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TRANSCRIPT
Q2 F2010
Results Conference Call
04 February 2010

Speaker	Narrative
Willie Jacobs	Good afternoon and good morning ladies and gentlemen. Thank you very much for joining us for the second quarter results teleconference call. As per usual we will kick off with our chief executive officer, Nick Holland, giving us a brief overview of the quarter. Paul Schmidt will follow him talking to the finances for a few minutes. Vishnu Pillay the head of the South Africa region will then give us a brief overview of what happened in South Africa during the quarter. Mark Zeptner who is the acting head of the Australasia region will then follow him with an overview of Australia. Peter Turner the head of the West Africa region will follow him and then Juan Luis Kruger will speak about the South America region. After that we will take questions from the people on the call. I hand over to Nick Holland now.
Nick Holland	Thank you Willie and good afternoon or good morning wherever you may be. Gold Fields has again benefited from the higher gold price, delivering a 40% increase in earnings for the quarter ended 31 December 2009. The solid set of financial results was achieved against the background of some safety related challenges we've experienced in the quarter. In particular Driefontein halted production for seven days, or almost one third of December's production month, due to a major seismic event that occurred on 6 December 2009. Kloof was also held back by safety stoppages during the quarter. Both of these mines have also been constrained by a lack of flexibility. One of the quarter's highlights is the progress being made at South Deep which achieved a 10% quarter on quarter increase in production and a 50% increase year on year. Production at this mine is likely to benefit further from the implementation of full calendar operations as from the 1st February, last Monday that is, as well as the mining of the South Shaft project area from July 2010. Other projects earmarked to deliver growth are also progressing well and my colleagues will present more details on the secondary crusher at Damang as well as the development of the Athena project in Australia. We've also made significant progress with our exploration portfolio and the results continue to show significant promise. Salient features for the quarter were as follows. • Gold production steady at 100,000 ounces. • Our US$ gold price up 14% to $1100 an ounce. Cash costs higher at $613 an ounce, mainly exchange related. • Notional cash expenditure (NCE) $900 an ounce. • Operating profit up 30% to $463,000 for the quarter and the margin of course increasing to 43% from 38% last quarter.

- Net earnings up 45% to $187 million.

That you'll all agree I'm sure, a good quarter where Gold Fields has benefited from the gold price and maintained steady production so that we can have the full effect of the gold price coming through in our results.

Cash flow generation is the key and strategic focus for Gold Fields and to this end I'm pleased to report that, despite a resurgence in commodity prices, Gold Fields has experienced good cost control and maintained a healthy free cash flow margin.

Operationally we achieved good results from South Deep, Beatrix, Cerro Corona and Agnew.

In the West African region, Damang was affected by the acceleration of a scheduled rebuild of the mill and Tarkwa's production at 173,000 ounces was similar to the previous quarter.

In Australia, St Ives' production was marginally lower as a result of lower grade to the mill, mainly related to rehabilitation issues at the Belleisle underground operation.

As mentioned before, in the South African region, Driefontein and Kloof's volumes were impacted by seismicity, unplanned stoppages and a lack of flexibility. The key focus areas at Driefontein and Kloof going forward will be on managing seismicity, ore reserve development and labour optimisation.

More specifically the South Africa region's relative underperformances can be attributed to a lack of flexibility and the production stoppages I mentioned. One of the key success factors for the region is to accelerate development to create flexibility and thereby reduce mining concentration.

The other focus area for the region is to optimise the current labour force by investigating alternative working arrangements.

We will also be attempting to agree on protocols with the authorities to try and ameliorate the extent of safety stoppages.

All of these strategies will be elaborated on by Vishnu.

Suffice it for me to say that both Driefontein and Kloof represent long life quality ore bodies that are well capitalised. The challenge for us now is to make sure we can deliver that potential into economic delivery for shareholders.

At St Ives the focus is on solving the grade gap and our interventions are already proving successful.

With that I will hand over to Paul for a summary of the group financial performance.

Speaker	Narrative
Paul Schmidt	Thank you Nick and good morning everybody. If we have a look at the income statement, attributable gold production was 900,000 ounces, marginally down from the 906,000 ounces in the September quarter. The gold price increased from $959 per ounce to $1,096 per ounce. As a result of this revenue increased from $958 million to almost $1.1 billion for the quarter. Net operating costs increased from $592 million to $613 million in the December quarter. This was mainly due to the effect of the strengthening R/$ exchange rate because in Rand terms costs were flat at R4.7 billion for the quarter. The net effect of the changes in revenue and costs increased operating profit by 30% from $356 million to $463 million. Operating margin increased from 38% to 43%. Total cash costs in dollar terms increased by 5% to $613 per ounce mainly due to the stronger Rand because in Rand terms they were flat at R148, 000 a kilogram. NCE or notional cash expenditure which is the total of our capital plus operating costs increased from $826 per ounce to $900 per ounce. This was mainly due to a $39 million increase in our capital expenditure. If we can go to the bottom of the income statement, the only item I want to talk to you is exceptional items and we'll see there's $58 million. This is mainly due to us receiving an addition 4.1 million shares in Eldorado Gold Corporation due to Gold Fields exercising its top up right in Eldorado Gold. This was as a result of Eldorado completing its takeover of Sino Gold where it took over all the remaining unissued shares. Net profit increased by approximately $66 million to $210 million while normalised earnings increased by 70% to $135 million. If we have a look at the cash flow, cash flow from operations increased by $114 million from $165 million in September to $279 million in December and this is almost the same number by which our operating profit increased. This is showing that the full effect of the gold price has been realised in our cash generated. Capital expenditure increased from $223 million to $262 million. The result of all of this is that cash outflow for the quarter was $72 million taking into account the positive translation difference. The closing balance of cash at the end of the quarter was $259 million dollars. If we look at our net debt position, our net debt position improved from $909 million to $871 million. This again mainly due to the effect of the stronger Rand because in Rand terms our net debt position was similar. A point of noting is our net debt to EBITDA is only at 0.48 which equates to only 6 months of operating profit.

If we look at our head room facilities, at the moment Gold Fields are at approximately $1 billion in terms of head room available on its facilities.

Dividend, 50 South African cents per share dividend which equates to about US$0.06. In terms of our policy this amounts to a 50% payout and it is 67% higher than the interim dividend paid for F2009 financial year.

Addendum:

Dividend calculation *as a percentage of earnings in terms of the dividend policy:*

	Rm
Net Earnings	*2416*
Book gain on the disposal of Sino Gold	*-330*
Book gain on the disposal of Eldorado	*-282*
Book gain in respect of the Eldorado top up	*-346*
Book loss on impairment of investments	*60*
Net Earnings for dividend	***1518***
South Deep growth capital	*-811*
Net Earnings after growth capital	***707***

R353/R707=0.5
R353m = dividend payout (50c a share)

With that I hand over to Vishnu who will talk to the SA.

Vishnu Pillay

Thank you Paul and good morning ladies and gentlemen.

On the back of the introduction that's been provided by Nick I'll get straight into the matter of the South African operations and start with South Deep.

Despite being faced with safety related challenges, the South African region achieved a production of 523,000 ounces this quarter.

Beatrix maintained its consistency whilst South Deep is on track to deliver the 300,000 ounces target for the fiscal year. It recorded a 10% increase in quarterly production and a 50% increase year on year.

Driefontein halted production for 7 days, or almost one third of December's production, mainly due to a major seismic event that occurred on the 6th of December 2009. Kloof was also held back by safety stoppages in line with the group policy of stop then fix, verify and continue.

The Rand gold price increased by 9% to R263, 000 a kilogram as a result of the higher

US$ gold price.

Operating costs increased by 1% from R2.7 billion to R2.8 billion. This increase was mainly due to higher costs at South Deep in line with the project build up, and increased planned maintenance costs at Kloof, offset partly by lower electricity costs at all the operations due to the lower summer electricity tariffs.

Total cash costs of the South African operations increased by 2% from R162, 000 per kilogram to R165, 000 per kilogram. NCE increased from R233, 000 per kilogram in the September quarter to R242, 000 per kilogram in the December quarter. The margin of the South African operations increased from 30% to 35%.

Looking at the operations:

At Driefontein, the key focus area of this mine now and in to the future is seismicity management and to build back up to steady state production. We expect production for quarter 3 to be slightly down at approximately 5 tons because of the impact of the seismicity at the end of the last quarter and the risk averse approach that we have taken to the January start up following the Christmas break. We have begun building a surface stock pile to serve as a buffer in the event of safety or other stoppages, and we are accelerating development to provide us with increased flexibility. The lower production profile is temporary and Driefontein remains a 6.0 to 6.5 tons per quarter operation.

Production at Kloof was also impacted by safety stoppages. It is worth noting that, despite two lost days of production as a result of safety stoppages, Kloof achieved its best safety performance ever.

Production for quarter 3 is expected to be marginally lower at 4.5 tons due to the knock on effects of the December stoppages and the risk averse approach that we have taken following the Christmas break. The lower production profile is temporary and Kloof remains a 5.5 tons per quarter operation.

The improved ventilation infrastructure at 3 and 4 Shaft will also positively impact production and we are fast tracking development to open up our flexibility and cater for seismicity.

Beatrix maintained its consistency and is performing in line with its plan. Production for quarter 3 is expected to be approximately 3 tons with an improvement in the mine call factor providing a significant opportunity for the mine.

With a 10% improvement in production at South Deep, this mine is officially in the build up stage to achieve its first target of 300,000 ounces for financial 2010 and then its target of 750,000 to 800,000 ounces at the end of 2014, whilst the larger capital project is also on schedule. In addition, mining at the south shaft project will commence in July 2010 providing South Deep with incremental production. Full calendar operations commence on the 1st February and we look forward to the positive impact that this will have. Production for quarter 3 is estimated at 2.2 tons, marginally lower as a result of the Christmas break.

Speaker	Narrative
	In calendar 2009, as a result of the unplanned stoppages, the South African region lost 7% of its production shifts or 76 days, which equates to approximately 2.2 tons of gold. In order to reduce the impact of these unplanned stoppages we're engaging with our key stakeholders to introduce a 6 day work week. It is estimated that the additional shifts will increase face time by approximately 9% and improve the optimisation of our labour force.
	The focus for the next half of the year will continue to be on safe production, delivering South Deep's build up and retaining and training of our people with an exceptional focus on accelerating development.
	With that summary for the South Africa region I would like to hand over to Mark Zeptner, my colleague who is responsible for the Australian region.
Mark Zeptner	Thank you Vishnu and good morning or good afternoon everyone.
	In Australia the gold production was steady quarter on quarter while cash costs were down nicely some 7%. NCE was up 5% and on the back of accelerated mine development and exploration drilling, in order to build production flexibility to a degree that we have not enjoyed in the past. Production flexibility is considered essential for these operations going forward.
	We are expecting to build production from the region up to the 150,000 ounce per quarter mark by the end of quarter 3 and positioning the mines to go beyond this in quarter four. At the same time we are extending the life of the mine at both sites through aggressive exploration programs.
	At St Ives, gold production of 96,000 ounces was adversely effected by lower underground grades due to a stope failure at Belleisle and mining of lower grade areas within the Argo mile. Counteracting this was the fact that open pit grades were up as the higher grade Apollo pit was brought into production ahead of schedule.
	The quarter 3 outlook for St Ives is to get back above the 100,000 ounce level on the back of an increased output from the Apollo and the open pits and the intense grade focus within the underground mines. This outlook must also be considered within the context of a planned seven day shut down of the mill recently completed and an ore blending strategy which will effectively tie up 3,000 ounces at the mill.
	With the result of ongoing exploration success, St Ives is targeting reserves of at least 2.5 million ounces by June 2010. With reference to the focus on grade within the underground mines we have revaluated the mining at Argo and rightly focussed on the high margin areas of the mine. This has had a pronounced effect on delivered grades from the mines since the new year; effectively we are in the process of taking a mine that has produced in the four to five grade range for some time, up to a figure closer to six and beyond.
	At the Belleisle mine we are busy developing into the new pay load which has more favourable geotechnical and ground water conditions than we enjoyed previously.

Our aim is to have Belleisle back up to full production by the end of quarter 3.

At Athena we have fast-tracked the project by completing the box cut, portal, initial development and surface infrastructure in quarter two. In addition to this, as of January 4th we've installed a high speed development team to further accelerate the project with forecast advance metres of up to 400m per month. The impact of this has been noticeable already. We are also currently evaluating the benefits of this acceleration of the project timelines, and expect that full production can be achieved up to six months earlier, at the beginning of F2012.

I want to touch on the Argo Athena camp which has the potential to host both open pit and underground mines. The number of projects in the camp continues to grow in line with increased drilling. Argo, Apollo and Athena are all mines now, with Hamlet to follow by the end of the financial year. I believe that this area of the mine is capable of hosting four million ounces alone, and therefore can provide incremental ounces to the St Ives production profile.

On to Agnew where gold production is up slightly at 47,000 ounces. The mine continued in its characteristic mode of producing consistent cash flow to the group with cash costs at A$509 an ounce and NCE of A$856 an ounce.

Agnew is a solid gold producer in Australia. The NCE has risen from last quarter, primarily on the back of a successful drilling programme in the deeper parts of Kim Lode down to 1,400m below surface. This drilling has identified a wider ore zone that may be amenable to bulk mining at high production rates down the track, and the ore body also remains open below this. A similar programme is planned at Main Lode for this quarter. As a result of this drilling Agnew is targeting one million ounces of reserves by June 2010, placing it as a valued asset in the group.

Finally, onto the three focus areas in Australasia, solving the grade gap at St Ives; getting the production back above 100,000 ounces per quarter by continuing the work at Argo, ramping up further output from the Apollo pit and fine-tuning the Lefroy ore blending strategy; and improving flexibility. This is about developing reserves. Our aim is to have 12 months of developed reserves ahead of stoping across all of our underground mines. This is the benchmark from which to start.

And finally turning St Ives and Agnew into long life mines. We expect our exploration efforts to deliver a five year plus mine life at both St Ives and Agnew by mid-year. In this part of the world our ore bodies are typically much shorter in life than this, so the outlook is surely bright for Gold Fields in Australasia.

Thank you, and I'll hand over to Peter who is going to discuss West Africa.

Peter Turner

Thank you, Mark.

Good afternoon ladies and gentlemen. The West African region had a steady quarter with production coming in at 218,000 ounces. We would have had an even better result if it were not for the slow start to the quarter because of power interruptions relating to the coupling of the new VRA substation to the new CIL process plant at

Speaker	Narrative
	Tarkwa. I am, however, happy to report that these issues are behind us. We have had an uninterrupted run since. We have for the past month been running consistently at name plate capacity of one million tonnes per month. Tarkwa is now in the position to build its production to 750,000 tonnes per annum and beyond. The cash costs for the operation was $492 per ounce, and the NCE was $728 per ounce. Both the CIL and heap leaches are performing well and showing good results with continuous improvements going forward. Grades on the mine are also holding up well. We have also commissioned the HPGR project, and it is producing at a steady 10,000 tonnes per day. If the results continue to be as good as we have seen over the past month we will in all likelihood roll the technology out to the north heap leach pads at a later stage. We look forward to an incremental increase in gold production from Tarkwa going forward. Moving on to Damang. At Damang a scheduled rebuild of the mill was brought forward which impacted throughput during the quarter. While this had a negative impact during the quarter under review it is now behind us and this mine is positioned for the future with the mill in excellent condition. Cash costs at the operation were $643 an ounce with NCE of $791 per ounce. In terms of growth at Damang the installation of our secondary crusher is progressing well and is on schedule for completion in quarter four. Just to remind you, the facility will enable us to crush more hard ore and improve the ratio between softer low-grade oxides and harder high-grade ore to a ratio of 95:5, up from the current ratio of 65:35. The exploration that will feed the new crusher is progressing well, and we are expecting reserves of approximately two million ounces after depletion this year. Our drilling is focussed on the Great Damang pit as well as the Greater Amoanda areas. Both of these are showing excellent drill results, and indications are that we will be able to develop a super pit at each of these locations in the future. If you have a look at our results book and the presentation slides presented in Johannesburg this morning you will see some of the very interesting drill results at both of these locations. Damang is well positioned for the future with steady production, growing from the current level of 200,000 ounces per annum to 250,000 over the next year or two. I just want to give you a heads up on our new project in the south-west of Mali, the Yanfolila project. Just to remind you, these are the properties that we acquired with the takeover of Glencar last year. This transaction was concluded during the quarter and we now own all of the properties. We have over the past months worked hard to consolidate and grow our ground position in the area, and we now control a significant land holding of about 150km by 60km, which includes a large number of extremely prospective targets, many of which we have already started drilling. Our drilling has largely been

focussed on proving up the flagship property in this portfolio, namely the Komana east and west deposits. Drill results at both of these properties are very encouraging, and we are progressing the drilling with a view to complete an interim scoping study by December of this year.

Encouraging is that we are picking up good mineralisation near surface which will enable us to free dig and adopt low cost mining methods. We have also been doing extensive regional exploration across the rest of our properties within a 60m radius of the mother lode at Komana. The results from all of these targets have been positive and are starting to give substance to our confidence in the potential large scale of this emerging new gold camp in West Africa. This is indeed elephant country as the property is located in the middle of a gold rich territory which includes the Morila mine in Mali as well as Siguiri in Guinea.

In conclusion, the West Africa region of Gold Fields is now in a position to deliver better results going forward. We have started the quarter with an excellent January month, and we are confident that we will be able to maintain the pace going forward. Tarkwa is looking strong and Damang is now poised for a step change.

Thank you very much. I will now hand over to Juancho, who is the head of our South American region.

Juan Luis Kruger

Thank you, Peter. Good afternoon, morning to everyone.

I'm very glad to report today that on the back of continuous safety improvements Cerro Corona outperformed its plan for the December quarter, consistently improving its performance over the previous quarter which resulted in strong cash generation.

Gold equivalent ounces produced increased 11% to 90,400 equivalent ounces over the December quarter, driven by a 16% increase in copper and a 3% increase in gold produced.

These good results in production were as a result of three areas of focus during the quarter. The first was to maximise throughput above name plate capacity.

The second was to increase our recoveries.

And the third one was to improve our grade control through better ore blending to the plant.

Controllable costs were in line with the plan for the quarter, while the increase in cash costs was attributable to costs driven by higher revenues, earnings and volume shift.

The increase in production and the leverage of higher prices allowed Cerro Corona to increase its operating profit by 30% over the previous quarter, offsetting the slightly higher cash costs. Similarly, NCE margin increased from 38% in the first quarter to 54% in the December quarter.

	This strong performance allowed Cerro Corona to generate a cash flow of $29 million for the quarter. On the cash flow generated we were able to repay $30 million of the project financing facility during the December quarter. The bottom line, we continue increasing our margins and cash generated per ounce, which in turn allows us to consolidate three consecutive quarters of positive cash flow generation for the group. Our capital expenditure was on track for the quarter with our main project, which is the tailings facility, on schedule and within budget, to be completed up to level 3740 by the end of April. Moving to our growth strategy, our star project in the region, Chucapaca, continued its progress according to schedule to complete the interim scoping study by the end of this fiscal year. 16,000m of drilling were completed and very positive results have been obtained, getting better quarter over quarter. Basically we have been able to get grades as high as 9g/t, and importantly the deposit continues to open up to the west. Looking into the current quarter, Cerro Corona will continue improving its operational performance and deliver 100,000 gold equivalent ounces at a cash cost of $355 at an NCE of $575 per gold equivalent ounce. As I mentioned before, this quarter we will complete the final phase of the construction of the tailings dam up to level 3,740. Cerro Corona has proven its capacity to consistently deliver and create value quarter over quarter. This is what drives our team, who focuses on maximising the generation of cash flow, which to us is all about sweating this asset. Thank you.
Nick Holland	Thank you, Juancho. Ladies and gentlemen, from the overview that we've given you it's clear that our main focus is on ensuring that our current operations deliver their potential. This is ongoing work and we will continue with that. Whilst our focus is clearly on improving our existing assets you've heard the work that continues on a number of projects across the globe. In particular the three advanced exploration projects are moving along nicely. And you've heard from Peter about the potential that exists on the Yanfolila project in Mali, a very extensive land package that I'm sure is going to develop into a camp scale opportunity for us in this part of the world, which also enables us to leverage off the presence we already have in the West Africa region. The scoping study for Chucapaca in Peru and Talas in Kyrgyzstan you've heard about, and they should be completed soon as well. The uranium project feasibility continues, and we should be finished with all of the work on that by the end of March, and we will give feedback then. In Finland let's not forget that we have an 11 million ounce platinum palladium project, 11 million ounces of 2PGE plus gold, which has been in the portfolio for some time. New developments are making this project look more interesting. Of course we are a gold company, but this project is in the portfolio and our job is to work out how we can get value from that project, even though it may not be a gold project.

	Extensive test work is underway at APP to find a new metallurgical process that will improve the recoveries, and we expect to complete the work on this during the course of 2010 and give further feedback later in the year as to whether or not this will transform the project into something different.
	The major source of concern of course is the proposed electricity tariff hikes in South Africa of 35% for three years going forward. In response Gold Fields has taken advantage of the public participation process and I personally presented to the regulator on January 23rd. My presentation highlighted the impact, both direct and indirect, in terms of costs. In other words it's not just a direct cost impact. It's likely to have a knock-on effect on all our other costs. We just don't know what that is yet. But these excessive increases will have an impact on Gold Fields' South African operations and the industry at large. We are confident that our high level representation together with other representations made by industry will cause the authorities to take a different view on the way forward.
	In conclusion, we have benefited this last quarter from a higher gold price and achieved a strong increase in operating cash flows, allowing a reduction in debt.
	We are making good progress on delivering South Deep. I think it's worth noting again that South Deep's production is 50% higher than last year. That's a very sharp increase in a short period of time.
	Other projects, including the exploration portfolio are showing promise.
	Cerro Corona of course is also up 60% on the same quarter last year. So this is a clear indication that we have delivered on some of our promises and delivered successfully.
	We are addressing the challenges that some of our operations face and I feel comfortable that we have plans in place that are going to address the issues that are holding us back. Interventions are already underway, in particular to help us reposition the South Africa region for positive cash flow.
	The focus for the next half year will continue to be on safe production, increased development to open up our ore bodies by providing improved flexibility and safety, as well as cash generation, and furthering our promising exploration portfolio.
	With that I'll hand over for some questions. Thank you.
Operator	Thank you, sir. Ladies and gentlemen, at this point in time if you'd like to ask a question please press star then one to join the question queue. Our first question comes from John Bridges from JP Morgan. Please go ahead.
John Bridges	Good afternoon Nick, everybody.
Nick Holland	Good afternoon John.
John Bridges	You mentioned some developments in Finland. What status is that? Is North American Palladium out of the deal now?

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Nick Holland	Ja, they didn't exercise their option. That expired last year so it reverted back to us. Previously we were going to produce the concentrate on the mine itself and then ship that to smelters. And the recoveries we were getting weren't high enough. What we're looking at now is to see if we can produce metal on site, effectively a copper cathode, and also a gold palladium platinum precipitate. And that would enable us we believe to increase the recoveries quite a bit. Now, what we're doing is we've taken another bulk sample so we're doing some more drilling on site which entails a bulk sample. And we're going to take that all through metallurgical test work to see how the whole process behaves through to the end of the process I've talked about. That's going to take us well into the second half of this calendar year. Let's see what the results look like. The early indications are positive, and it could make a big difference to the economics of this project. Let's see.
John Bridges	Would that be a unique metallurgical process you'd be using there?
Nick Holland	PLATSOL. It's a technique called PLATSOL.
John Bridges	Who's using that? Is somebody else using it?
Nick Holland	It's not widely used, and that's why we're doing significant extra test work on this to make sure that it works. So that will take about six to nine months. It is available. There are not many people deploying this right now.
John Bridges	If I may, in Cerro Corona we've been seeing a lot of footage of floods there interfering with tourists at Machu Pichu. Have you had any issues with weather in that region?
Juan Luis Kruger	John, this is Juancho Kruger. We have the El Nino phenomenon as most of you might know coming into play. It's probably going to be coming into play primarily in February, March and April this year. What is happening is the floods are located in the southern part and central part of the country. Actually in the northern part we're getting a drought more than floods. It's raining less than a normal year.
John Bridges	Okay. Thank you very much.
Nick Holland	Thanks, John.
Operator	Just a reminder to all participants, if you'd like to ask a question please press star then one to join the question queue. Our next question will come from Murray Pollitt from Pollitt & Co. Please go ahead.
Murray Pollitt	Thank you very much. Good morning or good afternoon. The business newspaper the other day had an article, a fairly high profile article on the youth league of the African National Congress agitating for nationalisation of all mines. And Gold Fields still has 50% or 60% of its gold coming from South Africa. Our company has by most analytical yardsticks a much lower PE. It's much more poorly priced if you want because of these sorts of stories which appear every so often as we all know. Nick, any chance of persuading administration to give the investment community at large some kind of policy statement? I mean look what happened in Zimbabwe you know. Can we

Speaker	Narrative
	persuade the administration that this sort of stuff is damaging to the nation?
Nick Holland	Murray, in fact we've got the mining indaba that took place this week in Cape Town, and the Minister of Mines publicly got up and said nationalisation won't happen in her lifetime. And she also went on to add that she doesn't intend dying next week. I've also spoken personally to President Zuma and as far as he's concerned this isn't even a debate. I think this is a lot of noise.
Murray Pollitt	I think you're right. Forgive me, Nick. I respect that but that stuff is not making it into the public domain. That's the dilemma, to get President Zuma's comments into the Financial Times and things like that. Sorry to interrupt, but that's the objective isn't it?
Nick Holland	Absolutely. And President Zuma is also going on a bilateral business trip to London in March. Part of this is to reasssure investors about government's role in the economy. But look, I will be in Toronto in a couple of weeks' time.
Murray Pollitt	I look forward to seeing you.
Nick Holland	I look forward to seeing you as well. And we will do all we can in terms of…
Murray Pollitt	Solve the world's problems.
Nick Holland	We'll do it over a glass of wine or something. Who knows, Murray. But I look forward to seeing you.
Murray Pollitt	That will be very nice. Thank you for that and congratulations. That's a hell of a quarter.
Nick Holland	Thank you very much, Murray. Much appreciated. Right, next question.
Operator	Thank you, sir. Our next question comes from David Haughton from BMO Capital Markets. Please go ahead.
David Haughton	Good afternoon, Nick. I've got some questions in West Africa with regard to the performance of some of the changes that you're implementing. I'm quite interested to see what the outlook could be for the HPGR. I know the performance in the south is so good that you're thinking about it in the north. I'm wondering what the outlook could be by way of production and throughput. And then the second one relates to Damang, the impact of the secondary crusher, what we could look forward to in production and throughput.
Nick Holland	Right. I'm going to hand straight over to Peter who is in charge of that region, and he will give you all of those answers.
Peter Turner	Thank you, David. David, just to take the first question, the HPGR potential. HGBR potential we believe is significant in terms of recovery. Certainly we're looking at recovery improvement here, anything between 6% and 9%. Those are the early indications. If we look at volumes that we could potentially process on a monthly basis through the north heap leaches it's approximately 800,000 tonnes a month. It

Speaker	Narrative
	gives you a scale of the kind of number you could be looking at here by deploying this HPGR technology. That's the one opportunity. The second opportunity is the south where we have a significant resource which we could retrieve through HPGR. These are project for the future. I guess where we are right now is for Gold Fields proving this technology so that we can deploy it in the world of our work for tomorrow. Mov
David Haughton	Just before we move on to Damang, Peter, when you're looking at the throughput are you proposing that all of the materials stacked at south and potentially north will go through the HPGR, or are we looking at a mixture of HGBR and normal crushing?
Peter Turner	Certainly if we look at the north heap leach processes right now and the future of the north heap leach process, we have harder rock. We're looking at improving recoveries in those areas going deeper. So definitely the north heap leach, yes, fully on HPGR over time. Obviously this is a subject of scoping studies going forward. Then also there are two options for south re-treatment processes. It's whether you take the entire lot through CIL or you take the entire lot through HGBR. These are the two studies which are underway at the moment, and the best returns will guide us. Does that answer your question, Dave?
David Haughton	By way of the recovery clearly you've got some upside with the material that goes through the HPGR. I'm just looking to the blended cut. I think the current recoveries are in the low 70% range. There is potential to lift that up towards 80% and perhaps a little beyond with the HPGR. I'm trying to think if we're looking in total of the materials being stacked it's around about 10 million tonnes per annum for the combination of the south and north. I'm just trying to think through what's going through the HPGR, what kind of recoveries we can get and incrementally what the production profile could look like from the heap leach as it's reported.
Peter Turner	Okay. Where we are right now, just assuming you have a 6% to 8% improvement on that, we could take recoveries up to in the order of 85%. I think we're in the late 70%, close to 80%. We could go to the 85% mark. That certainly is an expectation. I think what we're seeing out of this process is the heap leaching cycle is being accelerated and we're winning gold earlier from this project, which is encouraging. So obviously going forward the entire process from going to the north heap leach could ultimately land up with higher recovery and will.
Nick Holland	If I can just say, obviously the key objective is to re-deploy it to the north pad once we've proved it up. And then as Peter says, the opportunity is to reprocess potentially all of the pre-existing heaps and recover the gold we wouldn't otherwise recover because of the size of the fraction. That's work in progress I'm giving you, but its work that we're going to be doing over 2010 to assess whether there is a viable opportunity once we've proved the south. But I must say the early results look very encouraging.
David Haughton	It is really very interesting. There are a number of other projects proposing the HPGR route for heap leach, so it's a very interesting area of development. Over to Damang pit.
Peter Turner	Moving on to Damang. You know at Damang the question is around the secondary

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	crusher and why. And the reason for that essentially is to be able to communate your hard rock and change the blend in that plant. Currently the blend is 65:35 hard rock to oxide ratio. Where we are at the moment, the oxides carry lower grades generally than the sulphide material. In order to change this ratio to 95:5 we would then be blending 95% high grade hard rock with a 5% low grade oxides. Our average grades in oxide are around 0.9g/t and in our hard rock in excess of 1.4g/t. So we have a significant upgrade in this blend going forward. Early indications, as we said in the quarterlies this time around, are we're looking at an increment of about 50,000 ounces per annum, we think conservatively. I know Nick would like more than that. But I think for now that's what we're targeting.
David Haughton	Very interesting. I've got a question for you, Nick, with regard to likely timeline for the six day week in South Africa. When could we expect to see some traction with regards this negotiation, and if it was to come to fruition what's your best guess about timing?
Nick Holland	Let me rather hand over to Vishnu who has been leading the charge on this one, being Head of SA Ops. Let him give it to you firsthand.
David Haughton	Thank you.
Vishnu Pillay	Good afternoon or good morning, it's Vishnu. South Deep is already on full calendar operations. They went into full calendar operations on Sunday night, and I'm pleased to say that the transition was smooth. There are a few minor technical issues that we have to address, but I'm happy to report that South Deep is already on full calendar operations. With respect to the other three South African operations we are in discussions with all three of our unions. I'm pleased to report that two of the unions have agreed. We're now awaiting the majority union, which is the National Union of Mineworkers, to agree to this. At this point in time we are in workshops with the National Union of Mineworkers so that they understand fully how this is going to be implemented, and how it will work and the impact on their members. Assuming everything goes smoothly we expect that by the end of this quarter we should have it in at Driefontein and Kloof. Beatrix might take slightly longer, only because they're already on a six day work week, except that Saturdays on that mine is largely a voluntary shift. Hopefully we will see the benefit of this in quarter four.
David Haughton	Thanks for that. That's very promising. Then my last question goes back to Eskom and Nick's pretty alarming slide on page 72. What's the timing for the decision of Eskom, whether they go for the three year 35% uplift each year or some other outcome? Do they have a timeline for this?
Nick Holland	My understanding is the regulator must finish their deliberations and give a ruling on this by February 24th. That's my understanding. So let's hold onto your hats and see where we get to. I personally think we're going to end up with a much better outcome. I really don't believe that we're going to get anywhere near these increases. I do believe, however, that Eskom does need above inflation increases for some time. The question is what. And I also believe we're going to see much more aggressive demand management to pull back some of the gap between supply, demand and the reserve margin. Typically you want the reserve margin in an electricity utility to be

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	anywhere between 15% and 25%. We're hovering around the bottom end of that range, but that could change if the base metal pick-up continues. So the big lever they've got to pull I believe is demand management. And that's going to have to be across the board, retail and the rest of industry as well as ourselves. One of the things we've done is we've already saved 10% in power usage if you look at the pre-Eskom crisis numbers at the end of 2007 through to the end of 2009. And I've set a target for the guys to come up with a plan to save another 10% over the next three years. It's an aggressive plan but I think we can do it. And the other thing I would say is in years to come business in this country is going to think differently about power usage. We're going to have to re-look at our whole process and our technology to see how we can ameliorate the impact of this. The time is for us to stop wasting. And I'm sure that we'll find additional savings in our business. So I remain optimistic that it won't be as bad as this, and possibly government will consider a recapitalisation of Eskom, and possibly recover that injection and balance their fiscus by looking at recovering it through the tax take over time. I've given you numbers here to show you how alarming it is and to make sure that everyone in this country is aware how deeply concerned we are. Let's hope we can find another solution for the country.
David Haughton	Thank you. Good luck in those negotiations.
Nick Holland	Thank you.
Operator	Our next question comes from Leon Esterhuizen from RBC. Please go ahead.
Leon Esterhuizen	Hi Nick, Vishnu. I just want to touch on the FULCO arrangement that you're trying to get going. I don't want to be alarmist or anything, but this has been tried and failed every time in the SA mining industry, both on the gold and the platinum side. You've obviously looked at those failures. Can you just give us some insight as to why you think it's going to be different at Gold Fields?
Vishnu Pillay	Leon, we are not talking full calendar operations for the conventional mines. We're talking about a six day work week, which is different from FULCO. Let me just explain. If we work full calendar operations we need the permission of the Minister. In a six day work week we would still have Sundays and public holidays off, so we don't need Ministerial permission. So a six day work week and FULCO are a tad different. And I think that's the starting point for this discussion.
Leon Esterhuizen	Vishnu, thanks for that. Can you tell me what the premium is, or what is the extra that you're proposing to pay these people to work the extra day or two days?
Vishnu Pillay	Nothing actually. We have the people in the system and it's simply rostering the crews for face time that we have to manage. The executive in particular, led by Nick, we've debated this long and hard. And we feel it's in no one's interest to put people out on the street. We would rather put them to gold winning activities on our operations. It's a win-win situation for all of us. The six day work week roster has been designed. I'm quite happy to share that with you. It actually calls for our crews to work less compared to the 11 shift fortnight and still have an Easter and Christmas break. So I think it's a very neat design that we've come up with for the conventional mines. We're still in discussions. However, I should stress that we have full calendar

operations at South Deep. That's on a FULCO arrangement. And we expect that at South Deep we should see a premium of about 10% for full calendar operations. We're looking at between 30% and 35% improvement in production.

Nick Holland

On the conventional mines the people are already in the system. There are no extra people to be employed and we're not paying them any more. All we're doing is we're putting those people to work. So if it doesn't work, as you suggest it may not, the cost is the same to us. We're not going to be in any worse position on the conventional mines.

<u>Addendum:</u>

<u>6-Day "long off" working cycle proposal</u>

<u>Rationale</u>

In order to offset the impact of business interruptions at Kloof and Driefontein, additional production is required. This can be achieved by spending more time in the work areas. Our analysis has identified that additional time in the work place can be achieved by implementing a 6-day "long off" working cycle without increasing the number of shifts worked by each employee.

Currently, employees working within stoping, development and tramming activities work an eleven shift fortnight cycle ("ESF"), which effectively means that they have a Saturday off every second weekend and work 77 shifts over a 14 week period. Voluntary shifts and Christmas working-in arrangements have resulted in these employees working on most of these off Saturdays resulting in low morale while negatively impacting fatigue and health, all of which have resulted in reduced labour availability. In addition to this, these working arrangements have prevented employees FROM spending quality time with their families and/or to deal with personal matters.

<u>The salient features of the 6-day "long off" working cycle are outlined below:</u>

- *Employees will only be required to work **72 shifts** in a 14 week period compared to the 77 **shifts** as per the ESF;*
- *Crews are aligned with shift patterns that facilitate an additional crew ("roving" crew) for every 6 crews currently in place in order to allow each crew a four-day break every fourth week;*
- *The roving crew will be utilized to cover those crews who are enjoying their long off breaks, on a rotation basis to ensure production continuity;*
- *The 6-day "long off" cycle increases the time spent in the work place with an additional 7 shifts, whereas the shifts of the individuals are reduced;*
- *Sundays and public holidays will remain non-working shifts;*
- *The cycle complies with the 45 hour normal hours Basic Conditions of Employment Act requirements;*

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	• *It has a positive impact on employee morale, fatigue and health as employees will benefit from working less shifts compared to the current ESF cycle while having more time for family and personal matters;* • *The new cycle can be achieved by redeploying excess and displaced labour;* • *Employees will receive the same remuneration;* • *Shaft and equipment maintenance will be performed on Saturday afternoons and Sundays.* ***South Deep*** *South Deep commenced Full Calendar Operations on 1 February 2010 and the transition was seamless. Maintenance is incorporated in the FULCO cycle.*
Leon Esterhuizen	That sounds great. Again, I don't want to be alarmist but it has really failed several times in the past.
Nick Holland	If it fails, Leon, we'll be in the same position we are now.
Leon Esterhuizen	All right. The extra people that you've got that are going to be working these extra shifts, is there any sort of explanation as to why these people are already in the system not producing? I'm trying to understand. Have you got too many labourers?
Vishnu Pillay	We bulked up our labour force to cater for absenteeism last year. So there is an additional percentage in the system. But we've got a significant amount of misplaced labour that we would like to retrain to put into our stopes.
Leon Esterhuizen	All right.
Nick Holland	Thanks Leon. We're running out of time. Are there any questions from anybody else?
Operator	Thank you. Our next question comes from David Leffel from the Deutsche Bank. Please go ahead.
David Leffel	Hello gentlemen. Just two questions. Most of the questions have been covered. The first question, you said earlier this year that you will be pushing your development rate because Driefontein and Kloof notably are behind in development, and you talked about lack of flexibility. I just wondered where it is in the process because if one looks at the development rates that you've put in your presentation pack we haven't seen much of a change in the rate of development. And then I guess the second follow-on question from there is with the potential increases in power prices will you revisit your capital projects at Driefontein and Kloof as they're quite significant?
Nick Holland	Which capital projects are you referring to, David?
David Leffel	The drop-down project.

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Nick Holland	Let me answer the second part of the question. I'll let Vishnu talk to the development side. Look, we are re-evaluating what we should be doing at Driefontein and whether or not we should be looking at a series of declines at Driefontein. That study is underway at the moment. Clearly if we are going to have power increases to the extent that Eskom is advocating it makes the economics all the more difficult. I think we all understand that. In terms of the drop-downs at Kloof we are evaluating the so-called KEA project and we've renamed that now the 55 line decline. That's also being looked at again. That's a much smaller project in any event than it was at the outset. So we'll look at those on that basis, but I think the likelihood of doing a major shaft deepening at Driefontein needs to be considered very carefully against the backdrop of all the issues that we've seen today. So we share your concern, and I'm certainly not going to commit the shareholders or the company to huge amounts of capital on projects that are very marginal. So we'll look at it. I think by the middle of this year we should have a better idea of which direction we want to go. Vish, do you want to handle the question on development?
Vishnu Pillay	I think it's fair to say that it's been impacted by our catch-up on secondary support. I'm pleased to say that's behind us now. It's also been impacted by our mechanisation drive. We've had to undertake up-skilling of our crews and put the maintenance in place. That's been completed. So I think we should see an improvement in our development going forward from here.
David Leffel	So we should see it step up quite rapidly in the next couple of quarters?
Vishnu Pillay	You will be seeing it at Beatrix because those crews have had a head start on the other mines.
David Leffel	Nick, one final question. If one looks at your board right now it is certainly dominated by South African people or people who have been involved in the South African mining fraternity for many decades. As we enter into a period where the ANC does seem to have more political rhetoric do you think you need to bring in more global board members that might look at the ANC rhetoric a little more harshly and balance your board's status quo and maybe South African perspective?
Nick Holland	David, I would be looking for a board that is balanced in all aspects. And we have to remember that we're a South African company, and I would like to see us becoming more representative as well. That's an issue that we continue to look at and make sure that we have a good representation from South Africa as well. So our job is really to have a balanced board and not to have a dominance of outside nominees on the board. I think we've got to have a spread of directors. We have a non-executive director from Peru. We have one from Ghana. We have a couple of people who are outside the country who have been in the industry for some time. We just got Alan Hill on the board who has already made some very significant contributions in terms of helping us with capital projects etc. But I think we also have to get more influence on the board in terms of helping us to shape how things happen in this country and also to reflect the demographics of this country. So I wouldn't want to have a domination of either local or offshore. I want to have a balance of directors, and that's what we're striving for. But rest assured, David, I'm in touch with the head honchos in the country about this whole issue, and the President himself has said he's

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	against this issue of nationalisation. The Minister has said she's against it. All of the pragmatic people in government – which by the way is most of them I believe – are all against it. So I do think this is a storm in a teacup and we shouldn't overreact to this issue. And I'm sure in time this will disappear.
David Leffel	Okay. We will take it up offline in due course. Thanks so much.
Nick Holland	No problem, sir.
Willie Jacobsz	Operator, thank you very much. I think we have run out of time now. Are there any further questions?
Operator	We have a last question from Paul Durham from Aubeck Greystone. Please go ahead.
Paul Durham	Hi gentlemen. Good afternoon. Some of my questions have been answered by various people. South Deep specifically, clearly you're not looking for much of an increase in production next quarter over this quarter. Costs are obviously going up. Have you got sort of a road map that you've published in terms of sequential progression there? I don't know if you're going to be held to a quarterly number there going forward, but at least semi-annual. How can we view that profile of ramping up and the costs coming down over the next three years?
Nick Holland	Paul, Nick here. We did a full analyst day presentation back in November.
Paul Durham	I missed that unfortunately.
Nick Holland	I do believe that's on the website. What Willie will do is he will make sure you receive that entire presentation. It's all in there, the profile year by year. Other people have asked the same question you have. It's a good question. And you'll see in there what we're looking at.
Willie Jacobsz	I'll be back in Boston on Monday. Then we can talk about it, okay?
Paul Durham	Super duper. I will catch up with you then. Thank you.
Nick Holland	Okay. Well thanks very much, folks, for joining the call today. We look forward to a good 2010. We believe the company is certainly in better shape today than what it was a year ago, and I certainly believe that come the end of 2010 we will have progressed the company further again. So with that, thanks for your participation. On my travels I look forward to seeing as many of you as I'm able to. Thank you once again on behalf of the team and goodbye.

END OF TRANSCRIPT