	87,635	**5,360**	5,360

[1] *Deceased 19 March 2010, shares held through his estate.*

Directors' report continued

At the date that this directors' report was prepared, the following directors disposed, on market, some or all of the shares, which settled after 30 June 2010 and before 10 September 2010:

- Paul Schmidt – 452 shares
- Rupert Pennant-Rea – 728 shares

The following directors acquired, off market, additional shares, which settled after 30 June 2010 and before 10 September 2010:

- Nicholas Holland – 2,788 shares
- Rupert Pennant-Rea – 1,172 shares
- Alan Wright – 2,800 shares.

The company has not entered into any contracts of service, other than the service contract with the executive directors of the company.

Directors' equity-settled instruments

The directors held the following equity-settled instruments at 30 June 2010.

	Equity-settled instruments at 30 June 2009		Equity-settled instruments granted during the year		Equity-settled instruments forfeited during the year		Conditions for vesting not met		Equity-settled instruments exercised during the year			Equity-settled instruments at 30 June 2010	
Director	Number	Average strike price (cents)	Number	Average strike price (cents)	Number	Average strike price (cents)	Number	Average strike price (cents)	Number	Average strike price (cents)	Benefit arising (R million)	Number	Average strike price (cents)
Alan Wright	44,500	89.00	6,300	–	–	–	–	–	–	–	–	**50,800**	**89.00**
Nicholas Holland	463,290	89.92	–	–	–	–	–	–	–	–	–	**463,290**	**89.92**
Paul Schmidt[1]	100,309	101.36	–	–	–	–	–	–	–	–	–	**100,309**	**101.36**
Kofi Ansah	16,300	68.59	4,100	–	–	–	–	–	1,900	–	0.2	**20,400**	**68.59**
Cheryl Carolus	–	–	4,100	–	–	–	–	–	–	–	–	**4,100**	**–**
Roberto Danino	–	–	4,100	–	–	–	–	–	–	–	–	**4,100**	**–**
John Hopwood[2]	8,500	–	4,100	–	7,022	–	–	–	–	–	–	**5,578**	**–**
Richard Menell	–	–	4,100	–	–	–	–	–	–	–	–	**4,100**	**–**
David Murray	5,000	–	4,100	–	–	–	–	–	–	–	–	**9,100**	**–**
Donald Ncube	8,500	–	4,100	–	–	–	–	–	800	–	0.1	**11,800**	**–**
Rupert Pennant-Rea	34,600	84.79	4,100	–	–	–	–	–	–	–	–	**38,700**	**84.79**
Chris von Christierson	29,600	99.21	4,100	–	–	–	–	–	1,900	–	0.2	**31,800**	**99.21**
Gayle Wilson	–	–	4,100	–	–	–	–	–	–	–	–	**4,100**	**–**
Alan Hill[3]	–	–	–	–	–	–	–	–	–	–	–	**–**	**–**
Vishnu Pillay[4, 5]	108,207	109.82	–	–	–	–	–	–	–	–	–	**108,207**	**109.82**
Michael Fleischer[4, 6]	131,130	110.26	–	–	–	–	–	–	–	–	–	**131,130**	**110.26**
Tommy McKeith[4]	190,530	115.40	–	–	–	–	–	–	–	–	–	**190,530**	**115.40**

[1] *Appointed 6 November 2009.*

[2] *Deceased 19 March 2010.*

[3] *Appointed 21 August 2009.*

[4] *Three most highly paid employees who are not directors.*

[5] *Acquired, off market, 1,946 additional shares which settled after 30 June 2010 and before 10 September 2010.*

[6] *Sold, on market, 2,986 additional shares which settled after 30 June 2010 and before 10 September 2010.*

After 30 June 2010, the following directors forfeited all of the share options which vested to them in terms of Gold Fields 2005 Share Plan:

- Rupert Pennant-Rea – 5,000 options
- Chris von Christierson – 10,000 options
- Alan Wright – 10,000 options.

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 167 and 200.

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.

Director	Board fees		Travel allowance[3]	Salary	Total bonus[1]	Pension scheme total contributions	Expense allowances	2010[2]	2009
	Directors' fees	Committee fees							
Executive									
Nicholas Holland	—	—	—	6,271,760.18	5,949,425.51	1,038,499.98	1,183,112.28	**14,442,797.95**	11,735,340.00
Paul Schmidt[4]	—	—	—	1,967,012.04	—	235,311.96	211,458.33	**2,413,782.33**	—
Three most highly paid employees who are not directors									
Michael Fleischer[8]	—	—	—	3,816,348.37	2,466,758.26	615,520.02	—	**6,898,626.65**	—
Vishnu Pillay[8]	—	—	—	3,580,213.60	2,141,937.00	806,958.48	95,506.67	**6,624,615.75**	—
Tommy McKeith[8]	—	—	—	3,808,420.59	1,966,770.06	210,075.97	—	**5,985,266.62**	—
Non-executive									
Kofi Ansah	245,000.00	168,200.00	238,600.00	—	—	—	—	**651,800.00**	625,096.00
Cheryl Carolus	255,000.00	84,100.00	40,500.00	—	—	—	—	**379,600.00**	132,631.49
Roberto Danino	255,000.00	84,100.00	159,800.00	—	—	—	184,019.86	**682,919.86**	118,340.88
John Hopwood[5]	175,994.48	197,085.08	—	—	—	—	—	**373,079.56**	537,508.00
Gill Marcus[6]	10,010.87	—	—	—	—	—	—	**10,010.87**	282,950.00
Richard Menell	245,000.00	338,700.00	40,500.00	—	—	—	—	**624,200.00**	303,181.79
David Murray	255,000.00	220,250.00	198,100.00	—	—	—	—	**673,350.00**	596,446.00
Donald Ncube	255,000.00	202,550.00	40,500.00	—	—	—	—	**498,050.00**	371,172.00
Rupert Pennant-Rea	235,000.00	202,550.00	279,100.00	—	—	—	—	**716,650.00**	607,596.00
Chris von Christierson	245,000.00	310,350.00	238,600.00	—	—	—	—	**793,950.00**	778,682.00
Gayle Wilson	255,000.00	312,953.87	40,500.00	—	—	—	86,820.00	**695,273.87**	460,476.32
Alan Wright	1,256,000.00	—	40,500.00	—	—	—	79,515.00	**1,376,015.00**	1,475,949.00
Alan Hill[7]	216,290.76	71,281.52	200,300.00	—	—	—	205,769.75	**693,642.03**	—
	3,903,296.11	2,192,120.47	1,517,000.00	19,443,754.78	12,524,890.83	2,906,366.41	2,046,201.89	**44,533,630.49**	18,025,369.48

[1] *Bonuses are for financial 2009 performance, paid in financial 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 financial 2010 were as follows:
Nicholas Holland US$501,164.96 and Paul Schmidt US$45,098.86.

[3] *A travel allowance for the non-executive directors was approved at the AGM held on 4 November 2009.*

[4] *Appointed 6 November 2009.*

[5] *Deceased 19 March 2010.*

[6] *Resigned 20 July 2009.*

[7] *Appointed 21 August 2009.*

[8] *Three most highly paid employees who are not directors.*

Remuneration policy

The company's remuneration policy is determined by the Remuneration Committee of the Board. Over the past financial year 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.

Directors' report continued

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 achieve 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 the financial 2009 financial year, in financial 2010 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) was 49.7% of 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; and
- 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 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 objectives of Gold Fields;
- Align their interests with the continuing growth of the company and delivery of value to its shareholders; and
- 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 Remuneration Committee comprising the CEO and independent external parties. Proposed changes to the fees payable to non-executive directors, are set out in the notice of the annual general meeting, which accompanies this report.

Directors' and officers' disclosure of interests in contracts

During the year 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 242 to 243.

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

On Wednesday, 3 February 2010, the company declared an interim cash dividend of 50 SA cents (2009: 30 SA cents) per ordinary share to shareholders reflected in the register of the company on Friday, 19 February 2010. The dividend was declared in the currency of the Republic of South Africa. This dividend was paid on Monday, 1 March 2010.

Final dividend

On Wednesday, 4 August 2010, the company declared a final cash dividend of 70 SA cents per ordinary share (2009: 80 SA cents) to shareholders reflected in the register of the company on Friday, 20 August 2010. The dividend was declared in the currency of the Republic of South Africa. This dividend was paid on Monday, 30 August 2010.

The dividend resulted in a total dividend of 120 SA cents per share for the year, with the final dividend being accounted for in financial 2011.

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 30 June 2010, the company's borrowing totalled R8,487 million (US$1,121 million) (2009: R8,895.5 million (US$1,104 million)).

Fixed assets

Capital expenditure

Capital expenditure for the year amounted to R7,742 million compared to R7,649 million in financial 2009. Estimated capital expenditure for the year ending 30 June 2011 is R8,600 million and is intended to be funded from internal sources and, to the extent necessary, borrowings.

Investments

Acquisitions

Investment purchases decreased marginally from R99 million in financial 2009 to R97 million in financial 2010.

The major investment in financial 2010 were loans of R91 million advanced to GBF Underground Mining Company.

Disposals

Proceeds from the disposal of investments increased from R482 million in financial 2009 to R2,831 million in financial 2010.

The major investment disposal in financial 2010 was the sale of shares in Eldorado Gold Corporation.

During financial 2010, 58 million Sino Gold shares were exchanged for 28 million shares in Eldorado Gold Corporation resulting in a profit of R447 million. Subsequently a further four million top-up shares were received from Eldorado Gold. All the Eldorado shares were liquidated during the year resulting in a profit of R752 million of which R402 million relating to the top-up shares was recognised as gains on financial instruments. The total cash proceeds on disposal of Eldorado shares was R2,731 million.

SIGNIFICANT ANNOUNCEMENTS

21 October 2009

Gold Fields Limited announced that it has become the first mining group, registered as a signatory with the International Cyanide Management Institute (ICMI[1]), to obtain accreditation for all its eligible operations with the International Cyanide Management Code (Cyanide Code). This follows full accreditation being achieved at Kloof Mine and Driefontein Mine, both located in South Africa.

[1] *The ICMI is established under the auspices of the United Nations' Environment Programme and International Council on Metals and the Environment. The ICMI administers the International Cyanide Management Code of Practice to which signatories adhere, to manage cyanide responsibly.*

Directors' report continued

18 November 2009
Gold Fields Limited announced the appointment of Paul Schmidt CA(SA) as Financial Director of the Company with effect from Friday, 6 November 2009.

24 March 2010
Gold Fields Limited announced the appointment of Richard Weston as Executive Vice-President of its Australasian Region with effect from May 1. Mr Weston will be part of the company's Executive Committee reporting to CEO Nick Holland.

26 March 2010
Gold Fields Limited announced that attributable Group gold production for Q3 financial 2010 is expected to be approximately 800 000 ounces, in line with the revised guidance issued on 23 February 2010.

9 April 2010
Gold Fields Limited announced that it has been ranked first in the open-pit mining category of the 13th National Mining Safety Contest of Peru. The yearly contest is organised by the Mining Safety Institute of Peru to instill safe mining practices and ensure that the best occupational health and safety standards are maintained in the industry.

19 April 2010
Gold Fields Limited announced that it is investing R26 million in an effort to address skills shortages in the South African mining industry. The three-year sponsorship deal comprises investments in the mining engineering faculties at the University of Witwatersrand and the University of Johannesburg. The official handover ceremony held at Wits University was attended by the Department of Minerals and Resources Minister Susan Shabangu.

21 April 2010
Gold Fields Limited announced that it has started the depth extension of the South Deep Ventilation Shaft, a crucial milestone in the development of South Deep, the newest mine in Gold Fields' South African portfolio. The Ventilation Shaft is the second of the two shafts which together form the Twin Shaft Complex of South Deep. The first shaft of the Twin Shaft Complex, the Main Shaft, was completed in 2004.

30 April 2010
Gold Fields Limited announced that its Damang Gold Mine in Ghana is set to increase production significantly, following the successful construction and commissioning of a new Secondary Crushing Plant.

10 May 2010
Gold Fields Limited announced that the South African Department of Mineral Resources has approved – in terms of the requirements of the Mineral and Petroleum Resources Development Act 2002 (Act 28 of 2002) (the Act) – the conversion of the South Deep old order mining right into a new-order mining right.

11 May 2010
Chucapaca's joint venture partners, Gold Fields Limited (51%) and Compañía de Minas Buenaventura S.A.A. (49%) announced the discovery of a major gold-copper-silver deposit in their Chucapaca project area in southern Peru.

20 May 2010
Gold Fields Limited announced a substantial increase in the Mineral Resource at Hamlet, an emerging gold deposit in the Argo-Athena camp at its St Ives Gold Mine in Western Australia.

24 May 2010
Gold Fields Limited announced that it has secured a US$450 million revolving credit loan maturing 30 September 2013 to refinance a US$311 million one-year facility that expired in May 2010. Gold Fields was seeking a minimum of US$300 million from the banks approached to support the revolving credit loan.

26 May 2010
Gold Fields Limited is set to become the world's first gold mining company to sell Certified Emissions Reductions (CERs), the financial securities used to trade carbon emissions. Gold Fields will derive the CERs from the capture of methane gas at its Beatrix Gold Mine in South Africa's Free State province. The company will sell 1,700,000 CERs to European energy trading company Mercuria Energy Trading SA under forward contracts which will run until 2016.

31 May 2010

Gold Fields Limited announced that Alan Wright will retire as Chair and director of Gold Fields with effect from the next annual general meeting (AGM) on 2 November 2010. Mr Wright will be replaced as Chair by prominent businesswoman and political and social activist, Mamphela Ramphele. Dr Ramphele will join the Board as Non-Executive Director and Deputy Chair on 1 July 2010 and take over as Chair at the AGM.

5 August 2010

Following on its 10 May 2010 media release, 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. The cumulative effect of this execution, together with the previous conversions for Driefontein, Kloof and Beatrix granted in 2006, is that all of Gold Fields' South African operations have now been granted their new-order mining right.

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 SHARES (STRATE)

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 SERVICES

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. This increased cost, should it transpire, is 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 R2,296 million (2009: R2,268 million). Cash contributions of R60 million (2009: R58 million) have been paid during the year to a dedicated trust fund created to fund these provisions. The total amount invested at year-end amounted to R1,013 million (2009: R887 million).

SPECIAL RESOLUTIONS ADOPTED BY SUBSIDIARY COMPANIES

There were no special resolutions passed by subsidiary companies during the year under review that related to capital structures, borrowing powers, the objects clause contained in the memorandum of association or any other material matter that affects the understanding of the company and its subsidiaries.

LITIGATION

The shareholders were informed about the summons received on 21 August 2008 from Randgold and Exploration Company Limited (R&E) and African Strategic Investment (Holdings) Limited issued to Gold Fields Operations Limited, formerly known as Western Areas Limited (WAL), a subsidiary of Gold Fields.

It is asserted in the summons 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 it has instructed its attorneys to vigorously defend these 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 update on the matter is that the plaintiffs have failed, to date, to prosecute their claims and the action remains in abeyance.

Directors' report continued

LITIGATION (continued)

On 1 May 2008, an accident occurred at the twin shaft complex of the South Deep Mine. The accident occurred at the mine's ventilation raise hole and nine people were fatally injured. The Mine Health and Safety Inspectorate (MHSI) of the DMR has completed an investigation into the accident pursuant to the Mine Health and Safety Act. The investigation report of the MHSI and an expert report obtained by the DMR, have been forwarded to the Director of Public Prosecution for attention. The Director of Public Prosecution has requested the Chief Magistrate and Senior Public Prosecutor of the Westonaria magisterial district, in which district the accident occurred, to make arrangements for the holding of a joint inquest and inquiry. The South Deep Mine has taken steps to obtain a copy of the investigation and expert reports.

BLACK ECONOMIC EMPOWERMENT

On 5 August 2010 Gold Fields announced a series of empowerment transactions to meet its 2014 Black Economic Empowerment equity ownership requirements. It is the aim of the company to complete the following three transactions before the end of 2010:

Transaction 1

Gold Fields will facilitate the establishment of 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). The ESOP will be 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 will be issued to and 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 about 600,000 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 will also subscribe 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 company 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.

In terms of JSE Listing Requirements a circular giving full details of the transaction will be distributed to shareholders in due course. The transactions are subject to certain suspensive conditions, including shareholder approval for Transactions 1 and 2. The detailed pro-forma effect of Transactions 1 and 2 were outlined in a Stock Exchange News Services statement on 5 August 2010.

Details of the ESOP scheme

- About 47,100 GFIMSA employees in the Paterson Grade A to C categories will be granted approximately 13.5 million unencumbered new Gold Fields Limited shares through the Thusano Trust.
- About 12.6 million of the shares will be allocated to HDSA employees, an effective 10% stake in GFIMSA.
- The approximate 13.5 million Gold Fields Limited shares in the ESOP scheme will be held by the Gold Fields Thusano Share Trust for 15 years.
- The Thusano Trust will have 14 trustees comprising ten trade union representatives, two Gold Fields trustees and two independent trustees, of whom one will be the chairperson.
- The Thusano Trust will exercise full voting rights on behalf of the employees.
- The share allocation to employees will be 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 are allocated free of charge 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 about R20 million a year.

BLACK ECONOMIC EMPOWERMENT (continued)

Details of the BEE Consortium (BEECO)

- The newly formed BEECO will comprise:
  i. 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;
  ii. 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; and
  iii. 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. In December 2010 the company will report for the six-month financial period ending 31 December 2010. Subsequently, the financial accounting period will run for a full 12-month cycle from January to December.

ADMINISTRATION

The office of Company Secretary of Gold Fields Limited was held by Cain Farrel for the year 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

At the recommendation of the Audit Committee, the Board at a meeting held on 24 June 2010 resolved, subject to the approval by shareholders, to appoint KPMG as the new auditors of the company in place of PricewaterhouseCoopers Inc, the current auditors. KPMG's appointment is with effect from the new financial period commencing 1 July 2010.

SUBSIDIARY COMPANIES

Details of major subsidiary companies in which the company has a direct or indirect interest are set out on pages 255 and 256.

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 years presented, except for the adoption of new and revised standards and interpretations.

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board, 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 in F2010

During the financial year, 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 *First-Time Adoption of International Financial Reporting Standards* and **IAS 27** *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*	Amendments	• First-time adopters can use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. • The definition of the cost method from IAS 27 has been removed and replaced with a requirement to present dividends as income in the separate financial statements of the investor.	No impact
IFRS 2 *Amendment to IFRS 2 Share-Based Payments: Vesting Conditions and Cancellations*	Amendments	• Clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. • All cancellations, whether by the entity or by other parties, should receive the same accounting treatment.	No impact
IFRS 3 *Business Combinations*	Revision	• Focuses on recognising different components of a business combination at fair value rather than a cost allocation. • Transaction costs are no longer capitalised as part of the cost of the business combination. • All elements of consideration are recognised at the date of the business combination. Subsequent changes in the value of the consideration do not adjust goodwill, but rather impact income. • Payments that are not consideration affect income. • Acquirer's interest includes previous holdings. • Introduction of a choice on how to recognise goodwill by either measuring the non-controlling interest at fair value or at its share of net assets. • Subsequent changes in deferred taxes recognised as part of the business combination impact income rather than adjust goodwill. • Additional guidance provided on recognition of assets acquired and liabilities assumed.	No impact
IFRS 7 *Financial Instruments: Disclosures, Improving Disclosures about Financial Instruments*	Amendments	• Introduces a three-level hierarchy for fair value measurement disclosures. • Requires entities to provide additional disclosures about the relative reliability of fair value measurements. • Clarifies and enhances existing requirements for disclosure of liquidity risk.	No impact

Standard(s) Amendment(s) Interpretation(s)	Nature of the change	Salient features of changes	Impact on financial position or performance
IFRS 8 *Operating Segments*	New standard	• An entity must report financial and descriptive information about its reportable segments. • Financial information to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. • Additional disclosure requirements include factors used to identify the entity's operating segments and the types of products and services from which each reportable segment derives its revenue.	No impact
IFRS		• 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
IAS 1 *Presentation of Financial Statements*	Revision	• Affects the presentation of owner changes in equity and of comprehensive income. • Requires presentation, in a statement of changes in equity, of all owner changes in equity. All non-owner changes in equity to be presented in one statement of comprehensive income or in two statements. • Requires disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income. • Requires presentation of dividends recognised as distributions to owners and related amounts per share in the statement of changes in equity or in the notes.	No impact
IAS 27 *Consolidated and Separate Financial Statements*	Revision	• The equity providers of capital to the economic entity include both the parent company's shareholders and the non-controlling interest (previously minority interest). Non-controlling interests continue to be recognised as part of equity. However, losses are allocated to the non-controlling interest even if a deficit balance results.	No impact
IAS 32 *Financial Instruments: Presentation* and **IAS 1** *Presentation of Financial Instruments – Puttable Financial Instruments and Obligations Arising on Liquidation*	Amendments	• IAS 32 requires some financial instruments that meet the definition of a financial liability to be classified as equity. Puttable financial instruments and instruments which put an obligation on the entity to deliver to another party a *pro rata* share of the net assets of the entity only on liquidation are now specifically defined. • IAS 1 has been similarly amended to prescribe the necessary presentation and disclosure for such instruments.	No impact
IAS 39 *Amendments to IAS 39 Financial Instruments: Recognition and Measurement Exposures Qualifying for Hedge Accounting*	Amendments	• Prohibits designating inflation as a hedgeable component of a fixed rate debt. • Prohibits including time value in the one-sided hedged risk when designating options as hedges.	No impact
IFRIC 15 *Agreements for the Construction of Real Estate*	Interpretation	• Addresses diversity in accounting for real estate sales and clarifies how to determine whether an agreement is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from construction should be recognised.	No impact

Accounting policies continued

Standard(s) Amendment(s) Interpretation(s)	Nature of the change	Salient features of changes	Impact on financial position or performance
IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*	Interpretation	Provides guidance on: • Identifying the foreign currency risks that qualify as a hedged risk (in the hedge of a net investment in a foreign operation). • Where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting. • How an entity should determine the amounts to be reclassified from the statement of comprehensive income to profit or loss for both the hedging instrument and the hedged item.	No impact
IFRIC 17 *Distributions of Non-cash Assets to Owners*	Interpretation	Applies to the accounting for distributions of non-cash assets (commonly referred to as dividends *in specie*) to the owners of the entity. The interpretation clarifies that: • A dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity. • A dividend payable should be measured at the fair value of the net assets to be distributed. • An entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.	No impact
IFRIC 18 *Transfers of Assets from Customers*	Interpretation	• Clarifies the accounting treatment for transfers of property, plant and equipment received from customers. • Applies to agreements with customers in which the entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods and services, or to do both.	No impact

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 July 2010 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 1 *Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters* (amendment)	Amendment	• Provides first-time adopters with the same transition provisions as included in the amendment to IFRS 7.	1 July 2010
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.	1 January 2010

** Effective date refers to annual period beginning on or after said date.*

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.	1 January 2013
IFRS		• The remainder of the 2009 annual improvements as well as the 2010 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
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.	1 February 2010
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
IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*	Interpretation	• Clarifies the accounting when an entity renegotiates in 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.	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.

Accounting policies continued

1. BASIS OF PREPARATION (continued)

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 is 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 during the fourth quarter of each year.

The carrying amount of property, plant and equipment at 30 June 2010 was R52,813 million (2009: R48,337 million). The carrying value of goodwill at 30 June 2010 was R4,459 million (2009: 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 ore bodies 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.

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.

Preproduction

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 30 June 2010:
Deferred taxation liability: R7,143 million (2009: R6,129 million)
Taxation liability: R790 million (2009: R792 million)

Accounting policies continued

1. BASIS OF PREPARATION (continued)

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 30 June 2010 were R2,296 million (2009: R2,268 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 30 June 2010 was R2,344 million (2009: R2,148 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 2010 was R408 million (2009: R303 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. The carrying values of derivative financial instruments at 30 June 2010 was a liability of Rnil (2009: a liability of R14 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.

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 values 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. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

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 are 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 and 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% and 50% 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.

Accounting policies continued

3. FOREIGN CURRENCIES (continued)

3.1 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 ore bodies, to define mineralisation in existing ore bodies, 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 ore bodies 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 ore bodies exploited by the Group is limited to the timespan 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.

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 has 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-mine using the units-of-production method, based on estimated proved and probable Ore Reserves above infrastructure.
- where it is anticipated that the life-of-mine will significantly exceed the proved and probable reserves, the life-of-mine 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%
- Computers, 33.3%
- Furniture and equipment, 10%.

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" or "fair value less costs to sell" 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.

Accounting policies continued

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.

7. DEFERRED TAXATION

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.

Investments in subsidiaries and associates are recognised at cost less accumulated impairment losses.

9.2 Derivative financial instruments

The Group's general policy with regard to its exposure to the dollar gold price is to remain unhedged. However, hedges are sometimes undertaken on a project-specific basis as follows:

- to protect cash flows at times of significant expenditure;
- for specific debt servicing requirements; and
- to safeguard the viability of higher cost operations.

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 forecast 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 forecast 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 forecast 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.

Accounting policies continued

9. FINANCIAL INSTRUMENTS (continued)

9.2 Derivative financial instruments (continued)

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.

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 dependants 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.

Accounting policies continued

13. EMPLOYEE BENEFITS (continued)

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. SHARE CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction therefrom, net of tax. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are included in the cost of acquisition as part of the purchase consideration.

15. 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.

15.1 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.

15.2 Revenue from services is recognised over the period the services are rendered and is accrued in the financial statements.

15.3 Dividends, which include capitalisation dividends, are recognised when the right to receive payment is established.

15.4 Interest income is recognised on a time proportion basis taking account of the principal outstanding and the effective rate over the period to maturity.

16. DIVIDENDS DECLARED

Dividends and the related taxation thereon are recognised only when such dividends are declared.

17. 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 per share is presented when the inclusion of ordinary shares that may be issued in the future has a dilutive effect on earnings per share.

18. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker and are 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.

19. COMPARATIVES

Where necessary, comparatives are adjusted to conform to changes in presentation. No comparatives were adjusted in the current year unless otherwise stated.

20. ADDITIONAL US DOLLAR FINANCIAL INFORMATION

The translation of the financial statements into US dollar 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 year ended 30 June 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS				SOUTH AFRICAN RAND	
2009	**2010**		Notes	**2010**	2009
3,228.3	**4,164.3**	Revenue	1	**31,565.3**	29,086.9
(2,415.7)	**(3,143.8)**	Cost of sales	2	**(23,829.4)**	(21,765.9)
812.6	**1 020.5**	Net operating profit		**7,735.9**	7,321.0
24.9	**40.2**	Investment income	3	**304.7**	224.8
(96.9)	**(65.0)**	Finance expense	4	**(492.7)**	(872.8)
(6.2)	**27.6**	Realised gain/(loss) on financial instruments		**209.7**	(55.9)
10.2	**(8.5)**	(Loss)/gain on foreign exchange		**(64.6)**	91.7
(22.7)	**(27.6)**	Other costs		**(209.4)**	(202.8)
(33.7)	**(53.9)**	Share-based payments	5	**(408.2)**	(303.4)
(56.4)	**(80.9)**	Exploration expense		**(612.9)**	(508.3)
(15.7)	**15.6**	Share of results of associates after taxation		**118.3**	(141.3)
(13.9)	**(2.2)**	Restructuring costs		**(16.7)**	(125.5)
14.6	**—**	South Deep insurance claim		**—**	131.4
0.2	**—**	Driefontein 9 Shaft closure costs		**—**	1.9
(134.2)	**(34.0)**	Impairment of investments	6	**(257.8)**	(1,209.5)
(16.4)	**111.8**	Profit/(loss) on disposal of investments		**846.9**	(148.0)
0.5	**0.3**	Profit on disposal of property, plant and equipment		**2.5**	4.3
466.9	**943.9**	Profit before taxation	7	**7,155.7**	4,207.6
(261.2)	**(380.1)**	Mining and income tax	8	**(2,881.2)**	(2,353.5)
205.7	**563.8**	Profit for the year		**4,274.5**	1,854.1
		Profit attributable to:			
170.4	**479.0**	– Owners of the parent		**3,631.4**	1,535.6
35.3	**84.8**	– Non-controlling interest		**643.1**	318.5
205.7	**563.8**			**4,274.5**	1,854.1
		Earnings per share attributable to ordinary shareholders of the company:			
25	**68**	Basic earnings per share – cents	9.1	**515**	229
25	**67**	Diluted earnings per share – cents	9.2	**508**	227

Exchange rate: R7.58/US$ (2009: R9.01/US$).

The accompanying notes form an integral part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 30 June 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
2009	**2010**		**2010**	2009
205.7	**563.8**	**Profit for the year**	**4,274.5**	1,854.1
(252.7)	**241.3**	**Other comprehensive expenses**	**(751.3)**	(1,912.4)
(111.9)	**15.2**	Mark-to-market valuation of listed investments	**115.3**	(1,007.7)
16.0	**8.1**	Mark-to-market adjustment released on impairment of listed investments	**61.3**	143.8
16.8	**(65.9)**	Realised (gain)/loss on disposal of listed investments	**(499.4)**	151.2
(11.2)	**9.7**	Deferred taxation on marked to market valuation of listed investments	**73.8**	(101.0)
(132.3)	**272.9**	Currency translation adjustments	**(512.2)**	(827.5)
(36.8)	**—**	Dilution loss on associate	**—**	(331.9)
6.7	**1.3**	Share of equity investee's other comprehensive income	**9.9**	60.7
(47.0)	**805.1**	**Total comprehensive income/(expenses) for the year**	**3,523.2**	(58.3)
		Attributable to:		
(72.1)	**701.5**	– Owners of the parent	**2,888.9**	(359.1)
25.1	**103.6**	– Non-controlling interest	**634.3**	300.8

Exchange rate: R7.58/US$ (2009: R9.01/US$).
The accompanying notes form an integral part of these financial statements.

Consolidated statement of financial position

at 30 June 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS				SOUTH AFRICAN RAND	
2009	**2010**		Notes	**2010**	2009
		ASSETS			
7,029.0	**7,836.3**	**Non-current assets**		**59,320.7**	56,653.8
5,997.2	**6,976.7**	Property, plant and equipment	11	**52,813.4**	48,337.4
553.2	**589.0**	Goodwill	12	**4,458.9**	4,458.9
54.5	**46.0**	Investment in associates	13	**348.2**	439.8
314.1	**90.8**	Investments	15	**687.7**	2,531.0
110.0	**133.8**	Environmental trust funds	16	**1,012.5**	886.7
1,067.2	**1,191.5**	**Current assets**		**9,019.5**	8,600.8
266.5	**309.6**	Inventories	17	**2,343.6**	2,148.4
383.8	**305.6**	Trade and other receivables	18	**2,313.2**	3,092.8
59.3	**75.6**	Deferred stripping costs		**572.2**	477.8
357.6	**500.7**	Cash and cash equivalents	20	**3,790.5**	2,881.8
8,096.2	**9,027.8**	**Total assets**		**68,340.2**	65,254.6
		EQUITY AND LIABILITIES			
54.1	**54.2**	Share capital		**353.0**	352.4
4,535.8	**4,543.1**	Share premium		**31,169.4**	31,113.2
(959.2)	**(682.8)**	Other reserves		**(1,470.0)**	(1,135.7)
1,357.7	**1,718.6**	Retained earnings		**12,590.5**	9,876.2
4,988.4	**5,633.1**	Shareholders' equity attributable to owners of the parent		**42,642.9**	40,206.1
305.6	**370.7**	Non-controlling interest		**2,806.0**	2,463.3
5,294.0	**6,003.8**	**Total shareholders' equity**		**45,448.9**	42,669.4
1,834.1	**1,679.7**	**Non-current liabilities**		**12,715.4**	14,782.7
760.4	**943.6**	Deferred taxation	21	**7,142.7**	6,128.8
785.9	**430.0**	Borrowings	22	**3,255.1**	6,334.3
287.8	**306.1**	Provisions	23	**2,317.6**	2,319.6
968.1	**1,344.3**	**Current liabilities**		**10,175.9**	7,802.5
540.6	**548.9**	Trade and other payables	24	**4,154.0**	4,357.6
9.7	**—**	Bank overdraft	20	**—**	77.9
98.2	**104.3**	Taxation		**789.9**	791.8
1.8	**—**	Financial instruments	19	**—**	14.0
317.8	**691.1**	Current portion of borrowings	22	**5,232.0**	2,561.2
8,096.2	**9,027.8**	**Total equity and liabilities**		**68,340.2**	65,254.6

Exchange rate: R7.57/US$ (2009: R8.06/US$).

The accompanying notes form an integral part of these financial statements.

Consolidated statement of changes in equity

for the year ended 30 June 2010

Figures in millions unless otherwise stated

	Number of ordinary shares in issue	Share capital and share premium	Equity portion of convertible debt (Mvela)	Foreign currency translation adjust-ment	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 2008	653,200,682	28,238.8	3,130.2	2,596.5	1,095.8	(3,236.7)	9,321.6	**41,146.2**	1,415.0	**42,561.2**
Profit for the year	–	–	–	–	–	–	1,535.6	**1,535.6**	318.5	**1,854.1**
Other comprehensive expenses	–	–	–	(809.8)	(813.7)	(271.2)	–	**(1,894.7)**	(17.7)	**(1,912.4)**
Dividends paid	–	–	–	–	–	–	(981.0)	**(981.0)**	–	**(981.0)**
Share-based payments	–	–	–	–	–	303.4	–	**303.4**		**303.4**
Transactions with minorities	–	–	–	–	–	–	–	**–**	747.5	**747.5**
Mvela share issue on conclusion of transaction	50,000,000	3,155.2	(3,130.2)	–	–	–	–	**25.0**	–	**25.0**
Exercise of employee share options	1,549,167	71.6	–	–	–	–	–	**71.6**	–	**71.6**
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)**
Dividends paid	–	–	–	–	–	–	(917.1)	**(917.1)**	(175.2)	**(1,092.3)**
Share-based payments	–	–	–	–	–	408.2	–	**408.2**		**408.2**
Transactions with minorities	–	–	–	–	–	–	–	**–**	(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**
UNITED STATES DOLLAR										
Balance at 30 June 2008	653,200,682	4,125.4	453.7	(452.4)	150.0	(448.0)	1,308.5	**5,137.2**	182.9	**5,320.1**
Profit for the year	–	–	–	–	–	–	170.4	**170.4**	35.3	**205.7**
Other comprehensive expenses	–	–	–	(122.1)	(90.3)	(30.1)	–	**(242.5)**	(10.2)	**(252.7)**
Dividends paid	–	–	–	–	–	–	(121.2)	**(121.2)**	–	**(121.2)**
Share-based payments	–	–	–	–	–	33.7	–	**33.7**		**33.7**
Transactions with minorities	–	–	–	–	–	–	–	**–**	97.6	**97.6**
Mvela share issue on conclusion of transaction	50,000,000	456.5	(453.7)	–	–	–	–	**2.8**	–	**2.8**
Exercise of employee share options	1,549,167	8.0	–	–	–	–	–	**8.0**	–	**8.0**
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**
Dividends paid	–	–	–	–	–	–	(118.1)	**(118.1)**	(23.1)	**(141.2)**
Share-based payments	–	–	–		–	53.9	–	**53.9**		**53.9**
Transactions with minorities	–	–	–	–	–	–	–	**–**	(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**

[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 year ended 30 June 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS				SOUTH AFRICAN RAND	
2009	**2010**		Notes	**2010**	2009
656.8	**1,129.9**	**Cash flows from operating activities**		**8,506.6**	6,000.8
1,183.4	**1,531.2**	Cash generated by operations	25	**11,607.9**	10,663.5
14.5	**31.5**	Interest received		**238.3**	131.0
1.3	**0.1**	Dividends received		**0.9**	11.5
(0.3)	**(0.3)**	Post-retirement health care payments		**(2.4)**	(2.3)
(131.4)	**2.2**	Change in working capital	26	**17.0**	(1,183.8)
1,067.5	**1,564.7**	Cash generated by operating activities		**11,861.7**	9,619.9
(91.6)	**(65.7)**	Interest paid		**(498.6)**	(825.3)
(197.9)	**(227.9)**	Taxation paid	27	**(1,764.2)**	(1,812.8)
778.0	**1,271.1**	Net cash from operations		**9,598,9**	6,981.8
(121.2)	**(141.2)**	Dividends paid		**(1,092.3)**	(981.0)
(809.3)	**(960.3)**	**Cash flows from investing activities**		**(7,432.0)**	(7,283.5)
(849.0)	**(1,021.4)**	Additions to property, plant and equipment		**(7,742.3)**	(7,649.2)
3.6	**1.2**	Proceeds on disposal of property, plant and equipment		**8.7**	32.0
–	**(257.1)**	Royalty termination		**(1,998.9)**	–
5.0	**–**	Proceeds on disposal of subsidiary		**–**	45.0
–	**(43.0)**	Purchase of Glencar asset		**(340.1)**	–
(12.8)	**(13.5)**	Purchase of investments		**(97.2)**	(99.3)
54.3	**385.8**	Proceeds on disposal of investments		**2,830.8**	482.0
(10.4)	**(12.3)**	Environmental trust funds and rehabilitation payments		**(93.0)**	(94.0)
275.3	**(25.6)**	**Cash flows from financing activities**		**(75.3)**	2,086.8
—	**(15.4)**	Loans (repaid)/received from minority shareholders		**(116.4)**	10.3
1,312.3	**1,619.9**	Loans raised		**12,275.5**	11,703.9
(1,047.7)	**(1,637.5)**	Loans repaid		**(12,291.2)**	(9,724.0)
10.7	**7.4**	Proceeds from the issue of shares		**56.8**	96.6
122.8	**144.0**	Net cash generated		**999.3**	804.1
(25.8)	**8.8**	Effect of exchange rate fluctuation on cash held		**(12.7)**	(7.5)
250.9	**347.9**	Cash and cash equivalents at beginning of the year		**2,803.9**	2,007.3
347.9	**500.7**	**Cash and cash equivalents at end of the year**	20	**3,790.5**	2,803.9

The accompanying notes form an integral part of these financial statements.

Notes to the consolidated financial statements

for the year ended 30 June 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
2009	**2010**		**2010**	2009
		1. REVENUE		
3,228.3	**4,164.3**	Revenue from mining operations – spot sales	**31,565.3**	29,086.9
		2. COST OF SALES		
(685.4)	**(964.4)**	Salaries and wages	**(7,309.9)**	(6,175.6)
(533.5)	**(676.1)**	Consumable stores	**(5,124.6)**	(4,806.5)
(204.7)	**(275.6)**	Utilities	**(2,088.8)**	(1,844.1)
(411.0)	**(440.3)**	Mine contractors	**(3,337.8)**	(3,703.3)
(144.7)	**(172.7)**	Other	**(1,309.2)**	(1,304.4)
(1 979.3)	**(2 529.1)**	Operating costs	**(19 170.3)**	(17 833.9)
23.3	**23.5**	Gold inventory change	**178.2**	210.3
(1 956.0)	**(2 505.6)**	Operating costs including gold inventory change	**(18 992.1)**	(17 623.6)
(459.7)	**(638.2)**	Amortisation and depreciation	**(4,837.3)**	(4,142.3)
(2,415.7)	**(3,143.8)**	Total cost of sales	**(23,829.4)**	(21,765.9)
		3. INVESTMENT INCOME		
1.3	**0.1**	Dividends received	**0.9**	11.5
9.1	**8.6**	Interest received – environmental trust funds	**65.5**	82.3
14.5	**31.5**	Interest received – other	**238.3**	131.0
24.9	**40.2**	Total investment income	**304.7**	224.8
		4. FINANCE EXPENSE		
(9.8)	**(5.9)**	Preference share interest	**(44.7)**	(87.9)
(4.2)	**(5.0)**	Interest charge – environmental rehabilitation	**(37.6)**	(38.1)
(2.0)	**—**	Interest paid – Mvela loan	**—**	(17.9)
(89.6)	**(65.7)**	Interest paid – other	**(498.6)**	(807.4)
8.7	**11.6**	Interest capitalised	**88.2**	78.5
(96.9)	**(65.0)**	Total finance expense	**(492.7)**	(872.8)

Notes to the consolidated financial statements continued

for the year ended 30 June 2010

5. SHARE-BASED PAYMENTS

The Group grants equity-settled instruments comprising share options and restricted shares to directors, certain officers and employees. During financial 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 2009			30 June 2010	
Average instrument price (cps)	Number of instruments	(a) The GF Management Incentive Scheme	Number of instruments	Average instrument price (cps)
78.38	4,212,219	Outstanding at 1 July 2009	**2,304,421**	**77.20**
		Movement during the year:		
69.69	(1,367,882)	Exercised and released	**(778,172)**	**74.62**
105.39	(539,916)	Forfeited	**(173,616)**	**97.01**
77.20	2,304,421	**Outstanding at 30 June 2010**	**1,352,633**	**76.15**
		Included in the above are 1,352,633 (2009: 2,266,799) vested options.		

Average instrument price (cps)	Number of instruments	(b) The GF Non-executive Director Share Plan	Number of instruments	Average instrument price (cps)
83.81	146,700	Outstanding at 1 July 2009	**81,700**	**88.54**
		Movement during the year:		
43.70	(25,000)	Exercised and released	**–**	**–**
99.21	(40,000)	Forfeited	**–**	**–**
88.54	81,700	**Outstanding at 30 June 2010**	**81,700**	**88.54**
		All options above in F2010 and F2009 have vested.		

5. SHARE-BASED PAYMENTS (continued)

No further allocations are being made under these plans in view of the new plans below. However during F2010 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 was R0.4 million and was recorded in earnings (2009: R8.1 million).

30 June 2009				30 June 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			
172,499	76.59	0.38	NJ Holland	**13,334**	**46.23**	**0.87**
3,167	154.65	0.01	TP Goodlace	**—**	**—**	**—**
			Non-executive directors			
6,700	68.59	0.39	K Ansah	**—**	**—**	**—**
25,000	84.79	0.39	RL Pennant-Rea	**5,000**	**110.03**	**0.71**
20,000	99.21	0.39	CI von Christierson	**10,000**	**110.03**	**0.71**
55,000	68.41	0.39	AJ Wright	**10,000**	**110.03**	**0.71**

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)
112.73	3,837,937	5,477,487	Outstanding at 1 July 2009	**6,932,164**	**4,609,626**	**111.50**
			Movement during the year:			
108.90	1,311,271	2,668,771	Granted during the year	**3,224,852**	**1,564,217**	**90.84**
—	—	(106,954)	Exercised and released	**(345,909)**	**—**	**—**
121.07	(539,582)	(880,240)	Forfeited	**(626,815)**	**(513,571)**	**109.40**
—	—	(226,900)	Conditions for vesting not met	**(609,751)**	**—**	**—**
111.50	4,609,626	6,932,164	Outstanding at 30 June 2010	**8,574,541**	**5,660,272**	**106.00**
			Included in the above are 904,809 (2009: 558,863) vested restricted shares.			

Notes to the consolidated financial statements continued

for the year ended 30 June 2010

5. SHARE-BASED PAYMENTS (continued)

30 June 2009		30 June 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 was 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:	
R108.90	– weighted average exercise price	**R90.84**
51.7%	– 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)	**52.0%**
3.0 – 4.2	– expected term (years)	**3.0 – 4.2**
1.8%	– long-term expected dividend yield	**1.0%**
6.9%	– weighted average risk-free interest rate	**7.9%**
R45.90	– weighted average fair value	**R43.82**
	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:	
67.8%	– 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)	**50.4%**
3.0	– expected term (years)	**3.0**
2.3%	– historical dividend yield	**1.4%**
0.6%	– weighted average three-year risk-free interest rate (based on US interest rates)	**0.2%**
R209.40	– weighted average fair value	**R155.78**
	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 are either not purely gold mining companies or are small producers.	

The following table summarises information relating to the options and equity-settled instruments outstanding at 30 June 2010:

30 June 2009				30 June 2010		
Weighted average				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)
1.98	—	6,932,164	n/a*	**8,574,541**	**—**	**1.73**
1.00	46.23	93,200	35.00 – 59.99	**63,866**	**46.23**	**0.01**
2.27	72.25	1,826,009	60.00 – 84.99	**1,057,134**	**70.67**	**1.50**
4.84	105.73	3,690,976	85.00 – 109.99	**4,748,811**	**101.01**	**3.52**
3.11	123.79	1,335,164	110.00 – 134.99	**1,197,294**	**123.95**	**2.16**
1.65	146.02	50,398	135.00 – 159.99	**27,500**	**146.71**	**1.04**
		13,927,911	Total outstanding at 30 June 2010	**15,669,146**		
			** Restricted shares (PVRS) are awarded for no consideration.*			
		89.20	Weighted average share price during the year	**103.69**		

Figures in millions unless otherwise stated

UNITED STATES DOLLARS 2009	UNITED STATES DOLLARS 2010		SOUTH AFRICAN RAND 2010	SOUTH AFRICAN RAND 2009
		6. IMPAIRMENT OF INVESTMENTS		
(118.2)	**(25.9)**	Investment in associate – Rusoro Mining Limited	**(196.5)**	(1 065.7)
(16.0)	**(8.1)**	Listed investments	**(61.3)**	(143.8)
(134.2)	**(34.0)**		**(257.8)**	(1 209.5)
		7. INCLUDED IN PROFIT BEFORE TAXATION ARE THE FOLLOWING:		
		Expenses		
		Auditors' remuneration		
2.9	**3.4**	– audit fee	**26.1**	25.7
0.5	**0.1**	– non-audit services	**1.0**	4.3
14.4	**16.0**	Environmental rehabilitation inflation adjustment	**121.6**	129.4
0.8	**1.2**	Operating lease charges	**8.8**	7.2
		8. MINING AND INCOME TAX		
		The components of mining and income tax are the following:		
		South African taxation		
(93.1)	**(22.4)**	– mining tax	**(169.8)**	(839.0)
(2.4)	**(7.4)**	– non-mining tax	**(55.9)**	(21.4)
(6.2)	**(34.6)**	– company and capital gains tax	**(262.6)**	(56.1)
—	**4.8**	– prior year adjustment – current tax	**36.4**	—
—	**(8.1)**	– royalties	**(61.3)**	—
(35.1)	**(50.5)**	– deferred tax	**(382.9)**	(316.2)
2.5	**—**	– prior year adjustment – deferred tax	**—**	22.8
		Foreign taxation		
(33.6)	**(86.3)**	– current	**(654.5)**	(302.5)
(37.6)	**(80.0)**	– foreign levies and royalties	**(606.4)**	(339.4)
(55.7)	**(95.6)**	– deferred tax	**(724.2)**	(501.7)
(261.2)	**(380.1)**	Total mining and income tax	**(2,881.2)**	(2,353.5)
		Major items causing the Group's income tax to differ from the maximum South African statutory mining tax rate of 43.0% (2009: 43.0%) were:		
		Tax on profit before taxation at maximum South African statutory mining tax rate	**(3,077.0)**	(1,809.4)
		Rate adjustment to reflect the actual realised company tax rates in South Africa and offshore	**701.4**	507.4
		South African mining tax formula rate adjustment	**125.6**	249.7
		Use of assessed loss not previously recognised	**0.8**	24.5
		Non-deductible share-based payments	**(175.5)**	(130.5)
		Non-deductible exploration expense	**(263.5)**	(218.6)
		Non-deductible impairment of investments and assets	**(110.9)**	(520.1)
		Non-deductible/non-taxable profit/(loss) on disposal of investments	**537.1**	(63.6)
		Deductible royalties	**287.1**	146.0
		Net non-deductible expenditure and non-taxable income	**(87.7)**	(201.6)
		Levies and royalties	**(667.7)**	(339.4)
		Deferred tax asset not recognised	**(5.9)**	(20.7)
		Profits subject to capital gains tax	**(181.4)**	—
		Other	**36.4**	22.8
		Mining and income tax expense	**(2,881.2)**	(2,353.5)

Notes to the consolidated financial statements continued

for the year ended 30 June 2010

8. MINING AND INCOME TAX (continued)

	2010	2009
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%
Royalties[3]	**1.2%**	—

[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.*

[3] *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 and unrefined minerals. The royalty in respect of refined minerals (which include gold and platinum) is calculated by dividing earnings before interest and taxes (EBIT) by the product of 12.5 times gross revenue, on a percentage basis, plus an additional 5%. EBIT refers to taxable mining income 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 four months to 30 June 2010 was approximately 1.2% of mining revenue.*

	2010	2009
International operations		
Company tax rate		
Australia	**30.0%**	30.0%
Ghana	**25.0%**	25.0%
Peru[4]	**35.6%**	35.6%
Royalties		
Australia	**2.5%**	2.5%
Ghana	**3.0%**	3.0%
Peru	**3.0%**	3.0%

[4] *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.

8. MINING AND INCOME TAX (continued)

At 30 June 2010 the Group had the following estimated amounts available for set-off against future income:

	2010			2009		
	Unredeemed capital expenditure R million	**Tax losses R million**	**Deferred tax asset not recognised on tax losses R million**	Unredeemed capital expenditure R million	Tax losses R million	Deferred tax asset not recognised on tax losses R million
South Africa[5]						
GFI Mining South Africa (Pty) Limited – Beatrix division	**1,061.6**	**–**	**–**	1,348.9	–	–
Gold Fields Operations Limited	**3,498.3**	**4,544.8**	**–**	2,702.2	4,666.7	–
GFI Joint Venture Holdings (Pty) Limited	**7,087.0**	**616.7**	**–**	6,291.1	766.9	–
Living Gold (Pty) Limited	**–**	**152.2**	**42.6**	–	142.2	39.8
Golden Oils (Pty) Limited	**–**	**7.3**	**2.0**	–	5.7	1.6
Agrihold (Pty) Limited	**–**	**15.8**	**4.4**	–	17.8	5.0
Golden Hytec Farming (Pty) Limited	**–**	**9.3**	**2.6**	–	9.3	2.6
	11,646.9	**5,346.1**	**51.6**	10,342.2	5,608.6	49.0

[5] *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 only be utilised by the tax entities in which the deductions have been generated. South African tax losses have no expiration date.*

	2010			2009		
	Capital allowances US$ million	**Tax losses US$ million**	**Deferred tax asset not recognised on tax losses US$ million**	Capital allowances US$ million	Tax losses US$ million	Deferred tax asset not recognised on tax losses US$ million
International operations						
Orogen Investments SA (Luxembourg)[6]	**–**	**145.3**	**42.8**	–	188.9	54.0
Gold Fields Arctic Platinum Oy	**–**	**98.5**	**25.6**	–	96.1	25.0
Gold Fields Ghana Limited	**–**	**–**	**–**	96.7	–	–
Abosso Goldfields Limited	**15.5**	**–**	**–**	6.7	–	–
Gold Fields La Cima	**710.1**	**–**	**–**	615.4	–	–
	725.6	**243.8**	**68.4**	718.8	285.0	79.0

[6] *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.*

Notes to the consolidated financial statements continued

for the year ended 30 June 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS				SOUTH AFRICAN RAND	
2009	2010			2010	2009
		9.	**EARNINGS PER SHARE**		
25	**68**	**9.1**	**Basic earnings per share – cents**	**515**	229
			Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of R3,631.4 million (2009: R1,535.6 million) by the weighted average number of ordinary shares in issue during the year of 705,364,200 (2009: 670,328,262).		
25	**67**	**9.2**	**Diluted earnings per share – cents**	**508**	227
			Diluted basic earnings per share is calculated on the basis of profit attributable to ordinary shareholders of R3,631.4 million (2009: R1,535.6 million) and 714,549,842 (2009: 677,790,732) shares being the diluted number of ordinary shares in issue during the year.		
			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	**705,364,200**	670,328,262
			Share options in issue	**9,185,642**	7,462,470
			Diluted number of ordinary shares	**714,549,842**	677,790,732
48	**59**	**9.3**	**Headline earnings per share – cents**	**449**	431
			Headline earnings per share is calculated on the basis of adjusted net earnings attributable to ordinary shareholders of R3,164.1 million (2009: R2,890.0 million) and 705,364,200 (2009: 670,328,262) shares being the weighted average number of ordinary shares in issue during the year.		
			Net profit attributable to ordinary shareholders is reconciled to headline earnings as follows:		
170.4	**479.0**		Net profit attributable to ordinary shareholders	**3,631.4**	1,535.6
16.4	**(111.8)**		Profit/(loss) on disposal of investments	**(846.9)**	148.0
—	**16.5**		Taxation effect of profit on disposal of investments	**124.0**	—
(0.5)	**(0.3)**		Profit on disposal of property, plant and equipment	**(2.5)**	(4.3)
0.1	**—**		Taxation effect of profit on property, plant and equipment	**0.3**	1.2
134.2	**34.0**		Impairment of assets	**257.8**	1 209.5
320.6	**417.4**		**Headline earnings**	**3,164.1**	2,890.0
47	**58**	**9.4**	**Diluted headline earnings per share – cents**	**443**	426
			Diluted headline earnings per share is calculated on the basis of headline earnings attributable to ordinary shareholders of R3,164.1 million (2009: R2,890.0 million) and 714,549,842 (2009: 677,790,732) shares being the diluted number of ordinary shares in issue during the year.		
		10.	**DIVIDENDS**		
101.9	**72.6**		2009 final dividend of 80 cents per share (2008: 120 cents) declared on 5 August 2009.	**564.1**	784.6
19.3	**45.5**		2010 interim dividend of 50 cents per share (2009: 30 cents) declared on 1 March 2010.	**353.0**	196.4
			A final dividend in respect of financial 2010 of 70 cents per share was approved by the Board of Directors on 4 August 2010. 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.		
121.2	**118.1**		**Total dividends**	**917.1**	981.0
17	**17**		**Dividends per share – cents**	**130**	150

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
			11. PROPERTY, PLANT AND EQUIPMENT			
			30 June 2010			
			Cost			
983.3	**8,736.1**	**9,719.4**	Balance at beginning of the year	**78,338.5**	**70,412.6**	**7,925.9**
(38.0)	**(10.6)**	**(48.6)**	Reclassifications	**(368.5)**	**(80.5)**	**(288.0)**
25.4	**996.0**	**1 021.4**	Additions	**7,742.3**	**7,550.1**	**192.2**
—	**257.1**	**257.1**	Additions – St Ives royalty termination[1]	**1,998.9**	**1,998.9**	**—**
(9.6)	**—**	**(9.6)**	Adjustments to rehabilitation assets	**(72.4)**	**—**	**(72.4)**
43.0	**—**	**43.0**	Purchase of Glencar asset	**340.1**	**—**	**340.1**
—	**11.6**	**11.6**	Finance charges capitalised[2]	**88.2**	**88.2**	**—**
(5.0)	**(1.0)**	**(6.0)**	Disposals	**(45.7)**	**(7.7)**	**(38.0)**
(16.6)	**14.8**	**(1.8)**	Other	**(13.3)**	**112.2**	**(125.5)**
67.8	**455.2**	**523.0**	Translation adjustment	**(881.1)**	**(897.3)**	**16.2**
1,050.3	**10,459.2**	**11,509.5**	**Balance at end of the year**	**87,127.0**	**79,176.5**	**7,950.5**
			Accumulated depreciation and impairment			
282.8	**3,439.4**	**3,722.2**	Balance at beginning of the year	**30,001.1**	**27,721.6**	**2,279.5**
(32.5)	**(16.9)**	**(49.4)**	Reclassifications	**(368.5)**	**(121.8)**	**(246.7)**
27.4	**610.8**	**638.2**	Charge for the year	**4,837.3**	**4,630.1**	**207.2**
–	**(0.2)**	**(0.2)**	Disposals	**(1.5)**	**(1.5)**	**—**
21.5	**200.5**	**222.0**	Translation adjustment	**(154.8)**	**(179.6)**	**24.8**
299.2	**4,233.6**	**4,532.8**	**Balance at end of the year**	**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**
			30 June 2009			
983.3	8,736.1	9,719.4	Cost	78,338.5	70,412.6	7,925.9
282.8	3,439.4	3,722.2	Accumulated depreciation and impairment	30,001.1	27,721.6	2,279.5
700.5	5,296.7	5,997.2	**Carrying value at end of the year**	48,337.4	42,691.0	5,646.4

[1] *In F2010, Gold Fields reached agreement with Morgan Stanley Bank to terminate, for R1,998.9 million, the royalty agreement between St Ives Gold Mining Company (Pty) Limited and Morgan Stanley Bank's subsidiary. The terminated royalty agreement required St Ives to pay 4% net smelter volume royalty on all its revenues once total gold produced from 30 November 2001 exceeded 3.3 million ounces which was triggered early in F2009, 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.*

[2] *Borrowing costs of R88.2 million were capitalised based on Group general borrowings which are related to the qualifying projects at South Deep. An average interest capitalisation rate of 5.5% was applied.*

Notes to the consolidated financial statements continued

for the year ended 30 June 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
2009	**2010**		**2010**	2009
		12. GOODWILL		
557.4	**553.2**	Balance at beginning of the year	**4,458.9**	4,458.9
(4.2)	**35.8**	Translation	**—**	—
553.2	**589.0**	**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 R260,000 per kilogram for 2011 and 2012 and R290,000 per kilogram thereafter (2009: R245,000 for 2011 and 2012 and R280,000 per kilogram thereafter), and;
- a discount rate of 6.1% – 6.8% (2009: 6.0%)
- 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.

Figures in millions unless otherwise stated

UNITED STATES DOLLARS 2009	UNITED STATES DOLLARS 2010		SOUTH AFRICAN RAND 2010	SOUTH AFRICAN RAND 2009
		13. INVESTMENT IN ASSOCIATES		
6.1	**14.9**	Rand Refinery Limited	**113.0**	49.5
48.4	**31.1**	Rusoro Mining Limited	**235.2**	390.3
54.5	**46.0**	**Total investment in associates**	**348.2**	439.8
		(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 which are 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 31 May 2010.		
52.1	**76.6**	Total revenue of associate	**580.3**	469.8
4.6	**24.0**	Total profit of associate	**182.1**	41.2
		Investment in associate consists of:		
3.3	**3.3**	Unlisted shares at cost	**22.3**	22.3
5.5	**2.8**	Share of accumulated profits brought forward	**27.2**	47.7
(5.6)	**—**	Dividends received	**—**	(34.9)
1.6	**8.4**	Share of profit after taxation	**63.5**	14.4
1.3	**0.4**	Translation adjustments	**—**	—
6.1	**14.9**	**Total investment in associate**	**113.0**	49.5
		The Group's interest in the summarised financial statements of Rand Refinery Limited are:		
10.1	**12.3**	Non-current assets	**92.9**	81.5
14.0	**15.3**	Current assets	**116.1**	112.9
24.1	**27.6**	**Total assets**	**209.0**	194.4
2.1	**2.3**	Non-current liabilities	**17.8**	16.6
10.2	**4.3**	Current liabilities	**32.5**	82.6
12.3	**6.6**	**Total liabilities**	**50.3**	99.2
11.8	**21.0**	**Net assets**	**158.7**	95.2
		Reconciliation of the total investment in associate with attributable net assets:		
11.8	**21.0**	Net assets	**158.7**	95.2
(1.4)	**(1.4)**	Dividends received	**(8.4)**	(8.4)
(4.3)	**(4.7)**	Fair value adjustment[1]	**(37.3)**	(37.3)
6.1	**14.9**	**Carrying value**	**113.0**	49.5

[1] *The investment in associate was fair valued at 1 July 2002, the date when significant influence was obtained.*

Notes to the consolidated financial statements continued

for the year ended 30 June 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
2009	**2010**		**2010**	2009
		13. INVESTMENT IN ASSOCIATES (continued)		
		(b) Rusoro Mining Limited		
		Gold Fields interest in Rusoro Mining Limited at 30 June 2010 was 26.4% (2009: 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 31 March 2010.		
88.8	**58.6**	Total revenue of associate	**444.2**	800.1
(54.4)	**25.8**	Total profit/(loss) of associate	**195.6**	(490.1)
		Investment in associate consists of:		
236.9	**236.9**	Listed shares at fair value at acquisition	**1,604.7**	1,604.7
(5.7)	**(25.8)**	Share of accumulated losses brought forward	**(224.3)**	(42.7)
—	**(162.6)**	Brought forward – other[1]	**(1,311.0)**	—
(41.2)	**—**	Dilution loss	**—**	(331.9)
(20.1)	**7.2**	Share of loss after taxation	**54.8**	(181.6)
(132.2)	**(25.9)**	Impairment of investments	**(196.5)**	(1,065.7)
10.7	**1.3**	Other equity movements	**9.9**	86.6
—	**—**	Translation adjustments	**297.6**	320.9
48.4	**31.1**	**Total investment in associate**	**235.2**	390.3
		The Group's interest in the summarised financial statements of Rusoro Mining Limited:		
242.6	**252.3**	Non-current assets	**1,909.9**	1,955.0
25.1	**21.4**	Current assets	**161.8**	202.6
267.7	**273.7**	**Total assets**	**2,071.7**	2,157.6
86.0	**58.9**	Non-current liabilities	**445.9**	693.4
9.8	**25.0**	Current liabilities	**189.3**	79.0
95.8	**83.9**	**Total liabilities**	**635.2**	772.4
0.2	**0.2**	**Non-controlling interest**	**1.2**	1.3
171.7	**189.6**	**Net assets**	**1,435.3**	1,383.9
		Reconciliation of the total investment in associate with attributable net assets:		
171.7	**189.6**	Net assets	**1,435.3**	1,383.9
(5.0)	**(0.4)**	Translation adjustments	**62.1**	72.1
(118.3)	**(158.1)**	Impairment of investment in associate	**(1,262.2)**	(1,065.7)
48.4	**31.1**	**Carrying value**[2]	**235.2**	390.3

[1] *Other includes impairment, dilution loss and share of equity investee's other equity movements.*

[2] *The carrying value of Rusoro is based on the market price at 30 June 2010. The market price was used to determine the impairment charge of R196.5 million (2009: R1,065.7 million).*

Figures in millions unless otherwise stated

UNITED STATES DOLLARS 2009	UNITED STATES DOLLARS 2010		SOUTH AFRICAN RAND 2010	SOUTH AFRICAN RAND 2009
		14. FINANCIAL INSTRUMENTS PER CATEGORY		
		The accounting policies for financial instruments have been applied to the line items below:		
		(a) **Financial assets**		
		Loans and receivables		
357.0	**288.5**	– Trade and other receivables	**2,183.5**	2,877.0
294.2	**459.2**	– Cash and cash equivalents	**3,476.0**	2,370.4
		Fair value through profit or loss		
110.0	**133.8**	– Environmental trust fund	**1,012.5**	886.7
63.4	**41.5**	– Cash and cash equivalents	**314.5**	511.4
		Available for sale		
314.1	**90.8**	– Investments	**687.7**	2,531.0
		(b) **Financial liabilities**		
		Other financial liabilities		
1,103.7	**1,121.1**	– Borrowings	**8,487.1**	8,895.5
489.9	**487.1**	– Trade and other payables	**3,686.3**	3,949.1
287.8	**306.1**	– Provisions	**2,317.6**	2,319.6
9.7	**—**	– Bank overdraft	**—**	77.9
		Derivatives used for hedging		
1.8	**—**	– Financial instruments	**—**	14.0
		15. INVESTMENTS		
		Listed		
268.7	**90.6**	Cost	**672.2**	2,269.4
(16.0)	**(18.4)**	*Less*: Other than temporary impairments	**(155.1)**	(143.8)
59.7	**4.6**	Net unrealised gain on revaluation	**64.2**	392.7
312.4	**76.8**	Carrying value	**581.3**	2,518.3
312.4	**76.8**	Market value	**581.3**	2,518.3
		Unlisted		
0.8	**1.2**	Carrying value and directors' valuation	**9.7**	6.2
313.2	**78.0**	Total listed and unlisted investments	**591.0**	2,524.5
0.9	**12.8**	Loans advanced	**96.7**	6.5
314.1	**90.8**	**Total investments**	**687.7**	2,531.0
		All investments are classified as available-for-sale. Details of major investments are given on pages 255 and 256.		

Notes to the consolidated financial statements continued

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Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
2009	**2010**		**2010**	2009
		16. ENVIRONMENTAL TRUST FUNDS		
93.3	**110.0**	Balance at beginning of the year	**886.7**	746.7
6.4	**8.0**	Contributions	**60.3**	57.7
9.1	**8.6**	Interest earned	**65.5**	82.3
1.2	**7.2**	Translation adjustment	**–**	–
110.0	**133.8**	Balance at end of the year	**1,012.5**	886.7
		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 reinvested 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 (note 23.2)		
		17. INVENTORIES		
143.5	**169.5**	Gold-in-process	**1,283.0**	1,156.7
121.0	**134.3**	Consumable stores	**1,017.0**	975.3
2.0	**5.8**	Other	**43.6**	16.4
266.5	**309.6**	Total inventories	**2,343.6**	2,148.4
		The cost of consumable stores consumed during the year and included in working cost amounted to R5,125 million/US$676 million (2009: R4,807 million/US$534 million).		
		18. TRADE AND OTHER RECEIVABLES		
137.1	**130.9**	Trade receivables – gold sales	**991.0**	1,104.8
19.1	**21.1**	Trade receivables – other	**159.9**	154.0
38.6	**5.4**	Deposits	**41.0**	311.4
1.1	**–**	Interest receivable	**0.2**	8.7
4.6	**8.4**	Payroll receivables	**63.8**	37.2
26.8	**17.1**	Prepayments	**129.7**	215.8
144.0	**106.4**	Value added tax	**805.8**	1,160.3
0.8	**0.9**	Diesel rebate	**7.1**	6.2
11.7	**15.4**	Other	**114.7**	94.4
383.8	**305.6**	Total trade and other receivables	**2,313.2**	3,092.8

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
2009	**2010**		**2010**	2009
		19. FINANCIAL INSTRUMENTS		
(0.1)	–	Western Areas US dollars/rand purchases	–	(0.4)
(1.7)	–	Peru copper financial instruments	–	(13.6)
(1.8)	–	Total financial instruments	–	(14.0)

Western Areas US 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 purchased during the March 2007 quarter to cover this amount. During F2008, 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 original rate of R7.3279. During F2009 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 F2010 R38 million of forward cover costs was accounted for as part of interest, as this forward cover has been designated as a hedging instrument.

Peru copper financial instruments

During June 2009, 8,705 tonnes of Cerro Corona's expected copper production for F2010 was sold forward for monthly deliveries, starting on 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 for F2010 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. Both the above instruments were delivered into during F2010. There were no outstanding copper financial instruments at 30 June 2010 (2009: R14 million).

Notes to the consolidated financial statements continued

for the year ended 30 June 2010

Figures in millions unless otherwise stated

UNITED STATES DOLLARS 2009	UNITED STATES DOLLARS 2010		SOUTH AFRICAN RAND 2010	SOUTH AFRICAN RAND 2009
		20. CASH AND CASH EQUIVALENTS		
357.6	**500.7**	Cash at bank and on hand	**3,790.5**	2,881.8
(9.7)	**—**	Bank overdraft	**—**	(77.9)
347.9	**500.7**	**Total cash and cash equivalents**	**3,790.5**	2,803.9
		21. 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:		
		Deferred taxation liabilities		
1,698.8	**1,930.3**	– Mining assets	**14,612.5**	13,692.1
41.9	**51.0**	– Investment in environmental trust funds	**386.0**	338.0
1.0	**—**	– Financial instruments	**—**	8.3
12.5	**3.7**	– Investments	**28.2**	101.0
3.3	**4.3**	– Inventories	**32.5**	26.4
17.4	**22.7**	– Deferred stripping costs	**171.5**	140.1
8.2	**22.7**	– Other	**171.7**	66.3
1,783.1	**2,034.7**	**Gross deferred taxation liabilities**	**15 402.4**	14,372.2
		Deferred taxation assets		
(115.7)	**(125.6)**	– Provisions	**(951.1)**	(932.3)
—	**(1.2)**	– Financial instruments	**(9.1)**	—
(281.3)	**(339.2)**	– Tax losses	**(2,567.8)**	(2,267.3)
(625.8)	**(625.1)**	– Unredeemed capital expenditure	**(4,731.7)**	(5,043.8)
760.3	**943.6**	**Net deferred taxation liabilities**	**7,142.7**	6,128.8
677.7	**760.4**	Balance at beginning of the year	**6,128.8**	5,421.9
88.2	**146.1**	Transferred through the income statement	**1,107.1**	795.1
11.2	**(9.7)**	Deferred tax on mark-to-market adjustments accounted for in equity	**(73.8)**	101.0
(16.7)	**46.8**	Translation adjustment	**(19.4)**	(189.2)
760.4	**943.6**	**Balance at end of the year**	**7,142.7**	6,128.8

22. BORROWINGS

The notes below should be read with the detail as disclosed as part of this note on pages 218 and 219.

(a) Debt component of Mvela loan

On 17 March 2004, Mvelaphanda Gold (Pty) Limited ("Mvela"), a wholly owned subsidiary of Mvelaphanda Resources Limited ("Mvela Resources"), advanced an amount of R4,139 million to GFI Mining South Africa (Pty) Limited ("GFIMSA") at a fixed rate of 10.57% nominal annual compounded semi-annually. Interest was payable semi-annually. The loan amount was repaid on 17 March 2009.

Prior to the repayment of the loan, the Mvela loan had been accounted for as a convertible debt with two components, debt and equity. The former was a long-term liability determined by discounting future interest payments at a market-related cost of debt. The residual amount, net of deferred tax, the equity component, was included in shareholders' equity.

(b) Split-tenor revolving credit facility

On 16 May 2007, GFIMSA, Orogen Holdings (BVI) Limited ("Orogen") and Gold Fields Operations Limited ("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").

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 B matures on 16 May 2012. The purpose of the facilities was to refinance existing facilities and for general corporate purposes.

On 30 June 2008, Orogen had borrowed US$73 million and US$121 million under Facility A and Facility B respectively. GF Operations had US$177 million and US$141 million outstanding under Facility A and Facility B respectively on the same date.

On various dates during F2009, Orogen drew down a further US$120 million under Facility B. On 15 May 2009, GF Operations drew down US$118 million under Facility B to partly refinance its maturing loan under Facility A. The balance of the GF Operations loan outstanding under Facility A of US$59 million was refinanced with the US$311 million syndicated revolving loan facility, which is detailed below in (c). Also on 15 May 2009, Orogen repaid US$16 million of its portion of the maturing Facility A and refinanced the remaining US$57 million with the US$311 million syndicated revolving loan facility.

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 the year.

The outstanding borrowings, all under Facility B, at 30 June 2010 were US$430 million (F2009: US$500 million). The difference of US$1.5 million between the outstanding borrowings at 30 June 2009 and the borrowings disclosed on note 22 (b) related to the transaction costs, which were deducted from the liability on initial measurement.

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.

(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 the facilities was to refinance existing facilities and for general corporate purposes.

On 15 May 2009, GF Operations and Orogen drew down US$59 million and US$57 million respectively under this facility to refinance their respective portion of the loans maturing under Facility A of the split-tenor revolving credit facility. On 15 June 2009, GF Operations repaid US$44 million of its loan.

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 refinanced the outstanding balance under the facility of US$221 million with 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 or the Term-Out Option had been exercised and the facility expired on 7 May 2010.

Borrowings under the syndicated revolving loan facility were guaranteed by Gold Fields, GFIMSA, GF Holdings, Orogen and GF Operations.

Notes to the consolidated financial statements continued

for the year ended 30 June 2010

22. BORROWINGS (continued)

(d) Project finance facility

On 14 November 2006, Gold Fields 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 bears 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 are in 16 semi-annual instalments of various amounts ranging from 4.75% to 6.75% of the principal amount. The final instalment is 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 (F2009: US$150 million).

During the pre-completion phase the loan is guaranteed by Gold Fields and Gold Fields Corona (BVI) Limited (a wholly owned subsidiary of Gold Fields) ("the Guarantees"). The facility is secured by, among other things, pledges of and mortgages over the assets and properties of Gold Fields 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 occur before 14 November 2010. Gold Fields La Cima however intends to refinance this facility with a new US$200 million term loan before this date.

(e) 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. The balance of the preference shares are redeemable at the option of Gold Fields.

The preference shares mature on 24 January 2011 and have been guaranteed by GFIMSA, Orogen, GF Operations and GF Holdings.

(f) Commercial paper loan

Gold Fields established its R10 billion Domestic Medium-Term Note Programme (the "Programme") on 6 April 2009 and amended 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 R7,902 million (F2009: R1,143 million) and settled listed maturing notes totalling R5,443 million (F2009: nil). The different notes issued mature 3, 6 or 12 months from date of issue and bear interest at JIBAR plus a margin ranging from 0.51% 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 30 June 2010 were R3,602 million (F2009: R1,143 million).

Notes under the Programme are guaranteed by GFIMSA, GF Holdings, Orogen and GF Operations.

(g) Industrial Development Corporation loan

On 28 May 2004, Living Gold (Pty) Limited ("Living Gold"), a subsidiary of GFIMSA, entered into an agreement with the Industrial Development Corporation of South Africa Limited ("IDC") in terms of which the IDC agreed to provide a loan facility of R16.6 million. On 24 November 2004, Living Gold drew down the full amount of the facility and on 1 July 2006 the IDC converted R8.1 million of the outstanding loan to equity. On 1 July 2008 the remaining R8.8 million was converted to equity.

(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.

22. BORROWINGS (continued)

(i) Scrip loan

On 26 March 2010, GFL Mining Services (Pty) Ltd ("GFLMS") entered into a Scrip Lending agreement with a South African bank in terms of which GFLMS agreed to lend 3 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. The agreement will terminate on 26 March 2011. In the event of unbundling of the assets of Mvelaphanda before the termination date, the agreement will terminate within 30 days of unbundling. GFLMS will be entitled to receive the unbundled assets.

Interest on the cash collateral held is calculated based on a 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 will be on settlement.

At 30 June 2010, the value of the loaned securities was R140 million. The outstanding liability against these securities was R144 million.

(j) Other loans

Other short-term credit facilities

On 21 August 2007, GFIMSA entered into a R500 million 364-day revolving credit facility for general corporate purposes. Borrowings under this facility were guaranteed by Gold Fields.

On 22 September 2008, this facility was reinstated as a short-term facility expiring on 21 October 2008. With effect from 11 November 2008, this facility was again reinstated as a 364-day facility expiring on 10 November 2009. This facility bore interest at JIBAR plus a margin of 1.20% per annum.

On 31 January 2008, GFIMSA, GF Operations, Orogen and GFL Mining Services Limited entered into a R1 billion 364-day revolving credit facility effective 15 May 2008. The facility was to be used for capital expenditure in respect of gold mining projects, general corporate and working capital requirements. Borrowings under the facility were guaranteed by Gold Fields, GF Holdings, GF Operations, Orogen and GFIMSA and bore interest at JIBAR plus 0.70% per annum. Gold Fields paid a quarterly commitment fee of 0.15% per annum on any undrawn amounts under the facility. This facility expired on 14 May 2009.

The Group utilised the above-mentioned ABSA facilities with other 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 R1,040 million in F2010 (2009: R8,039 million). Total repayments were R2,140 million (F2009: R6,941 million). The repayments were made from cash generated by operations and from the proceeds of issuing notes under the Programme.

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 purpose of the facilities was to refinance existing facilities, for general corporate purposes and working capital. This facility was unutilised at year-end. The final maturity date of this facility is 30 September 2018.

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 utilisations. 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.

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 year end.

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 uncancelled 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.

Notes to the consolidated financial statements continued

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Figures in millions unless otherwise stated

UNITED STATES DOLLARS 2009	UNITED STATES DOLLARS 2010		SOUTH AFRICAN RAND 2010	SOUTH AFRICAN RAND 2009
		22. BORROWINGS (continued)		
		(a) Debt component of Mvela loan		
595.2	—	Loan advanced	—	4,107.0
(355.6)	—	Equity component	—	(2,453.6)
239.6	—	Debt component on initial recognition	—	1,653.4
60.5	—	Balance at the beginning of year	—	484.2
(54.2)	—	Repayments	—	(484.2)
(6.3)	—	Translation adjustment	—	—
—	—	Balance at end of year	—	—
		(b) Split-tenor revolving credit facility		
510.5	**498.5**	Balance at the beginning of year	**4,018.0**	4,084.0
138.0	**221.0**	Loan advanced	**1,642.0**	1,325.2
(150.0)	**(289.5)**	Repayments	**(2,154.7)**	(1,299.2)
—	—	Translation adjustment	**(250.2)**	(92.0)
498.5	**430.0**	Balance at end of year	**3,255.1**	4 018.0
		(c) Syndicated revolving loan facility		
—	**72.0**	Balance at the beginning of year	**580.3**	—
116.0	**200.0**	Loan advanced	**1,547.2**	993.0
(44.0)	**(272.0)**	Repayments	**(2,018.8)**	(376.6)
—	—	Translation adjustment	**(108.7)**	(36.1)
72.0	—	Balance at end of year	—	580.3
		(d) Project finance facility		
150.0	**150.0**	Balance at the beginning of year	**1,209.0**	1,200.0
—	**(50.0)**	Repayments	**(383.0)**	—
—	—	Translation adjustment	**(69.0)**	9.0
150.0	**100.0**	Balance at end of year	**757.0**	1 209.0
		(e) Preference shares		
152.4	**84.9**	Balance at the beginning of year	**684.2**	1 219.5
9.8	**5.9**	Interest payable	**44.7**	87.9
(63.5)	—	Repayments	—	(623.2)
(13.8)	**5.5**	Translation adjustment	—	—
84.9	**96.3**	Balance at end of year	**728.9**	684.2
		(f) Commercial paper loan		
—	**141.8**	Balance at the beginning of year	**1,143.0**	—
133.5	**1 044.9**	Notes issued	**7,902.0**	1,143.0
	(721.9)	Settlements	**(5,443.0)**	—
8.3	**11.0**	Translation adjustment	—	—
141.8	**475.8**	Balance at end of year	**3,602.0**	1,143.0
		(g) Industrial Development Corporation loan		
1.1	—	Balance at the beginning of year	—	8.8
(1.1)	—	Capitalisation of loan to minority interests	—	(8.8)
—	—	Balance at end of year	—	—

Figures in millions unless otherwise stated

UNITED STATES DOLLARS 2009	UNITED STATES DOLLARS 2010		SOUTH AFRICAN RAND 2010	SOUTH AFRICAN RAND 2009
		22. BORROWINGS (continued)		
		(h) Short-term syndicated facility		
—	**20.0**	Balance at the beginning of year	**161.2**	—
20.0	**—**	Loan advanced	**—**	203.6
	(20.0)	Repayments	**(151.7)**	—
—	**—**	Translation adjustment	**(9.5)**	(42.4)
20.0	**—**	Balance at end of year	**—**	161.2
		(i) Scrip loan		
—	**19.5**	Loans advanced	**144.1**	—
—	**(0.5)**	Translation adjustment	**—**	—
—	**19.0**	Balance at end of year	**144.1**	—
		(j) Other loans		
0.2	**136.5**	Balance at the beginning of year	**1,099.8**	1.6
904.8	**134.5**	Loans advanced	**1,040.2**	8,039.0
(736.0)	**(284.1)**	Repayments	**(2,140.0)**	(6,940.8)
(32.5)	**13.1**	Translation adjustment	**—**	—
136.5	**—**	Balance at end of year	**—**	1,099.8
1,103.7	**1,121.1**	**Gross borrowings**	**8,487.1**	8,895.5
(317.8)	**(691.1)**	Current portion included in borrowings	**(5,232.0)**	(2,561.2)
785.9	**430.0**	**Total non-current borrowings**	**3,255.1**	6,334.3
		The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the reporting dates is as follows:		
1,103.7	**1,081.5**	Six months or less	**8,187.1**	8,895.5
—	**39.6**	Fixed rate with no exposure to repricing	**300.0**	—
1,103.7	**1,121.1**		**8,487.1**	8,895.5
		The carrying amounts of the Group's borrowings are denominated in the following currencies:		
740.5	**530.0**	US dollar	**4,012.1**	5,968.5
363.2	**591.1**	Rand	**4,475.0**	2,927.0
1,103.7	**1,121.1**		**8,487.1**	8,895.5
		The Group has the following undrawn borrowing facilities:		
425.1	**916.3**	Committed	**6,936.4**	3,426.0
207.5	**257.4**	Uncommitted	**1,948.8**	1,672.4
632.6	**1,173.7**		**8,885.2**	5,098.4
		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:		
239.0	**—**	– within one year	**—**	1,926.0
—	**70.0**	– later than one year and not later than two years	**529.9**	—
—	**198.2**	– later than two years and not later than three years	**1,500.0**	—
186.1	**648.1**	– later than three years and not later than five years	**4,906.5**	1,500.0
425.1	**916.3**		**6,936.4**	3,426.0

Notes to the consolidated financial statements continued

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Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
2009	**2010**		**2010**	2009
		23. PROVISIONS		
		23.1 Post-retirement health care costs		
2.3	**2.7**	Gold Fields Group (excluding South Deep) post-retirement health care costs	**20.8**	18.3
0.3	**0.2**	South Deep post-retirement health care costs	**1.3**	2.2
2.6	**2.9**	Gold Fields Group post-retirement health care costs	**22.1**	20.5
		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 30 June 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	**2.4**	Actuarial present value	**17.8**	19.2
—	**—**	Plan assets at fair value	**—**	—
2.4	**2.4**	Accumulated benefit obligation in excess of plan assets	**17.8**	19.2
—	**—**	Unrecognised prior service costs	**—**	—
—	**—**	Unrecognised actuarial (gains)/losses	**—**	—
2.4	**2.4**	Post-retirement health care liability	**17.8**	19.2
		Benefit obligation reconciliation		
2.2	**2.3**	Balance at beginning of the year	**18.3**	17.6
0.2	**0.5**	Interest charge	**3.9**	1.6
(0.1)	**(0.2)**	Payments during the year	**(1.4)**	(0.9)
—	**0.1**	Translation adjustments	**—**	—
2.3	**2.7**	Balance at end of the year	**20.8**	18.3
		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 (2009: 7.0%) and a discount rate of 9.0% per annum (2009: 8.4%). 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 2010 by R0.5 million (10.6%) (2009: R0.2 million (9.8%)). The effect of this change on the accumulated post-retirement health care benefit obligation at 30 June 2010 would have been an increase of R1.8 million (10.2%) (2009: R2.0 million (10.2%)). A one percentage point decrease in assumed health care trend rates would have decreased interest cost for 2010 by R0.1 million (8.5%) (2009: R0.1 million (8.5%)). The effect of this change on the accumulated post-retirement health care benefit obligation at 30 June 2010 would have been a decrease of R1.5 million (8.7%) (2009: R1.7 million (8.7%)).		

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
2009	**2010**		**2010**	2009
		23. PROVISIONS (continued)		
		23.1 Post-retirement health care costs (continued)		
		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 30 June 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:		
0.2	**0.3**	Actuarial present value	**2.0**	2.0
—	**—**	Plan assets at fair value	**—**	—
0.2	**0.3**	Accumulated benefit obligation in excess of plan assets	**2.0**	2.0
—	**—**	Unrecognised prior service costs	**—**	—
—	**—**	Unrecognised actuarial (gains)/losses	**—**	—
0.2	**0.3**	Post-retirement health care liability	**2.0**	2.0
		Benefit obligation reconciliation		
0.5	**0.3**	Balance at beginning of the year	**2.2**	3.4
—	**—**	Interest charge	**0.1**	0.2
(0.2)	**(0.1)**	Payments during the year	**(1.0)**	(1.4)
—	**—**	Translation adjustments	**—**	—
0.3	**0.2**	Balance at end of the year	**1.3**	2.2
		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 (2009: 7.0%) and a discount rate of 9.0% per annum (2009: 8.4%).		
		An increase or decrease in assumed health care trend rates would not have affected the interest cost for 2010 or 2009 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.		

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Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
2009	**2010**		**2010**	2009
		23. PROVISIONS (continued)		
		23.2 Environmental rehabilitation costs		
251.9	**281.3**	Balance at beginning of the year	**2,267.9**	2,015.5
22.7	**(9.6)**	Adjustments	**(72.4)**	204.4
14.4	**16.0**	Inflation charge	**121.6**	129.4
4.2	**5.0**	Interest charge	**37.6**	38.1
(4.0)	**(4.3)**	Payments against provision	**(32.7)**	(36.3)
(7.9)	**14.8**	Translation adjustments	**(26.5)**	(83.2)
281.3	**303.2**	Balance at end of the year	**2,295.5**	2,267.9

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 16);

– 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.

2009			2010	
Inflation rate %	Discount rate %	The provision is calculated using the following rates:	**Discount rate %**	**Inflation rate %**
7.0	7.0 – 8.7	South Africa	**7.0 – 8.3**	**7.0**
3.0	4.1 – 4.4	Ghana	**6.1 – 6.4**	**2.0**
2.5	6.2 – 6.3	Australia	**5.7 – 5.9**	**2.5**
5.4	6.7	Peru	**5.2**	**2.0**

Figures in millions unless otherwise stated

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
2009	**2010**		**2010**	2009
		23. PROVISIONS (continued)		
		23.3 Other long-term provisions		
3.9	**3.9**	Kunter Wasi Road	**31.2**	31.2
—	**(3.9)**	Current portion included in trade and other payable	**(29.3)**	—
—	**—**	Translation	**(1.9)**	—
3.9	**—**	Balance at end of the year	**—**	31.2
		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.		
287.8	**306.1**	Total provisions	**2,317.6**	2,319.6
		24. TRADE AND OTHER PAYABLES		
191.6	**158.3**	Trade payables	**1,198.1**	1,544.5
283.9	**324.3**	Accruals and other payables	**2,454.2**	2,288.6
50.7	**61.8**	Leave pay accrual	**467.7**	408.5
14.4	**4.5**	Interest payable on loans	**34.0**	116.0
540.6	**548.9**	Total accounts payable	**4,154.0**	4,357.6
		25. CASH GENERATED BY OPERATIONS		
205.7	**563.8**	Profit for the year	**4,274.5**	1,854.1
261.2	**380.1**	Taxation	**2,881.2**	2,353.5
91.6	**65.7**	Interest paid	**498.6**	825.3
(14.5)	**(31.5)**	Interest received	**(238.3)**	(131.0)
(1.3)	**(0.1)**	Dividends received	**(0.9)**	(11.5)
542.7	**978.0**	Earnings before non-cash items	**7,415.1**	4,890.4
		Non-cash and other adjusting items:		
459.7	**638.2**	Amortisation and depreciation	**4,837.3**	4,142.3
14.4	**16.0**	Inflation adjustment to rehabilitation liability	**121.6**	129.4
4.2	**5.0**	Interest adjustment to rehabilitation liability	**37.6**	38.1
(9.1)	**(8.6)**	Interest received – environmental trust funds	**(65.5)**	(82.3)
134.2	**34.0**	Impairment of investments	**257.8**	1,209.5
(0.5)	**(0.3)**	Profit on disposal of property, plant and equipment	**(2.5)**	(4.3)
16.1	**(111.8)**	(Profit)/loss on disposal of investments	**(846.9)**	145.1
33.7	**53.9**	Share-based payments	**408.2**	303.4
—	**(53.0)**	Realised gain on financial instrument – Eldorado top-up shares	**(402.1)**	—
11.3	**5.9**	Preference share and other non-cash interest	**44.7**	102.0
(8.7)	**(11.6)**	Finance costs capitalised	**(88.2)**	(78.5)
(14.6)	**(14.5)**	Other	**(109.2)**	(131.5)
1,183.4	**1,531.2**	Total cash generated by operations	**11,607.9**	10,663.6

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Figures in millions unless otherwise stated

UNITED STATES DOLLARS 2009	UNITED STATES DOLLARS 2010		SOUTH AFRICAN RAND 2010	SOUTH AFRICAN RAND 2009
		26. CHANGE IN WORKING CAPITAL		
(48.9)	**(38.2)**	Inventories	**(289.3)**	(441.0)
(127.0)	**82.1**	Accounts receivable	**622.6**	(1,144.3)
44.5	**(41.7)**	Accounts payable	**(316.3)**	401.5
(131.4)	**2.2**	Total change in working capital	**17.0**	(1,183.8)
		27. TAXATION PAID		
(123.1)	**(98.2)**	Amount owing at beginning of the year	**(791.8)**	(984.6)
(173.0)	**(234.0)**	SA and foreign current taxation	**(1,774.1)**	(1,558.4)
98.2	**104.3**	Amount owing at end of the year	**789.9**	791.8
—		Translation	**11.8**	(61.6)
(197.9)	**(227.9)**	Total taxation paid	**(1,764.2)**	(1,812.8)
		28. 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 year amounted to R575.6 million (2009: R515.6 million).		
		29. COMMITMENTS		
		Capital expenditure		
958.7	**1,252.8**	– authorised	**9,483.0**	7,727.1
141.6	**143.5**	Driefontein	**1,086.0**	1,141.6
194.3	**198.9**	Kloof	**1,505.5**	1,565.7
82.3	**87.2**	Beatrix	**659.9**	663.2
435.7	**568.9**	South Deep	**4,306.3**	3,512.0
35.8	**148.9**	Ghana – Tarkwa	**1,127.2**	288.5
8.2	**7.5**	Ghana – Damang	**56.8**	66.1
44.2	**29.4**	Peru	**222.6**	356.3
14.9	**58.1**	Australia – St Ives	**440.1**	120.3
1.4	**10.2**	Australia – Agnew	**76.9**	10.9
0.3	**0.2**	Other	**1.7**	2.5
		The capital expenditure for the South Deep capital development project is estimated at R8.4 billion for the 5-year period 2010 – 2014. During F2010 R1.6 billion was spent. Of the balance of R6.8 billion, R4.3 billion has been authorised and is included in the table above.		
131.4	**236.9**	– contracted for	**1,793.7**	1,058.9
		Operating leases		
1.7	**3.3**	– within one year	**25.2**	13.8
3.8	**0.8**	– later than one and not later than five years	**6.3**	30.3
—	**—**	– later than five years	**—**	—
3.1	**2.6**	**Guarantees and other commitments**	**19.8**	25.1

30. CONTINGENT LIABILITIES

Randgold and 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 defenses 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.

31. EVENTS AFTER THE REPORTING DATE

South Deep new-order mining right

On 5 August 2010, Gold Fields Limited announced that the Department of Mineral Resources ("DMR") of South Africa had executed the new-order mining rights for the South Deep Gold Mine, a contiguous property called Uncle Harry's.

Black Economic Empowerment transactions

Further to the award of the new-order mining rights to South Deep, Gold Fields also announced that the DMR had approved the following Black Economic Empowerment deals. These deals will ensure that the Gold Fields South African operations comply with the 2014 Black Economic Empowerment (BEE) ownership requirements.

(a) **Employee Share Ownership Plan (ESOP)** – under the ESOP, Gold Fields will, through its subsidiary GFI Mining South Africa (Pty) Limited ("GFIMSA"), a company that controls the South African assets, issue an estimated 13.5 million unencumbered Gold Fields shares to approximately 47,100 GFIMSA employees. The issue of shares will represent an effective 10.75% in GFIMSA. The shares will be issued to a trust, "Thusano", which will house and administer the shares on behalf of the employees for 15 years. The shares will carry full voting rights.

(b) **Broad-based BEE consortium (BEECO)** – an estimated 600,000 Gold Fields Limited shares representing 1% of GFIMSA's legacy assets in Beatrix, Driefontein and Kloof operating mines will be issued to BEECO.

(c) Through a **vendor financed deal**, BEECO will acquire 10% of South Deep in a phased approach but at no cost to the empowerment consortium. The consortium will hold 10% of South Deep in the form of B-class shares with full ownership and voting rights. B-class shareholders will be entitled to a cumulative preference dividend of R20 million per annum for the first 10 years. Thereafter, the dividend will reduce in equal proportion as the B-class shares are converted to ordinary shares. One-third of the B-class shares will convert to ordinary shares after 10 years and every five years thereafter, one-third will convert until all the B-class shares fully convert to ordinary shares.

The empowerment company will retain ownership of South Deep for 30 years which is the term of the new-order mining right granted to South Deep.

Final dividend

On 4 August 2010, Gold Fields declared a dividend of 70 cents per share.

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32. 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 arm's-length transaction between willing parties. The estimated values of the Group's financial instruments are:

	30 June 2010 R million		30 June 2009 R million	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	**3,790.5**	**3,790.5**	2,881.8	2,881.8
Trade and other receivables	**2,183.5**	**2,183.5**	2,877.0	2,877.0
Environmental trust fund	**1,012.5**	**1,012.5**	886.7	886.7
Investments	**687.7**	**687.7**	2,531.0	2,531.0
Financial liabilities				
Trade and other payables	**3,686.3**	**3,686.3**	3,949.1	3,949.1
Current portion of borrowings	**5,232.0**	**5,217.5**	2,561.2	2,561.2
Financial instruments	**—**	**—**	14.0	14.0
Borrowings	**3,255.1**	**3,255.1**	6,334.3	6,334.3
Bank overdraft	**—**	**—**	77.9	77.9
	US$ million		US$ million	
Financial assets				
Cash and cash equivalents	**500.7**	**500.7**	357.6	357.6
Financial instruments	**—**	**—**	—	—
Trade and other receivables	**288.5**	**288.5**	357.0	357.0
Environmental trust fund	**133.8**	**133.8**	110.0	110.0
Investments	**90.8**	**90.8**	314.1	314.1
Financial liabilities				
Trade and other payables	**487.1**	**487.1**	489.9	489.9
Current portion of borrowings	**691.1**	**689.2**	317.8	317.8
Financial instruments	**—**	**—**	1.8	1.8
Borrowings	**430.0**	**430.0**	785.9	785.9
Bank overdraft	**—**	**—**	9.7	9.7

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 notes 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.

Financial instruments

The fair value of financial instruments is estimated based on ruling market prices, volatilities and interest rates at 30 June 2010. All derivatives are carried on the statement of financial position at fair value.

32. 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 asset 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 set out the Group's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at 30 June 2010:

30 June 2009 R million					30 June 2010 R million			
Total	Level 3	Level 2	Level 1		**Level 1**	**Level 2**	**Level 3**	**Total**
				Financial assets				
511.4	—	—	511.4	Cash equivalents	**314.5**	**—**	**—**	**314.5**
435.2	—	—	435.2	Trade receivables from provisional copper concentrate sales	**—**	**—**	**—**	**—**
886.7	—	185.9	700.8	Environmental trust fund	**607.9**	**404.6**	**—**	**1,012.5**
2,518.3	—	—	2,518.3	Listed investments	**581.3**	**—**	**—**	**581.3**
6.2	6.2	—	—	Unlisted investments	**—**	**—**	**9.7**	**9.7**
				Financial liabilities				
14.0	—	14.0	—	Financial instruments	**—**	**—**	**—**	**—**
US$ million					**US$ million**			
				Financial assets				
63.4	—	—	63.4	Cash equivalents	**41.5**	**—**	**—**	**41.5**
54.0	—	—	54.0	Trade receivables from provisional copper concentrate sales	**—**	**—**	**—**	**—**
110.0	—	23.1	86.9	Environmental trust fund	**80.3**	**53.5**	**—**	**133.8**
312.4	—	—	312.4	Listed investments	**76.8**	**—**	**—**	**76.8**
0.8	0.8	—	—	Unlisted investments	**—**	**—**	**1.2**	**1.2**
				Financial liabilities				
1.8	—	1.8	—	Financial instruments	**—**	**—**	**—**	**—**

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 hierarchy.

Environmental trust fund

Comprise interest-bearing short-term investments of which investments amounting to R607.9 million (2009: R700.8 million) are valued using quoted market prices and investments of R404.6 million (2009: R185.9 million) are valued using inputs other than quoted prices than are observable for the assets.

Listed investments

Comprise 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.

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33. 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.

Gold Fields' Audit Committee 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 Groups' 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 activities 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% and 5% of the financial institution's equity, which is dependent on the institution's 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.

33. 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	
	2010	2009	**2010**	2009
On-balance sheet				
Investments	**96.7**	6.5	**12.8**	0.9
Non-current assets	**1,012.5**	886.7	**133.8**	110.0
Trade and other receivables	**1,377.7**	1,716.7	**182.1**	213.0
Cash and cash equivalents	**3,790.5**	2,881.8	**500.7**	357.6

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.

Other receivables that are past due but not impaired total R16.8 million (2009: R19.9 million). As of 30 June 2010, other receivables of R54.2 million (2009: R52.0 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.

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.

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33. RISK MANAGEMENT ACTIVITIES (continued)

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
2010				
Trade payables	**3,686.3**	**—**	**—**	**3,686.3**
Borrowings				
– US$ 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]	**—**	**—**	**2,982.0**	**2,982.0**
Post-retirement health care costs	**—**	**—**	**22.1**	**22.1**
Total	**9,041.6**	**3,274.3**	**3,004.1**	**15,320.0**
2009				
Trade payables	3,949.1	—	—	3,949.1
Borrowings				
– USD borrowings				
– Capital	318.4	5,181.6	480.6	5,980.6
– Interest	48.7	111.3	16.2	176.2
– ZAR borrowings				
– Capital	2,242.9	600.0	—	2,842.9
– Interest	34.4	231.4	—	265.8
Environmental rehabilitation costs[4]	—	—	2,754.4	2,754.4
Post-retirement health care costs	—	—	20.5	20.5
Financial instruments[5]				
– Contractual outflow	2,216.4	—	—	2,216.4
– Inflow if US$ were to be sold	(2,208.4)	—	—	(2,208.4)
Bank overdraft	77.9	—	—	77.9
Total	6,679.4	6,124.3	3,271.7	16,075.4

[1] *Spot rate: R7.57 = US$1.00 (2009: R8.06 = US$1.00).*

[2] *US$ borrowings – spot LIBOR (1 month fix) rate adjusted by specific facility agreement: 0.34719%. (2009: 0.31125%).*

[3] *ZAR borrowings – spot prime rate adjusted by specific facility agreement: 10.0% (2009: 11.0%).*

[4] *In South Africa R1,012.5 million (2009: R886.7 million) of the environmental rehabilitation costs is funded through the environmental trust funds.*

[5] *Financial instruments relate to the US$/rand forward cover purchased. On 17 September 2009 the forward cover of US$274 million was settled as a result of the decision to repay the loan amount (note 19).*

33. RISK MANAGEMENT ACTIVITIES (continued)

	Within one year US$ million	Between one and five years US$ million	After five years US$ million	Total US$ million
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]	**—**	**—**	**393.9**	**393.9**
Post-retirement health care costs	**—**	**—**	**2.9**	**2.9**
Total	**1,194.5**	**432.5**	**396.8**	**2,023.8**
2009				
Trade payables	489.9	—	—	489.9
Borrowings				
– USD borrowings				
– Capital	39.5	642.9	59.6	742.0
– Interest	6.0	13.8	2.0	21.8
– ZAR borrowings				
– Capital	278.3	74.4	—	352.7
– Interest	4.3	28.7	—	33.0
Environmental rehabilitation costs[4]	—	—	341.7	341.7
Post-retirement health care costs	—	—	2.6	2.6
Financial instruments[5]				
– Contractual outflow	275.0	—	—	275.0
– Inflow if USD were to be sold	(274.0)	—	—	(274.0)
Bank overdraft	9.7	—	—	9.7
Total	828.7	759.8	405.9	1,994.4

[1] *Spot rate: R7.57 = US$1.00 (2009: R8.06 = US$1.00).*

[2] *US$ borrowings – spot LIBOR (1 month fix) rate adjusted by specific facility agreement: 0.34719%. (2009: 0.31125%).*

[3] *ZAR borrowings – spot prime rate adjusted by specific facility agreement: 10.0% (2009: 11.0%).*

[4] *In South Africa US$133.8 million (2009: US$110.0 million) of the environmental rehabilitation costs is funded through the environmental trust funds.*

[5] *Financial instruments relate to the US$/rand forward cover purchased. On 17 September 2009 the forward cover of US$274 million was settled as a result of the decision to repay the loan amount (note 19).*

Notes to the consolidated financial statements continued

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33. 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 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 year-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 US dollars. In addition, Gold Fields has investments and indebtedness in US 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.

Gold Fields' revenues and costs are very sensitive to the rand/US dollar exchange rate because revenues are generated using a gold price denominated in US dollars, while costs of the South African operations are incurred principally in rand. Depreciation of the rand against the US dollar reduces Gold Fields' average costs when they are translated into US 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 US dollars, resulting in lower operating margins. The impact on profitability of changes in the value of the rand against the US 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

2010

Western Areas US 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 F2008, 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 original rate of R7.3279. During F2009 R278 million of forward cover costs was 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 F2010 R38 million of forward cover costs was accounted for as part of interest, as this forward cover has been designated as a hedging instrument.

33. RISK MANAGEMENT ACTIVITIES (continued)

Foreign currency hedging experience (continued)

2009

South Africa US dollars/rand forward sales

South Africa: US dollars/rand forward sales – In October 2008, US$150 million of expected gold revenue for the December quarter was sold forward on behalf of the South African operations. In December 2008, the US$150 million was extended to the March quarter at an average forward rate of R10.3818. During the March quarter US$30 million was settled at a gain for the quarter of R7 million. The outstanding balance of US$120 million was extended into the June quarter at an average forward rate of R10.2595. Subsequent to the March quarter end, the remaining forward cover of US$120 million was partly delivered into and the balance closed out, resulting in a gain of R54 million. This was accounted for in the income statement in the June quarter.

Australia US dollars/Australian dollars forward sales

Australia: US dollars/Australian dollars forward sales – In October 2008, US$70 million of expected gold revenue for the December quarter was sold forward on behalf of the Australian operations. In December 2008, US$56 million was extended to the March quarter at an average forward rate of A$0.6650. During the March quarter an additional US$8 million of instruments were taken out. The total of US$64 million was extended into the June quarter at an average forward rate of A$0.6445. Subsequent to the March quarter end the forward cover of US$64 million was partly delivered into and the balance closed out, resulting in a gain of A$2 million (R13 million). This was accounted for in the income statement.

Foreign currency contract position

As of 30 June 2010, Gold Fields had no material foreign currency contracts, the 30 June 2009 position was as follows:

	Year ended 30 June	
US dollar/rand	**2010**	2009
Forward exchange contracts		
Amount (US dollars) – '000	—	274,000
Average forward rate (R/US$)	—	8.0892

Foreign currency sensitivity analysis

A sensitivity analysis of Gold Fields' foreign currency exposure as of 30 June 2009 is set forth below. Major non-derivative monetary financial instruments, except for ones disclosed in the table below, are denominated in the applicable functional currency. Exchange rate fluctuations therefore do not have an effect on profit and loss or shareholders' equity. Non-interest-bearing securities or equity instruments held are of a non-monetary nature and therefore are not exposed to currency risk as defined in IFRS 7.

	R/US$[1] exchange rate as of 30 June					
Sensitivity to R/US$[2] exchange rates	**-10.0% R million**	**-7.5% R million**	**-5.0% R million**	**5.0% R million**	**7.5% R million**	**10.0% R million**
2010						
Borrowings under the split-tenor revolving credit facility by GF Operations	—	—	—	—	—	—
Forward cover	—	—	—	—	—	—
Change in finance expense[3]	—	—	—	—	—	—
2009						
Borrowings under the split-tenor revolving credit facility by GF Operations	(220.8)	(165.6)	(110.4)	110.4	165.6	220.8
Forward cover	220.8	165.6	110.4	(110.4)	(165.6)	(220.8)
Change in finance expense[3]	—	—	—	—	—	—

[1] *"+" and "—" designate the strengthening and weakening of the rand against the US dollar.*

[2] *Spot rate for 2009: R8.06 = US$1.00.*

[3] *For accounting purposes, this forward cover has been designated as a hedging instrument. As a result the gains and losses on the forward cover have been accounted for under gain/(loss) on foreign exchange along with gains and losses on the underlying loan that has been hedged.*

Notes to the consolidated financial statements continued

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33. RISK MANAGEMENT ACTIVITIES (continued)

	R/US$[1] exchange rate as of 30 June					
Sensitivity to R/US$[2] exchange rates	-10.0% US$ million	-7.5% US$ million	-5.0% US$ million	5.0% US$ million	7.5% US$ million	10.0% US$ million
2010						
Borrowings under the split-tenor revolving credit facility by GF Operations	—	—	—	—	—	—
Forward cover	—	—	—	—	—	—
Change in finance expense[3]	—	—	—	—	—	—
2009						
Borrowings under the split-tenor revolving credit facility by GF Operations	(24.5)	(18.4)	(12.3)	12.3	18.4	24.5
Forward cover	24.5	18.4	12.3	(12.3)	(18.4)	(24.5)
Change in finance expense[3]	—	—	—	—	—	—

[1] *"+" and "—" designate the strengthening and weakening of the rand against the US dollar.*
[2] *Spot rate for 2009: R8.06 = US$1.00.*
[3] *For accounting purposes, this forward cover has been designated as a hedging instrument. As a result the gains and losses on the forward cover have been accounted for under gain/(loss) on foreign exchange along with gains and losses on the underlying loan that has been hedged.*

A sensitivity analysis of the mark-to-market valuations of Gold Fields' foreign currency contracts is set forth below:

	R/US$[1] exchange rate as of 30 June						
Sensitivity to R/US$ exchange rates	-10.0% R million	-7.5% R million	-5.0% R million	Spot[2] R million	5.0% R million	7.5% R million	10.0% R million
2010							
Financial instruments (Mark-to-market forwards)	—	—	—	—	—	—	—
2009							
Financial instruments (Mark-to-market forwards)	220.5	165.3	110.1	(0.4)	(110.8)	(166.0)	(221.2)

[1] *"+" and "—" designate the strengthening and weakening of the rand against the US dollar.*
[2] *Spot rate for 2009: R8.06 = US$1.00.*

	R/US$[1] exchange rate as of 30 June						
Sensitivity to R/US$ exchange rates	-10.0% US$ million	-7.5% US$ million	-5.0% US$ million	Spot[2] US$ million	5.0% US$ million	7.5% US$ million	10.0% US$ million
2010							
Financial instruments (Mark-to-market forwards)	—	—	—	—	—	—	—
2009							
Financial instruments (Mark-to-market forwards)	27.4	20.5	13.7	(0.1)	(13.7)	(20.6)	(27.4)

[1] *"+" and "—" designate the strengthening and weakening of the rand against the US dollar.*
[2] *Spot rate for 2009: R8.06 = US$1.00.*

33. RISK MANAGEMENT ACTIVITIES (continued)

	Weighted average rand interest rate[1] as of 30 June						
Sensitivity to rand interest rates	**-1.5% R million**	**-1.0% R million**	**-0.5% R million**	**Spot[2] R million**	**0.5% R million**	**1.0% R million**	**1.5% R million**
2010							
Financial instruments (Mark-to-market forwards)	—	—	—	—	—	—	—
2009							
Financial instruments (Mark-to-market forwards)	(2.3)	(1.6)	(1.0)	(0.4)	0.3	0.9	1.5

[1] *"+" and "—" designate the strengthening and weakening of the rand interest rate against the spot interest rate.*

[2] *Spot rand interest rate for 2009: 7.69%.*

	Weighted average rand interest rate[1] as of 30 June						
Sensitivity to rand interest rates	**-1.5% US$ million**	**-1.0% US$ million**	**-0.5% US$ million**	**Spot[2] US$ million**	**0.5% US$ million**	**1.0% US$ million**	**1.5% US$ million**
2010							
Financial instruments (Mark-to-market forwards)	—	—	—	—	—	—	—
2009							
Financial instruments (Mark-to-market forwards)	(0.3)	(0.2)	(0.1)	(0.1)	0.0	0.1	0.2

[1] *"+" and "—" designate the strengthening and weakening of the rand interest rate against the spot interest rate.*

[2] *Spot rand interest rate for 2009: 7.69%.*

	Weighted average US dollar interest rate[1] as of 30 June						
Sensitivity to US dollar interest rates	**-1.5% R million**	**-1.0% R million**	**-0.5% R million**	**Spot[2] R million**	**0.5% R million**	**1.0% R million**	**1.5% R million**
2010							
Financial instruments (Mark-to-market forwards)	—	—	—	—	—	—	—
2009							
Financial instruments (Mark-to-market forwards)	1.5	0.9	0.3	(0.4)	(1.0)	(1.6)	(2.3)

[1] *"+" and "—" designate the strengthening and weakening of the US dollar interest rate against the spot interest rate.*

[2] *Spot US dollar interest rate for 2009: 0.31%.*

	Weighted average US dollar interest rate[1] as of 30 June						
Sensitivity to US dollar interest rates	**-1.5% US$ million**	**-1.0% US$ million**	**-0.5% US$ million**	**Spot[2] US$ million**	**0.5% US$ million**	**1.0% US$ million**	**1.5% US$ million**
2010							
Financial instruments (Mark-to-market forwards)	—	—	—	—	—	—	—
2009							
Financial instruments (Mark-to-market forwards)	0.2	0.1	0.0	(0.1)	(0.1)	(0.2)	(0.3)

[1] *"+" and "—" designate the strengthening and weakening of the US dollar interest rate against the spot interest rate.*

[2] *Spot US dollar interest rate for 2009: 0.31%.*

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33. RISK MANAGEMENT ACTIVITIES (continued)

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 prices, all of which are beyond the control of Gold Fields, is impossible for Gold Fields to predict.

Oil

The market price of oil has a significant effect on the results of the offshore operations of Gold Fields. The offshore operations consume large quantities of diesel in the running of their mining fleets. Oil prices have historically fluctuated widely and are affected by numerous factors over which Gold Fields does not have any control.

Commodity price hedging policy

Gold and copper

Generally, Gold Fields does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for future gold production. On an exceptional basis, Gold Fields may consider gold hedging arrangements in one or more of the following circumstances:

- To protect cash flows at times of significant expenditure;
- For specific debt-servicing requirements; and
- To safeguard the viability of higher cost operations.

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 parties of, Gold Fields.

Oil

Generally Gold Fields does not enter into derivatives or other hedging arrangements to establish a price in advance for future oil consumption. However, where oil prices are expected to increase in the short to medium term, Gold Fields may consider hedging the oil price in order to protect itself against the adverse cost effects of a material increase in the oil price.

Commodity price hedging experience

Gold and copper

2009

During June 2009 8,705 tonnes of Cerro Corona's expected copper production for F2010 was sold forward for monthly deliveries, starting on 24 June 2009 to 23 June 2010. The average forward price for the monthly deliveries is US$5,001 per tonne. An additional 8,705 tonnes of Cerro Corona's expected copper production for F2010 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. The mark-to-market value of both instruments at the end of June 2009 was negative by R13.6 million (US$1.7 million).

Oil

2009

In F2009, the Ghanaian operations purchased four monthly Asian-style ICE gasoil call options with strike prices ranging from US$0.90 per litre to US$1.11 per litre, which equates to a Brent crude price of between US$92 and US$142 per barrel, with final expiry on 28 February 2010.

The Australian 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 a premium of A$4.4 million, paid upfront.

33. RISK MANAGEMENT ACTIVITIES (continued)

Commodity price contract position

As of the end of financial 2010, there was no commodity price hedging contracts outstanding (2009: copper instruments described above). A sensitivity analysis of the mark-to-market valuations of Gold Fields' foreign currency contracts is set forth below.

	Copper spot price[1] as of 30 June						
Sensitivity to copper spot price	**-15.0% R million**	**-10.0% R million**	**-5.0% R million**	**Spot[2] R million**	**5.0% R million**	**10.0% R million**	**15.0% R million**
2010							
Financial instruments (Mark-to-market forwards)	—	—	—	—	—	—	—
Financial instruments (Mark-to-market zero cost collar)	—	—	—	—	—	—	—
2009							
Financial instruments (Mark-to-market forwards)	48.6	31.0	13.4	(4.2)	(21.9)	(39.6)	(57.2)
Financial instruments (Mark-to-market zero cost collar)	32.5	18.4	4.8	(9.4)	(22.2)	(36.3)	(50.9)

[1] *"+" and "—" designate the strengthening and weakening of the copper price against spot.*
[2] *Spot rate for 2009: copper US$5,040 per tonne and R8.06 = US$1.00.*

	Copper spot price[1] as of 30 June						
Sensitivity to copper spot price	**-15.0% US$ million**	**-10.0% US$ million**	**-5.0% US$ million**	**Spot[2] US$ million**	**5.0% US$ million**	**10.0% US$ million**	**15.0% US$ million**
2010							
Financial instruments (Mark-to-market forwards)	—	—	—	—	—	—	—
Financial instruments (Mark-to-market zero cost collar)	—	—	—	—	—	—	—
2009							
Financial instruments (Mark-to-market forwards)	6.0	3.8	1.7	(0.5)	(2.7)	(4.9)	(7.1)
Financial instruments (Mark-to-market zero cost collar)	4.0	2.3	0.6	(1.2)	(2.8)	(4.5)	(6.3)

[1] *"+" and "—" designate the strengthening and weakening of the copper price against spot.*
[2] *Spot rate for 2009: copper US$5,040 per tonne and R8.06 = US$1.00.*

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33. RISK MANAGEMENT ACTIVITIES (continued)

Commodity price contract position (continued)

	R/US$[1] exchange rate as of 30 June						
Sensitivity to R/US$ exchange rates	-10.0% R million	-7.5% R million	-5.0% R million	Spot[2] R million	5.0% R million	7.5% R million	10.0% R million
2010							
Financial instruments (Mark-to-market forwards)	—	—	—	—	—	—	—
Financial instruments (Mark-to-market zero cost collar)	—	—	—	—	—	—	—
2009							
Financial instruments (Mark-to-market forwards)	(4.0)	(4.1)	(4.2)	(4.2)	(4.6)	(4.7)	(4.9)
Financial instruments (Mark-to-market zero cost collar)	(8.0)	(8.3)	(8.5)	(9.4)	(9.4)	(9.6)	(9.8)

[1] *"+" and "—" designate the strengthening and weakening of the rand against the US dollar.*

[2] *Spot rate for 2009: R8.06 = US$1.00.*

	R/US$[1] exchange rate as of 30 June						
Sensitivity to R/US$ exchange rates	-10.0% US$ million	-7.5% US$ million	-5.0% US$ million	Spot[2] US$ million	5.0% US$ million	7.5% US$ million	10.0% US$ million
2010							
Financial instruments (Mark-to-market forwards)	—	—	—	—	—	—	—
Financial instruments (Mark-to-market zero cost collar)	—	—	—	—	—	—	—
2009							
Financial instruments (Mark-to-market forwards)	(0.5)	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)
Financial instruments (Mark-to-market zero cost collar)	(1.0)	(1.0)	(1.1)	(1.2)	(1.2)	(1.2)	(1.2)

[1] *"+" and "—" designate the strengthening and weakening of the rand against the US dollar.*

[2] *Spot rate for 2009: R8.06 = US$1.00*

	Weighted average US dollar interest rate[1] as of 30 June						
Sensitivity to US$ interest rates	-1.5% R million	-1.0% R million	-0.5% R million	Spot[2] R million	0.5% R million	1.0% R million	1.5% R million
2010							
Financial instruments (Mark-to-market forwards)	—	—	—	—	—	—	—
Financial instruments (Mark-to-market zero cost collar)	—	—	—	—	—	—	—
2009							
Financial instruments (Mark-to-market forwards)	(4.3)	(4.3)	(4.3)	(4.2)	(4.3)	(4.3)	(4.2)
Financial instruments (Mark-to-market zero cost collar)	(6.9)	(7.3)	(7.9)	(9.4)	(9.3)	(10.0)	(10.7)

[1] *"+" and "—" designate the strengthening and weakening of the US dollar interest rate against the spot interest rate.*

[2] *Spot US dollar interest rate for 2009: 0.31%.*

33. RISK MANAGEMENT ACTIVITIES (continued)

Commodity price contract position (continued)

	Weighted average US dollar interest rate[1] as of 30 June						
Sensitivity to US$ interest rates	**-1.5% US$ million**	**-1.0% US$ million**	**-0.5% US$ million**	**Spot[2] US$ million**	**0.5% US$ million**	**1.0% US$ million**	**1.5% US$ million**
2010							
Financial instruments (Mark-to-market forwards)	—	—	—	—	—	—	—
Financial instruments (Mark-to-market zero cost collar)	—	—	—	—	—	—	—
2009							
Financial instruments (Mark-to-market forwards)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Financial instruments (Mark-to-market zero cost collar)	(0.9)	(0.9)	(1.0)	(1.2)	(1.2)	(1.2)	(1.3)

[1] *"+" and "—" designate the strengthening and weakening of the US dollar interest rate against the spot interest rate.*

[2] *Spot US dollar interest rate for 2009: 0.31%.*

	Copper volatility as of 30 June						
Sensitivity to copper volatility	**-10.0% R million**	**-7.5% R million**	**-5.0% R million**	**Spot[1] R million**	**5.0% R million**	**7.5% R million**	**10.0% R million**
2010							
Financial instruments (Mark-to-market zero cost collar)	—	—	—	—	—	—	—
2009							
Financial instruments (Mark-to-market zero cost collar)	(7.9)	(8.1)	(8.4)	(9.4)	(8.8)	(9.1)	(9.3)

[1] *Spot copper volatility for 2009: 44.7%.*

	Copper volatility as of 30 June						
Sensitivity to copper volatility	**-10.0% US$ million**	**-7.5% US$ million**	**-5.0% US$ million**	**Spot[1] US$ million**	**5.0% US$ million**	**7.5% US$ million**	**10.0% US$ million**
2010							
Financial instruments (Mark-to-market zero cost collar)	—	—	—	—	—	—	—
2009							
Financial instruments (Mark-to-market zero cost collar)	(1.0)	(1.0)	(1.0)	(1.2)	(1.1)	(1.1)	(1.2)

[1] *Spot copper volatility for 2009: 44.7%.*

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33. RISK MANAGEMENT ACTIVITIES (continued)

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	Increase/(decrease) in equity price at 30 June			
Sensitivity to equity security price	**-10.0% R million**	**-5.0% R million**	**5.0% R million**	**10.0% R million**
2010				
Increase/(decrease) in shareholders' equity	**(58.1)**	**(29.1)**	**29.1**	**58.1**
2009				
Increase/(decrease) in shareholders' equity	(251.8)	(125.9)	125.9	251.8

Equity investments – shares	Increase/(decrease) in equity price at 30 June			
Sensitivity to equity security price	**-10.0% US$ million**	**-5.0% US$ million**	**5.0% US$ million**	**10.0% US$ million**
2010				
Increase/(decrease) in shareholders' equity	**(7.7)**	**(3.8)**	**3.8**	**7.7**
2009				
Increase/(decrease) in shareholders' equity	(31.2)	(15.6)	15.6	31.2

Spot rate: R7.57 = US$1.00 (2009: R8.06 = US$1.00).

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 30 June 2010, Gold Fields' long-term indebtedness amounted to R3,255.1 million (2009: R6,334.3 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 as in the case of the Mvelaphanda transaction. Under the Mvela loan, GFIMSA paid Mvela interest, semi-annually and at a fixed rate of 10.57% per annum. Refer to note 22 for all the borrowings and the relevant interest rates per facility.

Interest rate sensitivity analysis

The portion of Gold Fields' interest-bearing debt at year end that is exposed to interest rate fluctuations is R8,187.1 million (2009: R8,895.5 million). This debt is normally rolled for periods 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 month's total tenor) or bears interest at a fixed rate.

R4,012.1 million (2009: R5,968.5 million) of the total debt at year end is exposed to changes in the LIBOR rate and R4,175.0 million (2009: R2,927.0 million) is exposed to the South African prime (Prime) interest rate. The relevant interest rates for each facility are described in note 22.

33. RISK MANAGEMENT ACTIVITIES (continued)

Interest rate sensitivity analysis (continued)

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 as of 30 June					
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**
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**
2009						
Sensitivity to LIBOR interest rates	(75.8)	(50.5)	(25.3)	25.3	50.5	75.8
Sensitivity to prime interest rates	(34.7)	(23.1)	(11.6)	11.6	23.1	34.7
Change in finance expense	(110.5)	(73.6)	(36.9)	36.9	73.6	110.5

Spot rate: R7.57 = US$1.00 (2009: R8.06 = US$1.00).

	Change in interest expense for interest rate changes as of 30 June					
Sensitivity to interest rates	**-1.5% US$ million**	**-1.0% US$ million**	**-0.5% US$ million**	**0.5% US$ million**	**1.0% US$ million**	**1.5% US$ million**
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**
2009						
Sensitivity to LIBOR interest rates	(8.4)	(5.6)	(2.8)	2.8	5.6	8.4
Sensitivity to prime interest rates	(3.8)	(2.6)	(1.3)	1.3	2.6	3.8
Change in finance expense	(12.2)	(8.2)	(4.1)	4.1	8.2	12.2

Spot rate: R7.57 = US$1.00 (2009: R8.06 = US$1.00).

Notes to the consolidated financial statements continued

for the year ended 30 June 2010

34. 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	2010	2009
SA rand		
Borrowings	**8,487.1**	8,895.5
Cash and cash equivalents	**3,790.5**	2,803.9
Net debt	**4,696.6**	6,091.6
EBITDA	**12,573.2**	11,463.3
Net debt to EBITDA	**0.37**	0.53
US dollars		
Borrowings	**1,121.1**	1,103.7
Cash and cash equivalents	**500.7**	347.9
Net debt	**620.4**	755.8
EBITDA	**1,658.7**	1,272.3
Net debt to EBITDA	**0.37**	0.59

35. 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 years or in any proposed transaction which has affected or will materially affect Gold Fields or its investment interests or subsidiaries, other than as stated below.

Mvelaphanda transaction

On 8 March 2004, shareholders of both Gold Fields and Mvelaphanda Resources Limited ("Mvela Resources") voted decisively in favour of all shareholder resolutions necessary to implement the transaction in terms of which Mvelaphanda Gold (Pty) Limited ("Mvela"), a wholly owned subsidiary of Mvela Resources, would acquire a 15% beneficial interest in the South African gold mining assets of Gold Fields, including the world-class Beatrix, Driefontein and Kloof Mines for a cash consideration of R4,139 million. All conditions precedent to the transaction were fulfilled following the completion by Mvela Resources of a domestic and international private placement on 15 March 2004.

In terms of the Right of Exchange, Mvela and Gold Fields had the right to require the exchange of the GFIMSA shares in return for the issue to Mvela of new ordinary shares in Gold Fields. The minimum and maximum number of Gold Fields shares that would have been issued by Gold Fields following the exercise of the Right of Exchange was 45 million and 55 million respectively.

Following completion of the private placement Mvela Gold advanced a loan of R4,139 million to GFI Mining South Africa (Pty) Limited, a wholly owned subsidiary of Gold Fields, on 17 March 2004. This loan was financed by way of commercial bank debt of approximately R1,349 million, mezzanine finance of R1,100 million (which includes R200 million of redeemable preference shares in Micawber 325 (Pty) Limited subscribed for by Gold Fields) and the balance of approximately R1 690 million raised by the Mvela Resources private placement, (which includes R100 million of equity in Mvela Resources subscribed for by Gold Fields as part of the above private placement). At the end of five years, the GFIMSA loan would be repaid and Mvela would subscribe for 15% of the share capital of GFIMSA.

The proceeds of the GFIMSA loan were applied towards settling R4.1 billion of the R4.7 billion payable by GFIMSA to Beatrix Mining Ventures Limited, Driefontein Consolidated (Pty) Limited and Kloof Gold Mining Company Limited following implementation of the internal reorganisation pursuant to which GFIMSA has acquired the gold mining assets of these companies as well as ancillary assets.

35. RELATED PARTY TRANSACTIONS (continued)

Mvelaphanda transaction

In terms of the transaction, and in furthering its empowerment objectives, Mvela had appointed two nominees out of a maximum of seven to the GFIMSA board, and had appointed two members to each of GFIMSA's Operations Committee and Transformation Committee, which latter committee was established to monitor compliance with the Mining Charter and other transformation objectives.

On 17 March 2008, Gold Fields and Mvela decided that Mvela would receive a fixed 50 million Gold Fields shares if and when Mvela's future stake of 15% in GFIMSA is exchanged at the instance of either Gold Fields or Mvela, for shares in Gold Fields.

On 17 March 2009, in terms of the R4.1 billion Black Economic Empowerment transaction approved by shareholders of Gold Fields on 8 March 2004, Mvela Resources took receipt, through its wholly owned subsidiary Mvela Gold, of its 15% shareholding in GFIMSA.

Immediately upon receipt of the GFIMSA shares, Mvela Gold exercised its right to use the GFIMSA shares to subscribe for 50 million new ordinary shares in Gold Fields. Gold Fields issued 50 million new ordinary Gold Fields shares, to Mvela Gold for the GFIMSA shares. Pursuant to the above transactions, Mvela Gold owned approximately 7% of the listed shares of Gold Fields, and Gold Fields again owns 100% of GFIMSA.

Since 17 March 2009, Mvela sold 18 million of these Gold Fields shares and currently holds 32 million Gold Fields shares.

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. As at 30 June 2010 Gold Fields Limited has contributed R31.6 million (2009: net R31.4 million). The original commitment period of six years, under which Gold Fields has provided a commitment to fund R50.0 million in total, 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 to make 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.

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 years indebted to Gold Fields.

UNITED STATES DOLLARS			SOUTH AFRICAN RAND	
2009	**2010**		**2010**	2009
		Compensation to key management (Executive Committee)		
5.1	**6.3**	Salaries and other short-term employee benefits	**47.5**	46.1
2.0	**2.9**	Bonus	**22.2**	18.2
2.7	**4.0**	Share-based payments	**30.2**	24.5
9.8	**13.2**		**99.9**	88.8

36. SEGMENT REPORTING

The segment information is shown on pages 257 and 258.

Company income statement

for the year ended 30 June 2010

Figures in millions unless otherwise stated

	Notes	SOUTH AFRICAN RAND 2010	2009
Dividend received		**917.1**	1,595.2
Net interest paid		**(26.4)**	(87.9)
Share-based payments		**(5.1)**	(7.0)
Amortisation of financial guarantees		**95.3**	87.1
Foreign exchange gain/(loss) on revaluation of financial guarantees		**12.1**	(4.5)
Mark-to-market of Mvela Right of Exchange	1	**–**	529.0
Other (expenses)/income		**(77.0)**	3.4
Profit before taxation		**916.0**	2,115.3
Taxation	2	**(8.3)**	(29.8)
Profit for the year		**907.7**	2,085.5

The accompanying notes form an integral part of these financial statements.

Company statement of comprehensive income

for the year ended 30 June 2010

Figures in millions unless otherwise stated

	SOUTH AFRICAN RAND	
	2010	2009
Profit for the year	**907.7**	2,085.5
Other comprehensive income	**0.1**	0.1
Mark-to-market valuation of listed investments	**0.1**	0.1
Total comprehensive income for the year	**907.8**	2,085.6

The accompanying notes form an integral part of these financial statements.

Company statement of financial position

at 30 June 2010

Figures in millions unless otherwise stated

	Notes	SOUTH AFRICAN RAND 2010	2009
ASSETS			
Non-current assets			
Investments	4	**34,773.4**	32,258.9
Current asset			
Trade and other receivables		**11.5**	3.2
Total assets		**34,784.9**	32,262.1
EQUITY AND LIABILITIES			
Shareholders' equity per statement		**30,283.1**	30,230.5
Share capital		**353.0**	352.4
Share premium		**31,467.5**	31,411.3
Reserves		**264.5**	259.3
Retained earnings		**(1,801.9)**	(1,792.5)
Non-current liabilities			
Borrowings	5	**–**	684.2
Current liabilities		**4,501.8**	1,347.4
Trade and other payables		**43.5**	16.1
Financial guarantees	6	**117.2**	149.9
Current portion of borrowings	5	**4,330.9**	1,143.0
Taxation		**10.2**	38.4
Total equity and liabilities		**34,784.9**	32,262.1

The accompanying notes form an integral part of these financial statements.

Company statement of changes in equity

for the year ended 30 June 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 earnings	Total shareholders' equity
SOUTH AFRICAN RAND							
Balance at 30 June 2008	653,200,682	326.6	28,210.3	0.2	252.0	(2,897.2)	25,891.9
Net profit	—	—	—	—	—	2,085.5	2,085.5
Other comprehensive income	—	—	—	0.1	—	—	0.1
Share-based payments	—	—	—	—	7.0	—	7.0
Dividends	—	—	—	—	—	(980.8)	(980.8)
Mvela share issue on conclusion of transaction	50,000,000	25.0	3,130.2	—	—	—	3,155.2
Exercise of employee share options	1,549,167	0.8	70.8	—	—	—	71.6
Balance at 30 June 2009	704,749,849	352.4	31,411.3	0.3	259.0	(1,792.5)	30,230.5
Net profit	—	—	—	—	—	907.7	907.7
Other comprehensive income	—	—	—	0.1	—	—	0.1
Share-based payments	—	—	—	—	5.1	—	5.1
Dividends	—	—	—	—	—	(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

The accompanying notes form an integral part of these financial statements.

Company statement of cash flows

for the year ended 30 June 2010

Figures in millions unless otherwise stated

	Notes	SOUTH AFRICAN RAND 2010	2009
Cash flows from operating activities		**(76.1)**	633.1
Cash (utilised)/generated by operations	7	**(32.3)**	91.7
Interest paid		**(252.9)**	(102.0)
Interest received		**226.5**	14.1
Dividends received		**917.1**	1,595.2
Change in working capital	8	**19.1**	14.9
Cash generated by operating activities		**877.5**	1,613.9
Taxation paid	9	**(36.5)**	—
Net cash generated by operations		**841.0**	1,613.9
Dividends paid	3	**(917.1)**	(980.8)
Cash flows from investing activities		**—**	—
Purchase of investments		**—**	—
Cash flows from financing activities		**76.1**	(633.1)
Advance of long-term loan to subsidiaries		**(2,439.7)**	(1,249.5)
Preference share liability repaid		**—**	(623.2)
Borrowings raised		**7,902.0**	1,143.0
Borrowings repaid		**(5,443.0)**	—
Proceeds from issue of shares		**56.8**	96.6
Net cash generated/(utilised)		**—**	—
Cash and cash equivalents at beginning of the year		**—**	—
Cash and cash equivalents at end of the year		**—**	—

The accompanying notes form an integral part of these financial statements.

Notes to the company financial statements

for the year ended 30 June 2010

Figures in millions unless otherwise stated

	SOUTH AFRICAN RAND	
	2010	2009
1. MARK-TO-MARKET OF MVELA RIGHT OF EXCHANGE		
In terms of the Right of Exchange, Mvelaphanda Gold (Pty) Limited (Mvela) and Gold Fields have the right to require the exchange of the GFIMSA shares in return for the issue to Mvela of new ordinary shares in Gold Fields. The minimum and maximum number of Gold Fields shares that would be issued by Gold Fields following the exercise of the Right of Exchange was 45 million and 55 million respectively. On 17 March 2008, Gold Fields and Mvela decided that Mvela will receive a fixed 50 million Gold Fields shares if and when Mvela's future stake of 15% in GFIMSA is exchanged at the instance of either Gold Fields or Mvela, for shares in Gold Fields.		
The fixed contract, prior to its conclusion on 17 March 2009, represented an option to exchange a fixed amount of Gold Fields equity for a fixed amount of a financial asset. The fixed contract met the definition of a derivative under IAS 39 and had to be mark-to-market at year end.		
Mark-to-market of Mvela Right of Exchange	**–**	529.0
Total mark-to-market of Mvela Right of Exchange	**–**	529.0
2. TAXATION		
South African current taxation		
– normal tax	**(8.3)**	(26.5)
– deferred tax	**–**	(3.3)
Total tax	**(8.3)**	(29.8)
3. DIVIDENDS		
2009 final dividend of 80 cents per share (2008: 120 cents) declared on 5 August 2009.	**564.1**	784.5
2010 interim dividend of 50 cents per share (2009: 30 cents) declared on 1 March 2010.	**353.0**	196.4
A final dividend in respect of F2010 of 70 cents per share was approved by the Board of Directors on 4 August 2010. 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	**917.1**	980.9
4. INVESTMENTS		
Listed		
Cost	**0.3**	0.3
Net unrealised gain on revaluation	**0.4**	0.3
Carrying value	**0.7**	0.6
Market value	**0.7**	0.6
Unlisted		
Carrying value	**21,973.7**	21,899.0
Total listed and unlisted investments	**21,974.4**	21,899.6
Loans advanced	**12,799.0**	10,359.3
Total investments	**34,773.4**	32,258.9

Details of major investments are given on pages 255 and 256.

Notes to the company financial statements continued

for the year ended 30 June 2010

Figures in millions unless otherwise stated

	SOUTH AFRICAN RAND	
	2010	2009
5. BORROWINGS		
(a) Preference shares		
On 24 December 2007 Gold Fields Limited issued R1.2 billion three years and one month non-convertible redeemable preference shares. The dividend rate payable is a floating rate of up to 61% of Prime. Dividends are rolled up until redemption date. The purpose of the preference shares was to refinance existing facilities.		
On 10 October 2008, R600.0 million of the R1,200.0 million preference shares was repaid with an attributable dividend of R23.2 million. The balance are redeemable at the option of Gold Fields.		
The remaining preference shares mature on 24 January 2011 and have been guaranteed by GFIMSA, Orogen, GF Operations and Gold Fields Holdings Company (BVI) Limited.		
Balance at the beginning of year	**684.2**	1,219.5
Preference shares repaid	**—**	(623.2)
Preference share interest	**44.7**	87.9
Balance at the end of year	**728.9**	684.2
(b) Commercial Paper loan		
Gold Fields established its R10 billion Domestic Medium-Term Note Programme (the Programme) on 6 April 2009 and amended the Programme on 6 October 2009 to provide a guarantee to noteholders as noted 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 R7,902 million (2009: R1,143 million) and settled listed maturing notes totalling R5,443 million (2009: Rnil). The different notes issued mature 3, 6 or 12 months from date of issue and bear interest at JIBAR plus a margin ranging from 0.51% 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 30 June 2010 were R3,602 million (2009: R1,143 million).		
Notes under the Programme are guaranteed by GFIMSA, GF Holdings, Orogen and GF Operations.		
Balance at the beginning of year	**1,143.0**	—
Notes issued	**7,902.0**	1,143.0
Settlements	**(5,443.0)**	—
Balance at the end of year	**3,602.0**	1,143.0
Gross borrowings	**4,330.9**	1,827.2
Current portion included in borrowings	**(4,330.9)**	(1,143.0)
Total non-current borrowings	**—**	684.2

Figures in millions unless otherwise stated

	SOUTH AFRICAN RAND	
	2010	2009
6. FINANCIAL GUARANTEES		
Gold Fields Limited and certain of its subsidiaries have guaranteed all payments and other obligations of GFIMSA, GF La Cima, Orogen and GF Operations related to the Mvela loan, the Project Finance facility and the split-tenor revolving credit facility.		
Value of unamortised portion of financial guarantees	**117.2**	149.9
Total financial guarantees	**117.2**	149.9
7. CASH GENERATED BY OPERATIONS		
Profit for the year	**907.7**	2,085.5
Taxation	**8.3**	29.8
Interest paid	**252.9**	102.0
Interest received	**(226.5)**	(14.1)
Dividends received	**(917.1)**	(1,595.2)
Profit before non-cash items	**25.3**	608.0
Non-cash items:		
Share-based payments	**5.1**	7.0
Amortisation of financial guarantees	**(95.3)**	(87.1)
Mark-to-market of Mvela Right of Exchange	**—**	(529.0)
Foreign exchange (gain)/loss on revaluation of financial guarantees	**(12.1)**	4.5
Preference share interest	**44.7**	87.9
Other	**—**	0.4
Total cash (utilised)/generated by operations	**(32.3)**	91.7
8. CHANGE IN WORKING CAPITAL		
Trade and other receivables	**(8.3)**	(0.6)
Trade and other payables	**27.4**	15.5
Total change in working capital	**19.1**	14.9
9. TAX PAID		
Amount owing at beginning of the year	**(38.4)**	(11.9)
SA current taxation	**(8.3)**	(26.5)
Amount owing at end of the year	**10.2**	38.4
Total tax paid	**(36.5)**	—

Notes to the company financial statements continued

for the year ended 30 June 2010

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.

Gold Fields' Audit Committee 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 activities 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 counterparties 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% and 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 institutions.

Commodity price risk management: Commodity risk management takes place within limits and with counterparties 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 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.

10. RISK MANAGEMENT ACTIVITIES (continued)

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 company is as follows:

	SOUTH AFRICAN RAND	
	2010	2009
On-balance sheet		
Investments	**12,799.0**	10,539.3
Trade and other receivables[1]	**11.5**	3.2
Financial guarantees[2]	**4,055.4**	6,156.8

[1] *None of the receivables are past due or impaired.*

[2] *Gold Fields Limited and certain of its subsidiaries have guaranteed all payments and other obligations of GFIMSA, GF La Cima, Orogen and GF Operations relating to the borrowings 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 guarantees 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:

	Within one year R million	**Between one and five years R million**	**After five years R million**	**Total R million**
2010				
Trade payables	**43.5**	**—**	**—**	**43.5**
Borrowings		**—**	**—**	
– Capital	**4,202.0**	**—**	**—**	**4,202.0**
– Interest	**222.9**	**—**	**—**	**222.9**
Financial guarantee[1]	**781.1**	**3,274.3**	**—**	**4,055,4**
Total	**5,249.5**	**3,274.3**	**—**	**8,523.8**
2009				
Trade payables	16.1	—	—	16.1
Borrowings				
– Capital	1,143.0	600.0	—	1,743.0
– Interest	29.6	231.4	—	261.0
Financial guarantee[1]	367.1	5,292.9	496.8	6,156.8
Total	1,555.8	6,124.3	496.8	8,176.9

[1] *Gold Fields Limited and certain of its subsidiaries have guaranteed all payments and other obligations of GFIMSA, GF La Cima, Orogen and GF Operations relating to the borrowings 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 guarantees will be called on.*

ZAR borrowings – spot prime rate adjusted by specific facility agreement: 10.0% (2009: 11.0%).

Notes to the company financial statements continued

for the year ended 30 June 2010

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 year-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 30 June 2010, Gold Fields' long-term indebtedness amounted to Rnil (2009: R684.2 million) and its short-term indebtedness amounted to R4,330.9 million (2008: R1,143.0 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 R4,030.9 million (2008: R1,827.2 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 as of 30 June					
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
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**
2009						
Sensitivity to prime interest rates	(11.5)	(7.7)	(3.8)	3.8	7.7	11.5
Change in finance expense	(11.5)	(7.7)	(3.8)	3.8	7.7	11.5

11. CAPITAL MANAGEMENT

Capital is managed on a Group basis only and not on a company basis. Refer to note 34 in the Group financial statements.

Major group investments – direct and indirect

	Notes	Shares held 2010	Shares held 2009	Group beneficial interest 2010 %	Group beneficial interest 2009 %	Book value in holding company Shares 2010 Rm	Shares 2009 Rm	Loans[6] 2010 Rm	Loans[6] 2009 Rm
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) Limited	1	**311,668,564**	311,668,564	100.0	100.0	**–**	–	**987.0**	–
GFI Mining South Africa (Pty) Limited	1	**1,000**	1,000	100.0	100.0	**3,138.2**	3,138.2	**1,648.6**	1,157.1
GFL Mining Services Limited	1	**235,676,387**	235,676,387	100.0	100.0	**17,425.9**	17,425.9	**9,653.6**	9,648.4
Gold Fields Ghana Limited	2	**711**	711	71.1	71.1	**–**	–	**–**	–
Gold Fields Group Services (Pty) Limited	1	**1**	1	100.0	100.0	**–**	–	**282.9**	313.9
Gold Fields Holdings Company (BVI) Limited	3	**4,077**	4,068	100.0	100.0	**–**	–	**–**	–
Gold Fields Operations Limited	1	**161,753,619**	161,753,619	100.0	100.0	**–**	–	**987.0**	–
Kloof Gold Mining Company Limited	1	**138,600,000**	138,600,000	100.0	100.0	**602.8**	602.8	**(610.2)**	(610.2)
Minera Gold Fields South Africa	5	**3,750**	3,750	100.0	100.0	**–**	–	**–**	–
Orogen Holdings (BVI) Limited	3	**230**	218	100.0	100.0	**–**	–	**–**	–
St Ives Gold Mining Company (Pty) Limited	4	**281,051,329**	281,051,329	100.0	100.0	**–**	–	**–**	–
Total						**21,494.1**	21,494.1	**12,799.0**	10,359.3

Notes

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

Major group investments – direct and indirect continued

	Shares held		Group beneficial interest	
	2010	2009	**2010 %**	2009 %
OTHER				
Listed associates				
Rusoro Mining Limited	**140,000,000**	140,000,000	**26.4**	26.4
Listed equity investments				
Gold One International Limited (previously Aflease Gold Limited)	**12,500,000**	12,500,000	**1.6**	1.8
Buffalo Gold (previously Sargold Resources Corporation)	**2,226,891**	2,226,891	**2.1**	2.0
CMQ Resources Inc.	**1,071,000**	1,071,000	**16.4**	16.4
Conquest Mining Limited	**51,783,388**	51,783,388	**14.7**	19.1
Gold Quest Mining Corporation	**13,962,500**	5,362,500	**15.2**	8.1
Medoro Resources	**3,963,186**	3,963,186	**2.9**	4.5
Mvelaphanda Resources Limited	**8,397,858**	8,397,858	**3.9**	3.9
Orsu Metals Corp (formerly Lero Gold Corp)	**1,134,919**	11,349,195	**0.7**	2.5
Radius Gold Inc.	**3,625,124**	3,625,124	**6.8**	6.8
Sino Gold Limited	**–**	57,968,029	**–**	19.9
Troy Resources NL	**–**	3,130,400	**–**	4.5

Note: Only major investments are listed individually.

Segment report

Financial summary – Rand million

INCOME STATEMENT for the year ended 30 June 2010	South Africa				Ghana		Peru	Australia	Corporate and other[2]	Group consolidation
	Driefontein	Kloof	Beatrix	South Deep[1]	Tarkwa	Damang	Cerro Corona	St Ives/ Agnew		
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 profit	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	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)
Current taxation	(247.0)	(28.3)	(7.5)	(4.0)	(532.7)	(214.5)	(388.4)	(125.3)	(226.4)	(1,774.1)
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 attributable to:										
– Owners of the parent	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	–	–	–	–	411.7	100.5	132.9	–	(2.0)	643.1
STATEMENT OF FINANCIAL POSITION as at 30 June 2010										
Total assets	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

INCOME STATEMENT for the year ended 30 June 2009	South Africa				Ghana		Peru	Australia	Corporate and other[2]	Group consolidation
	Driefontein	Kloof	Beatrix	South Deep[1]	Tarkwa	Damang	Cerro Corona	St Ives/ Agnew		
Revenue	6,545.9	5,066.3	3,055.2	1,398.1	4,840.3	1,582.7	1,656.4	4,942.0	–	29,086.9
Operating costs	(3,530.5)	(3,083.8)	(2,037.6)	(1,188.0)	(3,046.5)	(1,193.3)	(778.7)	(2,975.5)	–	(17,833.9)
Gold inventory change	–	–	–	–	162.5	20.8	37.0	(10.0)	–	210.3
Operating profit	3,015.4	1,982.5	1,017.6	210.1	1,956.3	410.2	914.7	1,956.5	–	11,463.3
Amortisation and depreciation	(624.9)	(692.7)	(435.2)	(283.2)	(495.3)	(169.4)	(350.7)	(945.3)	(145.6)	(4,142.3)
Net operating profit	2,390.5	1,289.8	582.4	(73.1)	1,461.0	240.8	564.0	1,011.2	(145.6)	7,321.0
Other income/(expenditure)	(89.8)	(43.4)	(73.6)	51.8	(118.4)	(87.6)	(134.1)	2.9	(1,973.2)[3]	(2,465.4)
Investment income	73.7	71.6	20.1	4.3	–	0.6	0.8	17.9	35.8	224.8
Finance expense	(173.5)	(181.5)	(10.0)	(1.1)	(10.2)	(0.2)	(26.8)	(17.3)	(452.2)	(872.8)
Current taxation	(603.2)	(254.0)	(0.9)	–	(145.2)	(74.7)	(145.4)	(189.3)	(145.7)	(1,558.4)
Deferred taxation	(176.4)	(109.7)	(196.2)	7.2	(286.5)	2.5	(29.5)	(196.5)	190.0	(795.1)
Profit/(loss) for the year	1,421.3	772.8	321.8	(10.9)	900.7	81.4	229.0	628.9	(2,490.9)	1,854.1
Profit attributable to:										
– Owners of the parent	1,421.3	772.8	321.8	(10.9)	640.4	57.9	184.8	628.9	(2,481.4)	1,535.6
– Non-controlling interest	–	–	–	–	260.3	23.5	44.2	–	(9.5)	318.5
STATEMENT OF FINANCIAL POSITION as at 30 June 2009										
Total assets	7,801.8	5,847.1	2,113.4	1,183.0	7,570.6	1,230.0	6,616.7	7,034.1	25,857.9	65,254.6
Total liabilities (excluding deferred taxation)	2,614.6	1,812.9	559.0	674.8	1,329.6	232.1	2,213.7	1,027.0	5,992.7	16,456.4
Deferred taxation	1,794.2	1,676.7	672.9	–	1,173.5	142.1	51.0	770.1	(151.7)	6,128.8
Capital expenditure	1,034.4	958.6	629.4	1,020.5	1,812.0	152.1	1,052.2	897.3	92.7	7,649.2

The above is a geographical 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 management 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, Australia and Peru. The Group also has exploration interests which are included in the "Corporate and other" segment. (Refer to accounting policy on segment reporting on page 193.)

[1] *The income statement and statement of financial position 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.*

[3] *Other expenditure "Corporate and other" comprises share-based payments of R184.1m (2009: R150.8m), exploration expenses of R577.0m (2009: R508.3m), share of gains of associate after taxation of R118.3m (2009: R141.3m loss), impairment of investments of R257.8m (2009: R1,209.5m), profit on disposal of investments of R846.9m (2009: R148.0m loss), realised gain on financial instruments (Eldorado top-up shares) of R402.1m and the balance of R367.3m (2009: R184.7m) income consists mainly of corporate-related cost recoveries.*

Segment report continued

Financial summary – US$ million

INCOME STATEMENT for the year ended 30 June 2010	South Africa				Ghana		Peru	Australia	Corporate and other[2]	Group consolidation
	Driefontein	Kloof	Beatrix	South Deep[1]	Tarkwa	Damang	Cerro Corona	St Ives/ Agnew		
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 profit	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	183.3	55.8	53.3	8.1	303.5	76.9	222.4	136.3	(19.1)	1,020.5
Other income/(expenditure)	(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)
Current taxation	(32.6)	(3.7)	(1.0)	(0.5)	(70.3)	(28.3)	(51.2)	(16.5)	(29.9)	(234.0)
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 attributable to:										
– Owners of the parent	112.2	22.6	27.3	(10.7)	133.6	32.5	73.5	79.3	8.7	479.0
– Non-controlling interest	–	–	–	–	54.3	13.3	17.5	–	(0.3)	84.8
STATEMENT OF FINANCIAL POSITION as at 30 June 2010										
Total assets	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	1,021.3

INCOME STATEMENT for the year ended 30 June 2009	South Africa				Ghana		Peru	Australia	Corporate and other[2]	Group consolidation
	Driefontein	Kloof	Beatrix	South Deep[1]	Tarkwa	Damang	Cerro Corona	St Ives/ Agnew		
Revenue	726.5	562.3	339.1	155.2	537.2	175.7	183.8	548.5	–	3,228.3
Operating costs	(391.8)	(342.3)	(226.2)	(131.9)	(338.1)	(132.4)	(86.4)	(330.2)	–	(1,979.3)
Gold inventory change	–	–	–	–	18.0	2.3	4.1	(1.1)	–	23.3
Operating profit	334.7	220.0	112.9	23.3	217.1	45.6	101.5	217.2	–	1,272.3
Amortisation and depreciation	(69.4)	(76.9)	(48.3)	(31.4)	(55.0)	(18.8)	(38.9)	(104.9)	(16.1)	(459.7)
Net operating profit	265.3	143.1	64.6	(8.1)	162.1	26.8	62.6	112.3	(16.1)	812.6
Other income/(expenditure)	(10.0)	(4.8)	(8.2)	5.7	(13.1)	(9.7)	(14.9)	0.3	(219.0)[3]	(273.7)
Investment income	8.2	7.9	2.2	0.5	–	0.2	0.1	2.0	3.8	24.9
Finance expense	(19.3)	(20.1)	(1.1)	(0.1)	(1.1)	–	(3.0)	(1.9)	(50.3)	(96.9)
Current taxation	(66.9)	(28.2)	(0.1)	–	(16.1)	(8.3)	(16.1)	(21.0)	(16.2)	(172.9)
Deferred taxation	(19.6)	(12.2)	(21.8)	0.8	(31.8)	0.3	(3.3)	(21.8)	21.1	(88.3)
Profit/(loss) for the year	157.7	85.7	35.6	(1.2)	100.0	9.3	25.4	69.9	(276.7)	205.7
Profit attributable to:										
– Owners of the parent	157.7	85.7	35.6	(1.2)	71.1	6.7	20.5	69.9	(275.6)	170.4
– Non-controlling interest	–	–	–	–	28.9	2.6	4.9	–	(1.1)	35.3
STATEMENT OF FINANCIAL POSITION as at 30 June 2009										
Total assets	968.0	725.4	262.2	146.9	939.3	152.6	820.9	872.7	3,208.2	8,096.2
Total liabilities (excluding deferred taxation)	324.4	224.9	69.4	83.7	165.0	28.8	274.7	127.4	743.5	2,041.8
Deferred taxation	222.6	208.0	83.5	–	145.6	17.6	6.3	95.5	(18.8)	760.3
Capital expenditure	114.8	106.4	69.9	113.3	201.1	16.9	116.8	99.6	10.3	849.0

The above is a geographical 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 management 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, Australia and Peru. The Group also has exploration interests which are included in the "Corporate and other" segment. (Refer to accounting policy on segment reporting on page 193.)

US dollar figures may not add as they are rounded independently.

Year-end exchange rates ZAR/US$7.57 and ZAR/US$8.06 for F2010 and F2009 respectively.

Average exchange rates ZAR/US$7.58 and ZAR/US$9.01 for F2010 and F2009 respectively.

[1] *The income statement and statement of financial position 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.*

[3] *Other expenditure "Corporate and other" comprises share-based payments of US$24.3m (2009: US$16.7m), exploration expenses of US$76.1m (2009: US$56.4m), share of gains of associate after taxation of US$15.6m (2009: US$15.7m loss), impairment of investments of US$34.0m (2009: US$134.2m), profit on disposal of investments of US$111.8m (2009: US$16.4m loss), realised gain on financial instrument (Eldorado top-up shares) of US$53.0m and the balance of US$48.4m (2009: US$20.4m) income consists mainly of corporate-related cost recoveries.*

Shareholders' information

Analysis of shareholders' information at 30 June 2010

Shareholder spread	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	18,748	84.75	3,158,216	0.45
1 001 – 10 000 shares	2,439	11.03	6,418,659	0.91
10 001 – 100 000 shares	608	2.75	21,767,478	3.08
100 001 – 1 000 000 shares	265	1.19	73,985,612	10.48
1 000 001 and above	62	0.28	600,573,546	85.08
	22,122	**100.00**	**705,903,511**	**100.00**
Distribution of shareholders				
American Depository Receipts[1]	84	0.38	283,262,351	40.13
Unit Trusts	245	1.12	174,758,525	24.76
Pension Funds	243	1.10	105,640,405	14.97
Custodians	78	0.35	28,320,549	4.01
Black Economic Empowerment	1	0.00	22,036,222	3.12
Foreign Governments	18	0.08	18,075,233	2.56
Other Managed Funds	21	0.09	14,760,809	2.09
Private Investors	40	0.18	11,988,488	1.70
Insurance Companies	16	0.07	9,028,210	1.28
Mutual Funds	13	0.06	4,291,567	0.61
Investment Trusts	4	0.02	3,909,498	0.55
Universities	6	0.03	1,005,608	0.14
Hedge Funds	3	0.01	599,235	0.08
Local Authorities	4	0.02	501,813	0.07
Charities	4	0.02	425,615	0.06
Corporate Holdings	1	0.00	177,097	0.03
Remainder	21,341	96.47	27,122,286	3.84
	22,122	**100.00**	**705,903,511**	**100.00**
Non-public/public shareholders				
Non-public shareholders				
Directors and associates	4	0.02	184,607	0.03
Public shareholders	22,118	99.98	705,718,904	99.97
	22,122	**100.00**	**705,903,511**	**100.00**
Beneficial shareholders holding of 3% or more				
Tradewinds Global Investors LLC			46,213,362	6.54
Investec Asset Management (Pty) Limited			41,706,819	5.91
First Eagle Investment Management LLC			41,078,330	5.82
Mvelaphanda Gold (Pty) Limited			32,218,653	4.56
Public Investment Corporation of South Africa			31,716,182	4.49
BlackRock Investment Management (UK) Limited			27,829,512	3.94
Capital World Investors			27,500,000	3.89
Van Eck Global			25,863,398	3.66
Paulson & Co Inc.			23,550,000	3.33
Foreign custodian shareholders holding of 3% or more				
Bank of New York Depository Receipts			283,262,351	40.13
Strate Street Bank and Trust (Custodian)			54,480,080	7.71
Bank of New York, Brussels (Custodian)			46,961,208	6.65
JP Morgan Chase (Custodian)			38,180,615	5.41
The Northern Trust Company (Custodian)			21,547,939	3.05

[1] *Includes 10,182,431 American Depository Receipts held by Mvelaphanda Gold (Pty) Limited.*

Operating and financial information by mine

for the year ended 30 June 2010

(All companies wholly owned except for Tarkwa and Damang in Ghana (71.1) and Cerro Corona in Peru (80.7)).

South Africa Region

Driefontein Mine

			Gold produced			Net earnings	
Year to 30 June	Tonnes milled	Yield* g/tonne	Kilograms	'000 ounces	Cash cost US$/oz	R million	US$ million
1952 – 2004	208,703,000	14.9	3,114,792	100,143	n/a	n/a	n/a
2005	6,694,000	5.4	36,162	1,163	292	332.1	53.5
2006	6,867,000	5.2	35,755	1,150	315	645.0	100.8
2007	6,652,000	4.8	31,618	1,017	348	1,004.3	139.5
2008	5,981,000	4.8	28,865	928	412	1,233.3	169.5
2009	6,217,000	4.2	25,814	830	448	1,421.3	157.7
2010	6,084,000	3.6	22,076	710	692	850.5	112.2
Total	**247,198,000**	**13.3**	**3,295,082**	**105,939**			

Includes West Driefontein from 1952 and East Driefontein from 1972.
** Combined surface and underground yield.*

Kloof Mine

			Gold produced			Net earnings	
Year to 30 June	Tonnes milled	Yield* g/tonne	Kilograms	'000 ounces	Cash cost US$/oz	R million	US$ million
1939 – 2004	238,271,900	9.0	2,148,644	69,080	n/a	n/a	n/a
2005	4,655,000	6.9	32,258	1,037	330	(39.2)	(6.3)
2006	3,666,000	7.8	28,429	914	374	209.9	32.8
2007	3,829,000	7.5	28,705	923	366	790.3	109.8
2008	3,953,000	6.5	25,533	821	430	947.9	130.4
2009	3,319,000	6.0	19,998	643	507	772.8	85.8
2010	4,299,000	4.1	17,624	567	768	172.5	22.8
Total	**261,992,900**	**8.8**	**2,301,191**	**73,985**			

Includes Venterspost from 1939, Libanon from 1949, Kloof from 1968 and Leeudoorn from 1991.
** Combined surface and underground yield.*

Beatrix Mine (includes Oryx as from F2000)

			Gold produced			Net earnings	
Year to 30 June	Tonnes milled	Yield* g/tonne	Kilograms	'000 ounces	Cash cost US$/oz	R million	US$ million
1985 – 2004	52,983,000	5.5	292,099	9,391	n/a	n/a	n/a
2005	4,181,000	4.6	19,418	624	352	(112.3)#	(18.1)#
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
Total	**73,562,000**	**5.2**	**384,938**	**12,376**			

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)

			Gold produced			Net earnings	
Year to 30 June	Tonnes milled	Yield g/tonne	Kilograms	'000 ounces	Cash cost 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 Deep Mine

Year to 30 June	Tonnes milled	Yield* g/tonne	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)
Total	**5,393,000**	**4.8**	**25,966**	**835**			

 # For the 7 months ended 30 June 2007, since acquisition control.

** Combined surface and underground yield.*

All South African data based on ore reserve development capitalised as from F2004.

West Africa Region

Ghana division

Tarkwa Mine – total managed

Year to 30 June	Tonnes treated	Yield g/tonne	Gold produced Kilograms	Gold produced '000 ounces	Cash cost US$/oz	Net earnings (before minorities) R million	Net earnings (before minorities) US$ million
1994 – 2004	71,979,559	1.2	87,495	2,813	n/a	1,183.0	142.0
2005	19,633,000	1.1	21,051	677	234	427.5	68.8
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
Total	**201,762,559**	**1.1**	**213,848**	**6,876**			

Surface operation from F1999.

Damang Mine – total managed

Year to 30 June	Tonnes milled	Yield g/tonne	Gold produced Kilograms	Gold produced '000 ounces	Cash cost US$/oz	Net earnings (before minorities) R million	Net earnings (before minorities) US$ million
2002# – 2004	12,064,000	1.9	23,291	749	226	459.1	57.3
2005	5,215,000	1.5	7,703	248	282	116.7	18.8
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
Total	**42,411,000**	**1.5**	**62,874**	**2,021**			

 # F2002 – for the 5 months ended 30 June, since acquisition.

Operating and financial information by mine continued

for the year ended 30 June 2010

Australasia Region

Australia division

St Ives Mine

Year to 30 June	Tonnes treated	Gold produced Yield g/tonne	Kilograms	'000 ounces	Cash cost US$/oz	Cash cost A$/oz
2002# – 2004	15,628,000	2.8	43,445	1,397	224	354
2005	6,332,000	2.6	16,393	527	336	447
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
Total	**56,723,000**	**2.3**	**129,835**	**4,174**		

 # F2002 – for the 7 months ended 30 June, since acquisition.

Agnew Mine

Year to 30 June	Tonnes milled	Gold produced Yield g/tonne	Kilograms	'000 ounces	Cash cost US$/oz	Cash cost A$/oz
2002# – 2004	3,129,000	4.3	13,302	428	237	380
2005	1,170,000	5.6	6,609	212	233	310
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
Total	**10,209,000**	**5.0**	**50,882**	**1,636**		

 # For the 7 months ended 30 June, since acquisition.

St Ives/Agnew

Year to 30 June	R million	Net earnings US$ million	A$ million
2002# – 2004	1,428.4	156.9	263.8
2005	151.1	24.3	32.4
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
Total	**3,627.6**	**449.6**	**627.0**

 # F2002 – for the 7 months ended 30 June 2002, since acquisition.

South America Region

Peru division

Cerro Corona – total managed production

Year to 30 June	Tonnes treated	Yield g/tonne	Gold produced[1] Kilograms	Gold produced[1] '000 ounces	Cash cost US$/oz	Net earnings (before minorities) R million	Net earnings (before minorities) US$ 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
Total	**10,688,000**	**1.8**	**19,065**	**613**			

[#] *Transition from project to operation from September 2008.*

[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 Day 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.

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_2e) – 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 will be held at 150 Helen Road, Sandown, Sandton on Tuesday, 2 November 2010 at 10:00, to consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions in the manner required by the Companies Act, 61 of 1973, as amended, (Companies Act) and subject to the Listings Requirements of the JSE Limited and other stock exchanges on which the company's ordinary shares are listed.

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 year ended 30 June 2010, be received and adopted."

ORDINARY RESOLUTION NUMBER 2

Appointment of auditors

"Resolved that KPMG Inc. was appointed, in place of PricewaterhouseCoopers Inc., with effect from 1 July 2010, by the Board of Directors to fill a casual vacancy in terms of section 273 of the Companies Act, subject to the approval by the shareholders.

Resolved further 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 Dr MA Ramphele who was appointed to the Board on 1 July 2010 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 page 30 of the annual report.

ORDINARY RESOLUTION NUMBER 4

Re-election of director

"Resolved that Mr PA Schmidt who was appointed to the Board on 6 November 2009 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 page 30 of the annual report.

ORDINARY RESOLUTION NUMBER 5

Re-election of director

"Resolved that Mr RL Pennant-Rea who was appointed to the Board on 1 July 2002 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 page 31 of the annual report.

ORDINARY RESOLUTION NUMBER 6

Re-election of director

"Resolved that Mr DMJ Ncube who was appointed to the Board on 15 February 2006 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 page 31 of the annual report.

Notice of annual general meeting continued

ORDINARY RESOLUTION NUMBER 7

Placement of ordinary shares under the control of the directors

"Resolved that 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, 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 Companies Act, to allot and issue all or part thereof in their discretion, subject to the provisions of the Companies Act and the Listings Requirements of the JSE Limited."

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 resolution number 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 Listings Requirements of the JSE Limited (JSE) and subject to the Companies 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% 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; and

  (iii) as regards the number of securities which may be issued (the 10% 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% 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; and
(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 Listings Requirements of the JSE, a 75% 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

Termination of the awarding of rights to non-executive directors under The Gold Fields Limited 2005 Non-executive Share Plan

"Resolved that, consistent with the King III Report on Governance for South Africa and the JSE Listings Requirements, the awarding of restricted shares to non-executive directors under The Gold Fields Limited 2005 Non-executive Share Plan be discontinued with immediate effect."

EXPLANATORY NOTE ON RESOLUTION NUMBER 10

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, to non-executive directors, of restricted shares that ordinarily vest after a period of three years from the award thereof. Although permitted by the Companies Act, both the King III Report on Governance for South Africa and the JSE Listings Requirements, as amended, do not regard directors participating in share incentive/option schemes or who receive remuneration contingent upon the performance of the company as independent.

The JSE has ruled that section 3.84(f)(iii) of the Listings Requirements, as amended, will not be applied retrospectively. The restricted shares awarded to the non-executive directors before the amended JSE Listings Requirements became effective on 1 April 2010 will thus remain valid and the non-executive directors will be considered independent until the restricted shares have vested. The last restricted shares awarded to the non-executive directors under The Gold Fields Limited 2005 Non-executive Share Plan were approved at the AGM held on 4 November 2009 and they will vest on 4 November 2012. Due to the number of special prohibited periods which the company may be subject to, the vesting period of the restricted shares awarded under The Gold Fields Limited 2005 Non-executive Share Plan may be extended beyond 4 November 2012 so as not to prejudice the individuals affected. The Gold Fields Limited 2005 Non-executive Share Plan will be terminated after all restricted shares awarded before 1 April 2010 to non-executive directors have been settled and traded.

Subject to the approval of the shareholders of this resolution, the directors will therefore not be authorised to set aside, issue and or allot all or any of the company's unissued shares for purposes of The Gold Fields Limited 2005 Non-executive Share Plan.

Notice of annual general meeting continued

ORDINARY RESOLUTION NUMBER 11

Increase of non-executive directors' fees

"Resolved that the following remuneration shall be payable to non-executive directors of the company with effect from 1 January 2011:

	Annual fee
Retainer for	
The Chair of the Board	R2,100,000
The Chair of the Audit Committee	R205,000
The Chair of the Capital Projects Control and Review Committee, Nominating and Governance Committee, Remuneration Committee and Safety, Health and Sustainable Development Committee (excluding the Chair of the Board)	R158,000
Retainer fee for	
Members of the Board (excluding the Chair of the Board)	R708,000
Members of the Audit Committee (excluding the Chair of the Board)	R126,000
Members of the Capital Projects Control and Review Committee, Nominating and Governance Committee, Remuneration Committee and Safety, Health and Sustainable Development Committee (excluding the Chair of the Board)	R100,000

EXPLANATORY NOTE ON RESOLUTION NUMBER 11

Gold Fields being a global company seeks to attract and retain non-executive directors of international stature who would steer the vision of the company and increase value for its shareholders. Accordingly, the proposed non-executive directors' fees take into account the increasing demands on the role of the directors and potential risks attached to the position in terms of personal liability. The non-executive directors' remuneration structure/package was revised to comply with the requirements of the amended JSE Listings Requirements and the recommendations in the King III Report on Governance for South Africa. The international and local norms were also considered in determining the appropriate remuneration structure for non-executive directors.

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 9% be granted to the Chair of the Board and 5% to the members of the Board.

Subject to the approval of resolution number 10 above recommending that consistent with the King III Report on Governance for South Africa and the JSE Listings Requirements, the practice of share allocations to the non-executive directors be discontinued, it is proposed that the shortfall arising from the ensuing loss in value be paid in cash to ensure competitiveness with the total fees paid by the market. This will form part of the annual remuneration of the directors.

It is also recommended that the international travel allowance be discontinued as all travel costs are paid by the company.

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 Companies Act, 61 of 1973 and the JSE Listings Requirements, provided that:

(i) the number of ordinary shares acquired in any one financial year shall not exceed 20% 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 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% 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% 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; and
(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% 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% 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% 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 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 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 months after the date of this notice; and
(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 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 30 to 33 of the annual report
- Major beneficial shareholders – refer to page 259 of the annual financial report
- Directors' interests in ordinary shares – refer to page 169 of the annual financial report
- Share capital of the company – refer to page 165 of the annual financial report.

Notice of annual general meeting continued

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 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 (WAL)), a subsidiary of the company, of which the shareholders were informed.

It is asserted in the summons 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 Randgold and Exploration Company Limited in Randgold Resources Limited (Randgold) and Afrikander Lease Limited, now known as Uranium One. WAL's assessment remains that it has sustainable defences to these claims and it has instructed its attorneys to vigorously defend these claims. The claims have been computed in various ways. The highest claims have been computed on the basis of the highest prices of Randgold 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% 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 update on the matter is that the plaintiffs have failed, to date, to prosecute their claims and the action remains in abeyance.

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 Companies Act, 61 of 1973 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 24 hours before the time of the meeting.

By order of the directors

C Farrel
Corporate Secretary

Johannesburg
10 September 2010

Form of proxy

Gold Fields Limited (Registration number 1968/004880/06)
Share code: GFI
Issuer code: GOGOF
ISIN: ZAE000018123

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, 2 November 2010 at 10:00, and at any adjournment thereof, and to vote or abstain from voting as follows on the resolutions to be proposed at such meeting:

	For	Against	Abstain
Ordinary resolution number 1 Adoption of financial statements			
Ordinary resolution number 2 Appointment of auditors			
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 Re-election of director			
Ordinary resolution number 7 Placement of 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 Termination of the awarding of rights to non-executive directors under The Gold Fields Limited 2005 Non-executive Share Plan			
Ordinary resolution number 11 Increase of 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 2010

Name in block letters

Signature

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 24 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 370 5271

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

Annual Report for the year ended 30 June 2010

GOLD FIELDS

www.goldfields.co.za