GOLD FIELDS

Speaker	Narrative

Nick Holland

Thank you very much. Good afternoon or good morning ladies and gentlemen, wherever you might be, and thank you for joining us. By now you would have seen our offer to buy Iamgold's 19% stake in our Ghanaian mines. On the call with me today are the following executives, Paul Schmidt, our CFO, Jimmy Dowsley, Executive Vice President for Corporate Development, Michael Fleischer, general council, and we also have our investor relations team headed up by Willie Jacobsz and Nikki Catrakilis-Wagner. They will be on hand to respond with me to any particular questions or in terms of more details of the transaction. But before we go into any questions let me provide you with some of the key highlights of the deal and the rationale for entering into it.

The key elements of the transaction are as follows. Gold Fields Ghana Holdings BVR Ltd – a wholly-owned subsidiary of Gold Fields – is purchasing Iamgold's 18.9% holding in Tarkwa and Damang for a consideration of $667 million. Now this acquisition price includes $20 million in working capital and effectively $647 million for 19% of the operating assets. After the deal has been completed the Ghanaian government will be the only minority shareholder with a 10% holding. In other words Gold Fields will take its stake in both the Tarkwa and Damang operations from 71% up to 90%. The transaction is subject to the approval of a simple majority of Gold Fields shareholders and we expect the transaction to be completed by the latest at the end of July, subject of course to all the conditions being satisfied.

Let's talk about the rationale for the transaction.

- We're acquiring a further 19% in two long-life cash-generative assets in our group.

- Both Damang and Tarkwa are stable offshore operations that we know well, in jurisdictions that we understand.

- We're acquiring an additional 183,000 ounces of annual production, that is current production, not future production, being produced today, at current cash costs of around $580 per ounce and notional cash expenditure (NCE) of about $940 an ounce, based on results for the six months ended December 2010. I think it is worth also noting that in that six month period we've also effectively financed the fleet for owner mining changeover at Damang which is basically now in full swing as from the end of this month.

- We're also acquiring an additional 2.1 million ounces of reserves for a consideration of $302 an ounce, and there is also significant upside potential which I will talk about in a moment.

- We're also acquiring 3.3 million ounces of resources at a cost of $198 per ounce, also with significant upside potential. And if you benchmark this against other transactions, many of which are acquiring resources in the ground that yet have to be proved up or subject to construction and then be operated, this transaction benchmarks well against that.

The acquisition we believe is low risk because we are buying more of assets

	that we already own, manage and control. It is also strongly aligned with our strategy to increase and diversify our production outside of South Africa. And importantly we're buying additional ounces with a lower weighted average cost both measured in terms of cash cost and measured in terms of notional cash expenditure. So effectively we're buying more ounces in production of assets that we know and understand at unit costs that will actually bring down the overall weighted average cost of the portfolio. I did mention that there is upside potential here, and I think those of you who have been watching our presentations and looking at the comments that the team has made over the last 18 months will be aware that we talked about the opportunity for Damang in particular, the so-called super pit option, that could result in an expansion of the Damang pit. And you would know that we have been drilling at Huni to the north and Juno to the south extensively over the last period and drill results are looking very encouraging. So there is every opportunity we believe to not only provide an extension of the life of Damang but potentially to try and bring some of those additional ounces forward. That's an exciting project. We should be able to have a better feel as to where we are on that whole issue by the end of this year, but the current signs are looking very encouraging. So with that either myself or my colleagues will endeavour to answer any questions that you might have. Thank you.
Operator	Thank you, sir. At this point if you would like to ask a question please press star then one to join the question queue. If you decide to withdraw your question you can press star then two to remove yourself from the list. I will repeat, if you would like to ask a question please press star then one. Our first question comes from Perry Matthew from Barclays Capital.
Perry Matthew	My question relates to financing, if you could give us a bit more detail on how you plan to finance it. I know you're using cash on hand as well as some of your bank facility. Ultimately what are your plans with the bank facility draw down? Is this something that will be paid down out of cash flow or might we expect Gold Fields to come back to the bond market?
Nick Holland	Paul, will you answer that please?
Paul Schmidt	We are using our $500 million facility to partly finance it. The balance will come out of cash on hand. What we expect to do with the $500 million, we were looking at re-negotiating one of our debt facilities for another five years which will replace the existing facility that we're going to drawn down on.
Perry Matthew	So you're not planning any permanent bond financing out of this?
Paul Schmidt	At the moment no. We're obviously looking at our opportunities the whole time, but the short term is only to replace it with a new five year revolver.

Perry Matthew	Got it. Thank you.
Operator	Our next question comes from Murray Pollitt from Pollitt & Co.
Murray Pollitt	Hello Nick, how are you?
Nick Holland	I'm very good, thank you.
Murray Pollitt	Thank you for cutting us in on this. A quick comment. Politics are topical these days in West Africa. How do you feel about the political situation in Ghana? Thank you.
Nick Holland	I'm reasonably comfortable with the current situation. We have seen a rise in fiscal take over the last couple of years, but I don't think that is any different from any jurisdictions. Our title is secure. We understand the operating environment well. Remember we've been operating in Ghana since 1992 so we have seen a whole bunch of different regimes flowing through. And the government is particularly excited about the opportunities we have going forward on these assets. So I'm reasonably comfortable that we understand the issues and we can manage them.
Murray Pollitt	Thank you.
Operator	Just to remind participants on line if you would like to ask a question please press star then one. Our next question comes from Martin Roher from MSR Capital.
Martin Roher	Thank you operator. Congratulations. It seems like a very accretive transaction with a pretty quick payback for a gold mining operation. Was the other party, Iamgold, restricted in any way from selling their position? Did you have a right of first refusal or something that would make their interest much more attractive to you other than your existing control position?
Nick Holland	Look, there was no pre-emptive agreement of any kind between the parties. They were free to deal with their shares as they saw fit. I'd like to believe that this was a deal that was worked out between the parties for the benefit of both of them in the long run. Clearly if you look at the fact that Iamgold were changing their strategy and had indicated that to the market to move more to an operating company it made sense for them to look at trying to dispose it to us. And of course it made sense for us to buy this as a natural extension of the ownership we currently have. So even though there weren't any legal restrictions preventing them from disposing it to anybody else I think logically the parties were brought together by their different needs.
Martin Roher	Congratulations. A good transaction.
Nick Holland	Thank you.
Operator	Our next question comes from Shoaib Vayej from Sanlam.
Sanlam	Hi Nick and team. The first question just regards to the transaction in Ghana.

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	Are you willing to split out the value separately for Damang and Tarkwa? And then the next question just in terms of value. It seems my own analysis and verified with others in the market seems to suggest you're paying pretty close to spot in terms of long-term value. Would you not have seen more value by buying back shares at similar prices?
Nick Holland	Look, we haven't got a split between the two assets. I think that if you look at this deal one of the reasons we were quite keen to move ahead with this is we saw upside. I think there is potentially upside on both assets. If you think there are more resources than reserves, the fact that prices today are close to $1,500 per ounce, our reserves were set at $1,000 per ounce, so there is potential for some of that resource to convert to reserve. And I think you know about the extensive drilling programme on hand that could even triple the strike length of the Damang pit over time. But even if you ignore those issues we felt that this deal was a good deal for us. It brought in ounces today at a significantly lower cost. Yes, you can do different sensitivities at different gold prices and you will get different outcomes, but certainly even at slightly lower gold prices we believe the transaction is accretive to us.
Sanlam	Was a buyback considered at all, or was it just purely to get the diversification?
Nick Holland	Buyback of stock?
Sanlam	Ja.
Nick Holland	Generally my view on share buybacks is you should only really undertake those if you have surplus cash available and you don't have a means to deploy it. Doing a share buyback financed by debt, which is what this deal is, in my view does have an element of risk in it. Whereas buying assets with that debt that we know and understand well that is going to be an accretive transaction with upside I believe is going to be a much lower-risk strategy for us.
Sanlam	Thank you.
Operator	Our next question comes from Marc Pomper from MEAG.
Marc Pomper	Thanks for taking the question. I just want to ask, this is a low risk transaction in that you know the assets, but just more generally is this the kind of acquisition you're looking to do or can we look to further transactions? There have been some rumours of larger acquisitions.
Nick Holland	Well, I'm going to ask Jimmy Dowsley to come in as our Corporate Development Head. I think it is worth you hearing from him how he sets out our strategy in terms of growing this company. Jimmy?
Jimmy Dowsley	Thanks Nick. What we are doing here is picking up a shareholding that logically belongs with us, an extension of a shareholding in our existing operations. And you have seen a similar thing with acquiring the minority shareholdings in Peru. Beyond that our growth strategy is driven largely by exploration success rather than by M&A. In that regard we have some pretty

	exciting projects in the pipeline coming through. We simply do not have that imperative to get out on the acquisition trail given that project pipeline.
Mark Pomper	That's great. Thanks very much.
Operator	Just a reminder to participants, if you'd like to ask a question please press star then one. Our next question comes from John Bridges from JP Morgan.
John Bridges	Hi. Good afternoon Nick and everybody.
Nick Holland	Afternoon John.
John Bridges	I just wondered why now? I suppose to some extent you've answered that already, but I wondered if you could fill us in a bit on that.
Nick Holland	It is a strategy that the team and I have been quite keen on for a couple of years now that, where possible, we should try and increase our ownership of assets that we don't wholly own already. You've seen what we've done in Peru, and Ghana was a natural extension of that. But of course you can only do these deals if you have willing sellers. It hasn't really been till recently that it became obvious that Iamgold is prepared to put this on the block. Bearing in mind that this represented about 20% of their total production, it is quite a significant move for them. And I think it is only recently that they've looked at their operating model and decided to change it. That has been able to point them in the direction of possibly selling it. That's what it has come down to. It has been timing and opportunity, given that we are here and we want to do it at a time when they want to exit.
John Bridges	Okay. That makes perfect sense. On a recent visit to Ghana we saw that there are some power issues there. Will you have enough power available for a super pit? Would you need increased power for an expansion?
Nick Holland	I think we will be okay. We have to bear in mind there is a big hydro-electric scheme that is coming on stream. Don't forget also that Ghana is on the front end of gas, and that is another potential source of energy. And I think the problem in Ghana hasn't been so much the generation of power; it has been the distribution side, and there is some work underway to fix that up. And it may well be that, when we do an expansion, we'll have to look at that carefully. I don't think it is the generation side that is the concern. It's just the network to get it to the various substations.
John Bridges	When do you expect gas from the new oil fields to actually impact the power generation?
Nick Holland	Difficult to say. Difficult to say. It is on the front end of it, so we will have to watch that one carefully over time, John. There have been differing forecasts, but I think once we get another year or so of experience we will get a better idea.
John Bridges	Excellent. Many thanks for the call.
Nick Holland	Sure.

Operator	Our next question comes from Jim Drury from AIG.
Jim Drury	Hi. Good afternoon. I share that sentiment. Thanks for doing the call also. I just had a follow-up question to the one that Jimmy answered. How do you view this type of spending? Is it part and parcel of the capex plan or is it over and above that? By doing this does that mean there is less capex to spend, or is this over and above the established plan for 2011?
Nick Holland	This is clearly over and above because we are buying an additional investment here. So you have to see this as acquisition of additional ounces per se. The capital plan for 2011 was focussed on sustaining capital. A significant proportion of course is on growth if we look at South Deep. And of course some is going to be on the feasibility and evaluation studies, on growing the company to the five million ounce target either in production or in development by 2015. So this is clearly over and above that. But remember we are buying assets that are cash generative today. Once this purchase is done it is going to push up our EBITDA and our cash flow. And importantly we want to make sure the cash we get out of this asset can very quickly pay off what we have paid for it and secondly bolster the long-term cash generation for the group so that we can help to put ourselves in a good position to finance our growth pipeline.
Jim Drury	Does the company typically have a budget for this type of activity on an annual basis or is this just an opportunity that is taken as it comes?
Nick Holland	This is an opportunity that is taken. As Jimmy said earlier we don't really rely on M&A activity to grow this company. But this was considered important in the sense that we could buy more of what we already owned, and that is a logical, low risk type of acquisition. You don't budget for this stuff. Once we have finished Peru and once we have done this, provided we can get all the conditions completed, I don't think you're going to see much more of this kind of activity going forward.
Jim Drury	Thanks.
Operator	We have no further questions in the question queue. Mr Holland, I'd like to hand the call back to you.
Nick Holland	Thanks very much indeed. Just to summarise again, this is a low-risk transaction for Gold Fields and it provides us not only with upside to the gold price but it also provides exploration potential and further opportunity for resource to reserve conversion in assets that we know and understand particularly well. Thank you for joining us on the call, and should you require any additional information or have any further questions both Nikki and Willie are on hand to address your queries. With that I will say thank you very much and goodbye.

END OF TRANSCRIPT