GOLD FIELDS LTD
Form 6-K
October 19, 2005

FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of November 2004
Commission File Number 1-31318
Gold Fields Limited
(Translation of registrant's name into English)
24 St. Andrews Rd.
Parktown, 2193
South Africa
(Address of principal executive offices)
Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F..x... Form 40-F.....

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ________

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ________

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes ..... No ..x...

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- ________

ANNUAL REPORT 2005

Gold Fields Limited

the complete gold company

Report
content
Registration number: 1986/004880/06
Share code: GFI ISIN - ZAE 000028123
www.goldfields.co.za
/ www.goldfield.com
Vision
To be a leading, globally diversified,
precious metals producer through
the responsible, sustainable and
innovative development of quality
assets.
Mission

Gold Fields is intent on achieving outstanding returns for investors with motivated employees committed to optimising existing operations and aggressively pursuing and developing additional world-class deposits, promoting mutually beneficial relationships and applying best practice technology.

Gold Fields Limited Annual Report 2005

United States dollars
South African rand
F2004
F2005
F2005
F2004
4,158
4,219
‘000 oz
Gold produced*
kg
131,284
129,329
302
331
$/oz
Total cash costs
R/kg
66,041
67,075
46,028
47,880
‘000
Tons milled/treated
‘000
47,880
46,028
387
422
$/oz
Revenue
R/kg
84,218
85,905
30
32
$/t
Operating costs
R/ton
198
204
336
368
$m
Operating profit
Rm
2,286
2,315
111
29
$m

Net earnings
Rm
180
768
85
73
$m
Core earnings°
Rm
452
587
*
all companies wholly owned except for Ghana (71.1%)
°
net earnings excluding gains and losses on financial instruments and foreign debt net of cash and exceptional items

Financial
highlights
01
90 -
80 -
70 -
60 -
50 -
40 -
30 -
20 -
10 -
0 -
Attributable
gold
reserves
(Moz)
02
03
04
05
01
4.4 -
4.3 -
4.2 -
4.1 -
4.0 -
3.9 -
3.8 -
3.7 -
3.6 -
3.5 -
3.4 -

Attributable
gold
production
(Moz)
02
03
04
05
01
80,000 -
70,000 -
60,000 -
50,000 -
40,000 -
30,000 -
20,000 -
10,000 -
0 -
Total
cash costs
(R/kg)
02
03
04
05
01
350 -
300 -
250 -
200 -
150 -
100 -
50 -
0 -
Total
cash costs
(US$/oz)
02
03
04
05
01
160 -
140 -
120 -
100 -
80 -
60 -
40 -
20 -
0 -

Share
price
(SA rand)
02
03
04
05
01
16 -
14 -
12 -
10 -
8 -
6 -
4 -
2 -
0 -
Share
price
(US dollars)
02
03
04
05

Consistent
performance

"… the company was able to report an increase in production to 4.22 million ounces, to reduce total cash costs from R67,075 per kilogram to R66,041 per kilogram and achieve fl at operating profi ts …"

Company
growth

"Growth for this company must come from new discoveries and/or acquisitions outside South Africa."

Good
compliance

"The company is in good compliance with the criteria set by the Mining Charter and we expect its new order mining rights to be issued in 2006."

Message
from the chairman

Mining operations are well-planned and engineered, accounts are conservatively struck and internal controls are increasingly more effective. These details are transparently disclosed herein.

The fiscal year ended 30 June 2005 was a distracting one for Gold Fields. The overshadowing events were the extended hostile but futile bid by Harmony for Gold Fields and the failed IAMGold transaction, a matter related to the bid. Together, these two issues took up more than nine months of management time and were a major distraction for all concerned.

The fact that the company was able to report an increase in production to 4.22 million ounces, to reduce total cash costs from R67,075 per kilogram to R66,041 per kilogram and achieve flat operating profits is quite remarkable; a testament to the strength of our management and asset quality. Net earnings were down 77 per cent to R180 million largely due to non-operating features including the costs of the Harmony defence (R316 million), the costs associated with the proposed IAMGold transaction (R58 million), and higher amortisation charges.

By contrast, net earnings two years ago were R2,953 million. This highlights one of the key strategic issues facing Gold Fields. In 2003, gold hovered around US$400 an ounce, the rand averaged R9.07 to the US dollar and cost pressures in South Africa continued to grow. The contribution of the lower rand revenues and rising costs have a twofold effect on the company in that they not only reduce earnings but move gold reserves back out of the reserve classification to resource classification as economics are impaired. While this is not unique to South Africa, it is remarkable that the rest of the global industry is reporting such mediocre profits and lack of reserve growth in the face of US$425 per ounce gold prices. Higher input costs in the form of higher steel prices, higher cyanide, diesel and reagent costs, together with deteriorating mine grades, are to blame. This industry, which survived gold below US$275 an ounce, is strikingly unprosperous at US$425 an ounce.

This annual report discloses extensive detail about the operating results of the company and its various mines and enterprises. There can be no doubt that the day-to-day operations are professionally and competently managed. Mining operations are well planned and engineered, accounts are conservatively struck and internal controls are increasingly more effective. These details are transparently disclosed herein. I will confine my comments, therefore, to the external issues facing the company.

Firstly, the strategic issues remain the same as they have for some time. Despite substantial inward investment over the past decade, the South African mines are mature, getting deeper, and face declining grades and rising costs. Production growth from new ventures in South Africa is limited by the lack of new mining opportunities in gold. By and large, profitable growth in South Africa can only be achieved through investment in cost reduction and labour productivity in existing mines. These have their limits. Growth for this company therefore, must come from new discoveries and/or acquisitions outside South Africa. Some critics have attempted to paint this external growth focus as unpatriotic, however, management is charged and rewarded to create value for shareholders and grow the company. Gold Fields' vision is to be the leading, globally diversified precious metals producer. As the South African assets slowly decline over the next two decades or more, Gold Fields is bound to become increasingly international, using its South African base as the platform from which to grow globally.

Having said that, the South African operations remain the bedrock on which this company is built. Over the past five years, we have invested more than R5 billion in capital projects at our South African mines, thereby positioning them for the future. We have built new long-life shafts at Driefontein, Kloof and Beatrix; we have upgraded our metallurgical plant facilities to world-class standards; we continue to improve underground working conditions for our people through Project 28.5°C; and we have improved our overall safety performance by more than fifty per cent through various initiatives. We have invested in our ore bodies improving our available ore reserves position at our long-life shafts to more than 18 months, and we continue to invest in developing the skills and abilities of our people through extensive education and training programmes, spending approximately R133 million per year in this field.

The second strategic issue for Gold Fields is the difficulty in finding value-adding growth opportunities elsewhere in the world. The company has interesting development projects in inventory in the form of Cerro Corona in Peru, Essakane in Burkina Faso, plus promising joint venture prospects within Comaplex Mining on the Meliadine property in northern Canada and Bolivar Gold in Venezuela. During the year, the Arctic Platinum Project (APP) was put on hold. The strengthening trend of the euro against the US dollar and dramatic increases in steel and construction costs raised capital costs by 50 per cent from those anticipated last year which, in the face of low palladium prices, put the project economics below our investment hurdles. Inflation in capital, operating and transport costs generally, is affecting the economics of new projects almost everywhere which, when combined with the social and political risks of entering countries where gold is being found, makes growth a challenge.

The third principal strategic issue is meeting the demands for transformation in South Africa embodied principally in the Mining Charter and the Black Economic Empowerment (BEE) movements. The boom in global mining, particularly base metals, coal and iron ore, is placing intense pressure on the industry’s already limited human resources and this will continue for some time. A significant challenge for the next few years will be for Gold Fields to meet the target for transformational representation in management. The ranks of historically disadvantaged South Africans (HDSAs) are not well filled with management-trained mining people, unquestionably a result of policy mistakes by past governments. Training, developing and retaining people will be a continuing challenge. On the related issue of black empowerment, the Gold Fields transaction with Mvelaphanda Resources to sell a 15 per cent equity interest in the South African gold mining interests of the company remains a landmark example of a responsible BEE transaction. During the year, this transaction was amended slightly to define the minimum (45 million) and maximum (55 million) number of shares in Gold Fields that Mvelaphanda Resources can obtain should it elect to exchange its equity interest in the South African assets for Gold Fields shares. Also, Gold Fields has not yet received its new order mining rights, but is in good compliance with the criteria set by the Mining Charter. We expect the new order mining rights to be issued in F2006.

The hostile takeover attempt by Harmony for Gold Fields should never have happened. Motivated for the wrong reasons, namely, to revive and perhaps even rescue a failing Harmony; cloaked in hypocritical patriotism, and buttressed with gold reserves that did not conform to industry standards, the bid was unappealing to Gold Fields’ shareholders from the start. Its primary strength was drawn from its designed appeal to overseas hedge funds and Harmony's irrevocable proxy from 20 per cent shareholder Norilsk Nickel. The fact that the bid was drawn out for an unheard-of seven months, can be blamed largely on the inconsistency between the competition laws and takeover code in South Africa. The entire takeover framework in South Africa is in need of reform and if any good is to come from Harmony's ill-conceived bid it will be to highlight this need. That aside and viewed in retrospect, the whole affair had only negative consequences. It was extremely expensive in legal and advisory costs, R316 million for Gold Fields and R184 million for Harmony, not to mention opportunities foregone while the company was under siege. While Harmony did manage to acquire 11 per cent of Gold Fields, it has incurred a loss of R372 million on the 6 per cent sold to date. Both companies endured severe markdowns in their market capitalisations, Harmony's spectacularly so, and neither has yet fully recovered despite a weakening rand. It has not made Gold Fields any more efficient than it was, while it has raised enduring questions about Harmony's ore reserves and management. Altogether, it was a value-destroying experience and antagonised most international shareholders.

The interrelated matter of the failed IAMGold transaction was also unfortunate. The concept of Gold Fields acquiring control of a foreign publicly listed company through the sale of its foreign assets to that company was consistent with our international growth strategy. IAMGold was the perfect target, for not only is it our joint venture partner and owner of 18.9 per cent of Tarkwa and Damang, it has other attractive interests in Africa, and was also in need of a transaction of the nature proposed. While by far the majority of Gold Fields shareholders by number supported the transaction, three significant shareholders, including 20.0 per cent shareholder Norilsk, voted against it. As a result the transaction was marginally rejected with 51.44 per cent of the votes cast against and 48.23 per cent in favour of the transaction. Not included were some institutional votes in favour of the transaction that went missing and could not be accounted for. The outcome was a setback for the company, particularly with respect to its internationalisation strategy. It does not, however, mean a change in the rationale and the external growth strategy of the company.

For much of the year, investor attention in the resources sector has been captured by the effects of growth in Chinese demand for all mineral resources. Price rises in base metals and ferrous minerals, along with coal, have drawn interest away from the gold sector and, relatively, gold prices have stagnated. Nonetheless, two encouraging developments have occurred during the year, namely the significant gold recovery in jewellery demand up 17 per cent in the first half of 2005, and the successful launch of the Gold Equity Traded Funds (ETF's) on the New York and other stock exchanges, allowing investors access to physical gold through more conventional and inexpensive channels. It is pleasing to note that almost all the increase in jewellery demand has come from those markets in which the World Gold Council has been promoting, confirming convincingly that effective market promotion does work. The gold ETF's today have accounted for 248 tons of demand and the NYSE product continues to grow strongly. It seems surprising, given the surges in energy costs, the massive twin deficits in the USA, and the threat of growing global terrorism, that gold has not responded more vigorously. If gold is to remain true to form, a strong response must inevitably follow.

Gold Fields is in the process of changing its board composition. In June 2005, we announced the appointments to the board of two Norilsk Nickel nominees, Mr Sergei Stefanovich and Dr Artem Grigorian, and at the annual general meeting Messrs Bernard van Rooyen and Gordon Parker will retire. On behalf of the board, I wish to welcome the new members and to thank Messrs van Rooyen and Parker for their individual and extensive contributions to the company. Both have been members since inception in 1998.

Finally, to management and employees throughout the company, it has been a disturbing and challenging year and, on behalf of the board, I wish to extend our heartfelt appreciation and thanks for your sustained perseverance, loyalty and commitment throughout this difficult time. At the same time, we extend our thanks to shareholders for their support.

Christopher Thompson

Chairman

1. Christopher M T Thompson (57)
†
Chairman
BA Rhodes; MSc (Management Studies), Bradford

Mr Thompson has been a director of Gold Fields since May 1998 and chairman of the board since October 1998. He was the chief executive officer of Gold Fields from October 1998 to 30 June 2002. He has over 36 years of experience in the mining industry. He is also chairman and member of the executive committee of the World Gold Council, director of TeckCominco Corporation and Frontera Copper Corporation and a past director of the South African Chamber of Mines and of Business against Crime.

2. Alan J Wright (64)°

Deputy Chairman
CA(SA)

Mr Wright has been deputy chairman of Gold Fields since November 1997. Prior to September 1998, he was the chief executive officer of Gold Fields of South Africa Limited.

EXECUTIVE DIRECTORS

3. Ian D Cockerill (51)*
Chief Executive Officer

BSc (Geology) Hons, London, MSc (Mining), Royal School of Mines

Mr Cockerill has been a director of Gold Fields since October 1999 and became chief executive officer on 1 July 2002. He was chief operating officer and managing director of Gold Fields from October 1999 to 30 June 2002. He has over 30 years of experience in the mining industry. Prior to joining Gold Fields he was the executive officer for Business Development and African International Operations for AngloGold Limited.

4. Nicholas J Holland (46)*
Chief Financial Officer
B.Comm, BAcc, Witwatersrand; CA(SA)

Mr Holland has been a director of Gold Fields since February 1998 and executive director of finance since March 1998. On 15 April 2002 his title changed to chief financial officer. He has 25 years of experience in financial management. Prior to joining Gold Fields he was financial director and senior manager of corporate finance of Gencor Limited. He is also a director of Rand Refinery Limited, and Teba Bank Limited.

NON-EXECUTIVE DIRECTORS

5. Kofi Ansah (61)°

BSc (Mech. Eng) UST Ghana; MSc (Metallurgy) Georgia Institute of

Technology

Mr Ansah was appointed a director in April 2004. He is a director of Metropolitan Insurance Company Limited and Aluwoks Limited.

6. Michael J McMahon (58)°

BSc (Mech. Eng), Glasgow

Mr McMahon has been a director of Gold Fields since December 1999. He serves as non-executive director of Impala Platinum Holdings Limited and Murray & Roberts Holdings Limited. Previously, he was chairman and an executive director of Gencor Limited and executive chairman and chief executive officer of Impala Platinum Holdings Limited.

7. Gordon R Parker (69)°

BS, MS, Montana College of Mineral Science and Technology; MBA, Cape Town

Mr Parker has been a director of Gold Fields since May 1998. He is a director of Caterpillar Inc, and Phelps Dodge Corporation. Previously, he was chairman, president and chief executive officer of Newmont Mining Corporation.

Board
of directors

1.
2.
3.
4.
5.
7.
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8. Patrick J Ryan (68)°
PhD (Geology), Witwatersrand

Dr Ryan has been a director of Gold Fields since May 1998. He is the chairman of Frontera Copper Corporation and Cobre del Mayo S.A. de CV. He was previously the executive vice president, mining operations, development and exploration at Phelps Dodge Corporation.

9. Tokyo M G Sexwale (52)*

Certificate in Business Studies, University of Botswana, Lesotho and Swaziland

Mr Sexwale has been a director of Gold Fields since January 2001. He is chairman of Mvelaphanda Resources Limited, Northam Platinum Limited and Trans Hex Group Limited and a director of a number of other companies.

10. Bernard R van Rooyen (71)*
BA, LLB, Witwatersrand

Mr van Rooyen has been a director of Gold Fields since May 1998. He is the deputy chairman of Trans Hex Group Limited and of Mvelaphanda Resources Limited and a director of Northam Platinum Limited, Banro Corporation, Mvelaphanda Gold (Pty) Limited and Ndowana Exploration (Pty) Limited.

11. Chris I von Christierson (57)°
BComm, Rhodes; MA, Cambridge

Mr von Christierson has been a director of Gold Fields since February 1999. He is the chairman of Rio Narcea Gold Mines Limited and a director of Afri-Can Marine Minerals Corporation Limited and Southern Prospecting (UK) Limited.

12. Jakes G Gerwel (59)°
D.litt et Phil (magna cum laude) Brussels

Professor Gerwel has been a director of Gold Fields since August 2002. He is chancellor of Rhodes University; Nelson Mandela Distinguished Professor in the Humanities at the University of the Western Cape, non-executive chairman of Brimstone Investment Corporation and South African Airways (Proprietary) Limited and a director of a number of other companies.

13. Rupert L Pennant-Rea (57)°
BA (Trinity College Dublin); MA (Univ. of Manchester)

Mr Pennant-Rea has been a director of Gold Fields since July 2002. He is a director of The Stationery Office Holdings Limited and Henderson Group plc. He is a director of British American Tobacco plc, Sherrit International Corporation, First Quantum Minerals, Rio Narcea, and a number of other companies. Previously he was editor of *The Economist* and deputy governor of the Bank of England.

14. Artem Grigorian (48)*

PhD in Political Science and History, USSR Academy of Science

Dr Grigorian was appointed a director in June 2005. He is vice-president and shareholder of Russian Spectra company and chief executive officer of Russian company RMC.

15. Sergei Stefanovich (35)*

Law and English Studies (cum laude) Odessa State University; MBA Lausanne, Switzerland

Mr Stefanovich was appointed a director in June 2005. He is a director, international operations at MMC Norilsk Nickel.

**Non-independent directors °Independent directors*

†

Mr Thompson, who could previously not be categorised as independent by virtue of his employment by the company until 30 June 2002, became an independent director of Gold Fields with effect from 1 July 2005.

8.
9.
15.
14.
13.
12.
11.
10.

on track and delivering
The Gold Fields
strategy

The 2005 fi nancial year was challenging yet successful, with the Group delivering a sound operating performance. The fl uctuating rand/US dollar exchange rate mitigated against optimising our rand income, while the attempted hostile takeover bid by Harmony was successfully defeated.

- Focused on operational excellence
- Positioned for growth
- Securing our future

I would like to pay tribute to all Gold Fields' stakeholders who stood by us during the Harmony hostile bid, be they employees or investors. We undertake to justify their confi dence in Gold Fields by improving the Group's performance and strengthening our shareholders' investment.

SUMMARY

The 2005 fi nancial year was challenging yet successful, with the Group delivering a sound operating performance. The fl uctuating rand/US dollar exchange rate mitigated against optimising our rand income, while the attempted hostile takeover bid by Harmony was successfully defeated. The international expansion projects at Tarkwa and St Ives were completed ahead of expectation and their benefi ts are expected to make signifi cant future contributions to Gold Fields' bottom line. The South African mines have been successfully repositioned from the "Wal-Mart" strategy to the "Saks Fifth Avenue" strategy, aimed at improving quality volumes, and have recorded an overall robust cost performance since September 2003.

HEALTH AND SAFETY

The safety and welfare of our people are of primary importance to the Group and it is with deep regret and sadness that I record the tragic loss of 26 fellow employees in mining related incidents over the past year. I sincerely extend the Group's condolences to the families and friends of the deceased.
Our safety statistics did, however, show improvement during F2005. The fatal injury frequency rate improved by 33 per

Chief
executive officer's review

Operational excellence

Sound operating performance
despite a challenging year

We achieved our key objectives of increasing production and reducing costs despite the challenging operating environment.

Significant improvements in safety

Attributable gold production up 2% to
4.2 million oz

Total cash costs down 2% to R66,041/kg

Dividend declared 70 SA cps, 11 US cps

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cent, the serious injury frequency rate by 7 per cent and the lost day injury frequency rate by 9 per cent. Gold Fields' management will continue to pursue its focus on mine safety towards achieving our vision of zero mining casualties and ensuring all our mines attain safety rates on par with the leading global safety benchmark, that is, the Ontario Underground Mining Standard.

During the year, our Damang, Agnew and St Ives operations recorded no fatal accidents, while Beatrix mine achieved a notable three million fatality-free shifts. The health and safety management system at Tarkwa is in the process of being certified Occupational Health and Safety Assessment Series (OSHSAS) compliant and will receive accreditation at the end of 2005. Our South African operations have also set the end of calendar 2005 as their target to become fully compliant.

We completed a number of health initiatives during the year. A Du Pont peer review was conducted at our South African operations to identify areas for further improvement of our health and safety management. The findings emphasised the imperative of complete employee involvement in recognising and reporting unsafe conditions and avoiding the repetition of events that gave rise to previous injuries and accidents. A total re-engineering of hospital care was implemented through the introduction of the demand-nursing staffing model, thereby converting fixed costs to variable costs. We also reviewed our codes of practice for thermal stress, noise and airborne pollutants, and these levels were audited and reviewed accordingly.

RESULTS

The Group delivered a sound operational performance for F2005 and I am particularly pleased to report that we achieved our key objectives of increasing production and reducing unit costs despite the challenging operating environment. Attributable gold produced by the Group amounted to 4.22 million ounces (F2004: 4.16 million ounces). Operating profit for F2005 was R2.29 billion (F2004: R2.32 billion) of which R1.55 billion (F2004: R1.53 billion) was generated from international assets. Operating costs, including gold in process movements, were marginally higher at R9.47 billion

(F2004: R9.46 billion), although they reduced on a unit total cash cost basis from R67,705 per kilogram to R66,041 per kilogram. On a tons processed basis, costs improved to R198 per ton from R204 per ton. Net earnings were R180 million (F2004: R768 million) and headline earnings totalled R291 million (F2004: R763 million).

The rand/US dollar exchange rate strengthened from an average of R6.90 in F2004 to R6.21 in F2005, while the dollar gold price appreciated from an average of US$387 per ounce in F2004 to US$422 per ounce. As a result, the rand gold price received by the South African operations fell by 2 per cent to R84,175 per kilogram (F2004: R85,673 per kilogram). Accordingly, our South African operations remained under pressure while the international operations, taking full advantage of the higher gold price, contributed a laudable 68 per cent to Group operating profit.

Significant gains of R344 million were generated on financial instruments during the year. However, the R316 million cost of defending the Harmony bid and the R58 million cost of the failed IAMGold transaction, further diluted earnings for the period to R180 million (F2004: R768 million). Core earnings, that is earnings excluding gains and losses on financial instruments and foreign debt and exceptional items, were R452 million (F2004: R587 million).

The tendentious Harmony takeover bid was successfully laid to rest when the High Court ruled on 20 May 2005 that the offer had, in fact, lapsed on 18 December 2004 and was not capable in law of being revised or reinstated. The takeover litigation is closed but the repercussions for business in general, and the mining industry, in particular, remain to be seen. However, it did bring to light some positive benefits and served to emphasise Gold Fields' underlying strength as an investment and an employer.

The scheme to acquire control of the world's fourth largest gold mining company was, at best, ill-conceived. I would like to pay tribute to all Gold Fields' stakeholders who stood by us during this episode, be they employees or investors. We undertake to justify their confidence in Gold Fields by improving the Group's performance and strengthening our shareholders' investment.

Operational excellence

Quality mining and cost
management

- SA operations repositioned from “Wal-Mart” to “Saks Fifth Avenue” strategy
- Delivery on Project 100 and Project Beyond

•

he South African operations have not only delivered in terms of improved quality volumes, they have also shown an impressive improvement in cost performance. Operating costs decreased from R6.68 billion to R6.66 billion despite higher gold production, above infl ation wage increases and higher steel and fuel costs during F2005.

SOUTH AFRICAN OPERATIONS

Management took a view in September 2003 that the rand would remain stronger for longer than initially anticipated. It was decided to reposition the South African operations by converting from the “Wal-Mart” to the “Saks Fifth Avenue” strategy. To support this strategy, we also introduced an initiative called Project 500. It consists of two components: project 400, which was designed to add a further R400 million of revenue through improving the quality and quantity of our output, and project 100, a stores-based consumption project, which focused on achieving R100 million in cost savings through improved standards and norms.

I am pleased to report that these strategies are being successfully implemented. During F2005, the underground yield for the South African operations increased from 7.1 grams to 7.4 grams per ton and the area mined increased by 2 per cent to 2.05 million square metres. This resulted in South African gold production increasing by 1 per cent from 2.80 million ounces in F2004 to 2.82 million ounces in F2005, included in this was the one hundred millionth ounce produced by Driefontein.

The South African operations also showed an impressive improvement in cost performance, with operating costs decreasing from R6.68 billion to R6.66 billion despite the higher gold production, above inflation wage increases, and higher steel and fuel costs during F2005. This translated into a 1 per cent reduction in total cash costs from R73 ,626 to R72,830 per kilogram. This improvement is attributable in part to Project 100, which performed beyond expectations, exceeding our annual savings target of R100 million by 40 per cent.

Project Beyond, a procurement project entailing improved supply chain management was launched in May 2004 with projected annual savings of between R200 million to R300 million over 18 to 24 months. The project gathered significant momentum during F2005 and delivered savings of R103 million against historical contract prices. Further benefits will be realised in the upcoming financial year as Project Beyond is rolled out to the international operations.

We have also established a new project, Project 100+ which is focused on adding ongoing sustainable savings at the South African operations. As at the end of June 2005 15 projects with potential savings of R200 million per annum were identified. The benefits of these projects are expected to be realised in F2006 and beyond.

INTERNATIONAL OPERATIONS

The international operations delivered a sterling performance with total gold production up 4 per cent to 1.66 million ounces. One of the most significant achievements for Gold Fields in F2005 was the completion of both major capital projects: the mill expansion and owner mining projects at Tarkwa in Ghana and the mill replacement at St Ives in Western Australia. These important R1.7 billion growth projects, which will provide double-digit returns, have positioned the Group to benefit from further increased production and lower costs going forward.

Tarkwa delivered a significant contribution to Gold Fields generating an operating profit of R803 million (US$129 million) in F2005, 35 per cent higher than F2004. With a production increase of 23 per cent, Tarkwa is now the largest producer of gold in Ghana.

Damang made a substantial contribution of R221 million (US$36 million) to the Group's operating profit during F2005. The major focus at Damang is the large-scale cutback of the Damang pit in pursuit of higher grade ores. We plan to commence this process in F2006 with significant ore volumes being achieved in late F2007.

St Ives had a difficult year due to open pit ore grades being lower than planned and a slow ramp up in productivity at the new underground mines. As a result, gold production was 3 per cent lower than F2004. The replacement of planned open pit ounces with higher cost underground ounces resulted in a 7 per cent increase in total cash costs year-on-year. St Ives nevertheless contributed R282 million (US$45 million; A$60 million) towards operating profit. However, we anticipate additional production in the order of 10 per cent and substantial cost reductions in F2006 as the new mill reaches planned operational efficiency.

a passion for value

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FOCUS ON THE RULE OF TWOS

- *Minimum of 2 million ounces in reserves*
- *Production rates of greater than 200,000 ounces per year*
- *Cash cost of production less than half the commodity price*
- *Pay-back of capital investment in two years*
- *Double digit rate of return*

Organic growth projects at Tarkwa & St Ives completed
R3.4 billion "war chest" for growth
Internally funded exploration pipeline
Cerro Corona feasibility to be completed
in early F2006
Significant potential opportunity identified in Burkina
Faso (Essakane Project)

Philosophy

The search for quality assets
Diversifying technical, product & geographical risk

Agnew increased gold production by 5 per cent to 212,500 ounces with total cash costs of A$310 per ounce contributing R247 million (US$40 million; A$53 million) to Group operating profit. The successful commissioning of the Songvang pit at Agnew will produce a base load of medium grade ores that, along with the high grade ore from the Waroonga underground complex, will give the mine an assured four to five year life before alternative ore sources are required.

GROWTH

Our growth strategy remains unchanged, namely to achieve a 50:50 split between South African and offshore production by adding 1.5 million ounces of offshore production to our portfolio by 2009, thereby balancing our portfolio and reducing risk.

Delays were experienced with the Cerro Corona project in Peru, the most significant being caused by sociopolitical issues around the mine site and within the region. However, the feasibility study is expected to be completed in early F2006 and the mining permit to be issued during November 2005, six months later than anticipated.

The Arctic Platinum Project (APP) has been placed on hold. The feasibility study was temporarily delayed in October 2004 when we had to review the impact of lower grades in the Suhanko resource models and the impacts of a significant increase in input costs following the global commodity and resources boom, coupled with the strong euro/US dollar exchange rate. Previous capital estimates required to bring the project into production increased from US$300 million to in excess of US$500 million. The global shift in the base metal smelter market and the short-term outlook for the palladium market, compounded the adverse prospects for this project. We are completing the APP geological work but unless a significant, smaller high-margin opportunity is identified, or the economic drivers return to more favourable parameters, it will remain on hold.

Our exploration group has identified a significant potential opportunity in Burkina Faso (Essakane Project) in which Gold Fields can gain a 70 per cent interest. A pre-feasibility study was commenced during the year and the results of this study are expected towards the end of calendar 2005. Should the outcome be favourable, we will immediately commence with a feasibility study.

We continue to invest in exploration in selected major gold areas of the world and are actively managing our investment in junior companies to gain exposure to developing assets. These investments are proving cost-effective and the exploration programme is currently self-funding. In addition, we seek acquisitions or exploration investments in areas where we are under-represented, such as certain parts of Africa, South America, Australasia and Russia.

THE IAMGOLD TRANSACTION

Gold Fields has a strong balance sheet with net cash and near-cash reserves of approximately R3.4 billion available to fund growth projects and other opportunities that may arise. In line with our current strategy for growth, we are looking more closely at expanding our exposure to international investments. One such project was the reverse takeover of the IAMGold Corporation, our partner in Gold Fields Ghana and Abosso Goldfields Limited. The proposal was submitted to shareholders who rejected it by 51.44 per cent against, 48.23 per cent in favour and 0.33 per cent abstaining.

It was a disappointing result for management but the decision of shareholders is paramount and respected. However, it should be stressed that IAMGold was never a strategy in itself. Rather, it was a way of accelerating the achievement of the previously stated goal of an additional 1.5 million annual offshore ounces.

NORILSK NICKEL

As referred to by the Chairman, Norilsk Nickel, which took a 20.0 per cent stake in Gold Fields on 29 March 2004, has nominated two representatives to the Gold Fields board. As previously stated, we have agreed to explore the potential for co-operation regarding our respective gold assets.

MINING CHARTER

During 2005, we continued to make good progress towards meeting or exceeding the requirements of the Mining Charter, and there has been an interactive process to this end with the Department of Minerals and Energy.

Securing our future

A focused strategy…

- South African mining rights conversion by F2006
- Listed on the JSE/SRI index
- All operations ISO 14001 compliant
- Supporting the World Gold Council
- Significant investment in local communities

Sustainable development is a core objective of our business. We remain focused on continued profi tability while, at the same time, remaining alive to the realities and needs of the communities within which we operate.

We anticipate that our new order mining rights will be issued in the course of F2006.
Gold Fields' participation in the South African Mining Charter is discussed more fully in the accompanying review.

BLACK EMPOWERMENT EQUITY PARTNER

The terms of our March 2004 transaction with Mvelaphanda Resources to sell a 15 per cent beneficial interest in the South African gold mining interests of Gold Fields to Mvelaphanda within five years, were amended by mutual consent to provide greater certainty as to the ultimate minimum and maximum number of shares Mvelaphanda Resources may hold in Gold Fields Limited. The transaction makes provision for both Gold Fields and Mvelaphanda to have the right to require the exchange of the said 15 per cent equity interest in return for the issue to Mvelaphanda of new ordinary shares of an equivalent value in Gold Fields Limited, based on a formula provided for in the existing agreements ("the exchange right"). However, the vagaries of currency markets, and the gold price, made it desirable to amend the transaction to provide for a minimum and maximum number of Gold Fields Limited shares that will be issued following the exercise of the exchange right. In terms of the amendment, Mvelaphanda will be entitled to be issued with not less than 45 million and not more than 55 million Gold Fields Limited shares if the exchange right is exercised. These amended terms provide certainty regarding Mvelaphanda's ultimate shareholding in Gold Fields Limited, thereby securing a sustainable black economic empowerment partnership, as was intended.
The full legal provisions of the transaction are contained in the directors' report on page 134.

SUSTAINABLE DEVELOPMENT

Sustainable development is and always has been, a core objective of our business and is highlighted throughout this report. We remain focused on the continued profitability of our business while, at the same time, remaining alive to the realities and needs of the societies within which we operate.
We are committed to following the principles of the Global Reporting Initiative and have indexed our performance against the key indicators on page 183 of this report.
We participated in the second round of the JSE Social Responsibility Index on triple bottom line reporting and were ranked in the top five of high-impact companies on the Index. Ranking for this was based on sound social, economic and environmental performance. High-impact companies include those with the most potential to cause damage to the environment and include 22 companies, the majority of which are mining companies.

ENVIRONMENTAL MANAGEMENT

As a leading international mining company, we are deeply aware of our responsibility to practise mining in a manner that will ensure sustainability. The environmental management systems of our Group mines have been certified in terms of ISO 14001 and the South African mines were re-certified in 2005 in terms of the ISO 14001:2004 guideline.

In the field of environmental education and training, we extended both our environmental awareness training and task-specific training. In addition to the education centres we partner with Rhodes University, we submitted a proposal to the Department of Minerals and Energy during F2005 for the introduction of a post-graduate course in environmental management in mining.

COMMUNITY RELATIONS

Our South African and international community relations programmes continued during F2005 with a budget exceeding R34 million. Projects are focused on communities within which our operations are located or from which we draw labour, and are identified and managed to support the integrated development plans of such communities and their respective civil administrations. Greater emphasis is placed on projects that are market-oriented and will be sustainable in order to make a real contribution to the economies of the communities within which they are located. One such project near our Beatrix mine in the Free State will focus on the growing and extraction of essential oils for international markets. Sixty-five hectares of land will be planted with biomass to produce 800 litres of extracted oils for beneficiation in South Africa as well as export, generating approximately R5 million per annum in

Securing our future

A culture...

....built on good corporate governance

- High standards of corporate ethics
- Balanced approach to risk management
- Responsibility to all shareholders

Gold Fields is committed to upholding sound principles of corporate governance in all of its business dealings and in respect of all its shareholders.

social

environment

economic

CORPORATE GOVERNANCE & RISK MANAGEMENT

revenue and creating additional employment opportunities for the local community. In Ghana, a number of large-scale agribusiness opportunities were assessed to develop viable businesses in the Tarkwa area. Oil palm has an excellent potential due to high Ghanaian and regional demand and available local expertise, and potential partners are being sought for such a business venture.

HIV/AIDS

The most recent statistics indicate that just over five million people of South Africa's total population of 46 million were HIV positive at the end of calendar 2004, representing a total population prevalence rate of 11 per cent[1]. Our HIV/Aids strategy remains based on prevention, care for the infected and affected, rehabilitation and after-care, and monitoring and evaluation.

Our Highly Active Anti-retroviral Therapy (HAART) programme has been extended to our operations in Ghana where, in conjunction with the International Labour Organisation (ILO) and the Ghana Mine Workers' Union, a joint HIV/Aids programme is being implemented based on the ILO Code of Practice.

In South Africa, our HAART programme has been approved as best medical practice by the HIV Clinicians' Society of South Africa. Approximately 81 per cent of our South African employees who started on the HAART programme still actively attend clinics. Further details of our HIV/Aids programme appear on page 90 of this report.

HUMAN RESOURCES

F2005 saw the continuation of our strategy to increase the participation of historically disadvantaged South Africans (HDSAs) in middle to senior positions throughout the Group. Ensuring the success of our Group's employment equity plan is a key performance target for all of our managers. We have also developed retention strategies, particularly as skilled and experienced people become scarcer throughout the mining industry, to ensure we reach the targets we have set ourselves.

The percentage of HDSAs employed in the Patterson grading C upper to F bands and above at our South African operations, increased from 19 per cent in F2000 to 33 per cent at the end of F2005. Of this total, 37 per cent were in the C upper band.

RISK MANAGEMENT

Our approach to risk management is laid down in our Group Risk Policy, which lays the foundation for consistent, comprehensive and systematic risk assessment and reporting procedures across the Group. Management committees at various levels in the company review and report on the Group's most significant risks, along with data on the controls and risk mitigation strategies that are

in place to reduce the levels of risk facing the company.
The board, assisted by its nominated committees, is responsible for the overall system of risk management and accordingly monitors on an ongoing basis the Group's key risks and the internal control environment.

The risk assessment process during the year highlighted various key risk categories that could affect Gold Fields. These factors, should they materialise, could materially affect the Group's results. The key categories are:

- Political;
- Financial;
- Ore reserves;
- Environmental and social;
- Health; and
- Human resources.

The Group's risk financing philosophy and practices remained largely unchanged during the year. Provision was made for increased cover limits for underground and surface events. Should the Group suffer a major loss, future earnings could be affected. Risk management is discussed more fully on page 103.

CORPORATE GOVERNANCE

Gold Fields has, since its inception, been committed to upholding sound principles of corporate governance in all of its business dealings and in respect of all its stakeholders. As the focal point of the company's corporate governance system, all board members are expected to discharge their fiduciary duties and responsibilities professionally and in accordance with Gold Fields' Code of Ethics, thereby

1
Department of Health, National Antenatal Survey 2004.

Creating value for
shareholders
Gold Fields:
the complete gold company
DIVIDEND POLICY:
Gold Fields' dividend policy is to declare an interim and final dividend in respect of each fi nancial year, based on 50 per cent of the earnings for the year before taking account of investment opportunities and after tax excluding impairments. Earnings are adjusted to exclude unrealised gains and losses on financial instruments and foreign debt, but adjusted to include cash payments and receipts in relation to such underlying financial instruments.

- Raise safety performance at all operations to global benchmark standards
- Produce 4.3 million attributable ounces of gold
- Target South African costs at or below R70,000/kg
- Target Group costs at or below R66,000/kg
- Improve productivity at the South African operations
- Replenish depleted ounces through exploration success or acquisitions

May 98
6 -
5 -
4 -
3 -
2 -
1 -
0 -
Market
capitalisation
($bn)
June 05
May 98
6 -
5 -
4 -
3 -
2 -
1 -
0 -
Production
(Moz)
June 05
Internationally
diversified
shareholder base
20%

16%
30%
33%
1%
South Africa
Russia
North America
Europe
Rest of world

Our main objectives for F2006 are to:

upholding our core values of integrity, transparency and enterprise enshrined in this code.

We continue to endorse the principles contained in the South African Code of Corporate Practices and Conduct as recommended in the Second King Report and believe that we comply substantially and materially with its provisions.

Going forward, adherence to sound principles of corporate governance is and will remain both a board and management priority.

DIVIDEND

The company declared an interim dividend of 30 South African cents (5 US cents) on 28 January 2005 and a final dividend of 40 South African cents (6 US cents) on 3 August 2005, making a full year dividend of 70 South African cents (11 US cents).

OUTLOOK FOR 2006

We expect the rand to remain strong during F2006 given the robustness of the local economy and the continued weakness of the US dollar. Input costs will increase as a result of the higher wage environment and rising energy costs, particularly petroleum-based products. Costs are therefore expected to remain under pressure. However, there are indications that the dollar gold price will remain at the positive levels recorded at the end of F2005.

Against this background, our main objectives for F2006 are:

- to raise the safety performance of all operations by a further 10 per cent thus moving towards the global benchmarking standard in order to eliminate fatalities and injuries;
- attributable gold production of 4.3 million ounces;
- Group costs targeted at or below R66,000 per kilogram;
- South African costs targeted at or below R70,000 per kilogram;
- to improve productivity at the South African operations by 10 per cent to 4.3 square metres per total employee costed;
- to conclude the feasibility study on Cerro Corona and, if positive, initiate development on this project; and
- to replenish depleted ounces through exploration success or through the acquisition of new ounces.

APPRECIATION

Finally, I thank the people of Gold Fields and their families for their hard work, dedication and loyalty in the challenging year behind us, and especially to all those who contributed towards defending our company from the Harmony hostile bid. The fruits of their efforts will be reaped as we move into the future. I also thank the Chairman and board of directors for their valued advice and guidance throughout the year.

Ian Cockerill

Chief Executive Officer

Chief

Gold Fields finalised a two-year wage agreement with unions and associations on 11 August 2005, effectively bringing to an end the strike that commenced on 7 August 2005. We reached this settlement as part of the industry-wide negotiations co-ordinated by the South African Chamber of Mines. Employees returned to work on 12 August 2005.

We have a range of cost savings and productivity initiatives in place across all our operations through which to mitigate upward cost pressures. Because labour costs account for approximately 50 per cent of total costs on the South African operations, the impact of this salary increase on total production costs will be approximately 3 per cent.

The settlement for the different categories of employees ranged between 6 per cent and 7 per cent, the weighted impact being a 6.5 per cent increase in the salary bill of the Group's South African operations for F2006, and for F2007 CPIX plus 1 per cent or a minimum of 6 per cent for the lowest paid employees, and CPIX plus 1 per cent, or a minimum of 5.5 per cent for the rest.

1. Ian Cockerill (51)

BSc (Geology) Hons, London, MSc (Mining), Royal School of Mines
Chief Executive Officer

Mr Cockerill has been a director of Gold Fields since October 1999 and became chief executive officer on 1 July 2002. He was chief operating officer and managing director of Gold Fields from October 1999 to 30 June 2002. He has over 30 years of experience in the mining industry. Prior to joining Gold Fields he was the executive officer for Business Development and African International Operations for AngloGold Ashanti Limited.

2. Nick Holland (46)
B.Comm, BAcc, Witwatersrand; CA(SA)
Chief Financial Officer

Mr Holland has been a director of Gold Fields since February 1998 and Executive director of finance since March 1998. On 15 April 2002 his title changed to chief financial officer. He has 25 years of experience in financial management. Prior to joining Gold Fields he was financial director and senior manager of corporate finance of Gencor Limited. He is also a director of Rand Refinery Limited, and Teba Bank.

3. John Munro (37)
BSc (Chemical Engineering), Cape Town

Executive Vice President and Head of International Operations

On 1 September 2003, Mr Munro was appointed Executive Vice President and Head of International Operations. Mr Munro had previously served as Senior Vice President and Head of International Operations, Senior Manager and General Manager of Corporate Development for Gold Fields. Prior to that Mr Munro served as Assistant Manager of the Property Division of Gold Fields of South Africa Limited.

4. Craig Nelsen (53)
BA (Geology), Montana;MSc (Geology), New Mexico

Executive Vice President, Exploration

President and CEO of Gold Fields Exploration, Inc. Since April 1999, Mr Nelsen has served as Senior Vice President of Exploration for Gold Fields and President and Chief Executive Officer of Gold Fields Exploration, Inc. On 15 April 2002, Mr Nelsen's title changed to Executive Vice President, Exploration. Mr Nelsen was previously Chairman and Chief Executive Officer of Metallica Resources Incorporated.

5. Mike Prinsloo (51)

BSc (Mining Engineering), Witwatersrand;AMP, Harvard

Executive Vice President, South African Operations

On 15 April 2002, Mr Prinsloo was appointed Executive Vice President, South African Operations. Mr Prinsloo had served as Managing Director of the Driefontein operation since September 2001. Mr Prinsloo was previously Managing Director and Chief Executive Officer of Durban Roodepoort Deep Limited. Prior to that, Mr Prinsloo was an independent consultant to small businesses in South Africa and a Senior Manager with AngloGold Ashanti Limited.

Executive
committee

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6. Jimmy Dowsley (47)
BSc (Mining Engineering), Witwatersrand

Senior Vice President, Corporate Development

Mr Dowsley has been General Manager of Corporate Development at Gold Fields since March 1998. On 15 April 2002, Mr Dowsley's title changed to Senior Vice President, Corporate Development. Prior to his appointment as General Manager of Corporate Development, Mr Dowsley served as General Manager of New Business,and also as Manager of the Mineral Economics Division of Gold Fields of South Africa Ltd.

7. Willie Jacobsz (44)
BA, Rand Afrikaans University

Senior Vice President, Investor Relations and Corporate Affairs

On 15 April 2002, Mr Jacobsz was appointed Senior Vice President, Investor Relations and Corporate Affairs. Since January 1998, Mr Jacobsz had served as Manager and Senior Manager of Investor Relations and Corporate Affairs of Gold Fields. Prior to that Mr Jacobsz was Programme Manager of the Vulindlela Transformation Programme for Gold Fields of South Africa Limited and Administrator of The Gold Fields Foundation.

8. James Nkosi (54)

D.Com (Leadership in Performance and Change),M.Com (Business Management) Rand Afrikaans University, Masters in Industrial and Organisational Psychology, University of Cape Town

Senior Vice President, Human Resources and Transformation

On 1 July 2004, Dr Nkosi was appointed Senior Vice President, Human Resources and Transformation. Since July 2001, Dr Nkosi had served as Vice President Human Resources, South African Operations, Gold Fields. Prior to that Dr Nkosi was employed by Eskom for 12 years as an Executive Manager and at Standard Bank as Director: Transformation for four years.

9. Terence Goodlace (46)

National Higher Diploma Metalliferous Mining;B.Comm, Unisa; MBA, Wales

Senior Vice President, Strategic Planning

On 15 April 2002, Mr Goodlace was appointed Senior Vice President, Strategic Planning. Mr Goodlace had previously served as Senior Manager of Strategic Planning. During the period between June 1998 and May 2000, Mr Goodlace was the Senior Manager for

Corporate Finance for Gold Fields. Prior to that, Mr Goodlace was a Manager at various Gencor Limited mines.

10. Paul Pretorius (35)

B Com LLB, Potchefstroom University for CHE;
LLM (Corporate Law) Rand Afrikaans University
Acting Senior Vice President, Legal Counsel

Mr Pretorius joined Gold Fields in April 1999 as Legal Advisor and was promoted to Senior Legal Advisor on 1 July 2004. Mr. Pretorius has been acting as Senior Vice President, Legal Counsel since December 2004. Previously Mr Pretorius worked for the Industrial Development Corporation for 4 years in the capacity of Legal Advisor.

11. Cain Farrel (56)

FCIS, MBA, Southern Cross University – Australia
Company Secretary

Mr Farrel was appointed Company Secretary on 1 May 2003.
Mr Farrel is past President of the Southern African Institute of Chartered Secretaries and Administrators. Previously, Mr Farrel served as Senior Divisional Secretary of Anglo American Corporation of South Africa.

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10.
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6.

INTRODUCTION

The Mineral and Petroleum Resources Development Act (Minerals Act) came into effect on 1 May 2004 and vests the right to prospect and mine in the State. These rights are to be administered by the government of South Africa in order, inter alia, to promote equitable access to the nation's mineral resources by South Africans, to expand opportunities for historically disadvantaged persons who wish to participate in the South African mining industry, and to advance social and economic development. Gold Fields supports the objectives of the Mining Charter and the South African government's efforts to ensure broad-based black economic empowerment in South Africa. Gold Fields has provided that the objectives of the charter are included in overall business philosophy, and accordingly, anticipates that our new order mining rights will be issued in 2006. The progress made on the objectives is summarised below.

GOVERNANCE

The charter sets out nine key performance areas in which companies are expected to achieve transformation to new order mining rights, as stipulated by the Mining and Petroleum Resources Development Act. Gold Fields has established a Transformation Steering Committee to ensure the successful implementation of the broader transformation initiatives and more specifically the requirements of the Broad-based Socio-economic Empowerment Charter. The chairperson is the Senior Vice President: Head of Human Resources and Transformation. The committee meets every quarter and its functions include the development and maintenance of appropriate policies to guide transformation initiatives, to determine both qualitative and quantitative goals and objectives for transformation, and to identify obstacles and hindrances to effective transformation.

HUMAN RESOURCES DEVELOPMENT

The technical, behavioural and life skills competencies required of our employees are transferred within our own

Gold Fields Limited

and the

South African mining charter

comprehensive development framework comprising the Gold Fields Academy, Mine Education, Training and Development Centres and approved external institutions. Training programmes include adult basic literacy and numeracy skills, life skills and technical training. Our Integrated Manager System ensures that individual leadership capabilities and the management competency of talented HDSA candidates are identified early, and the necessary development plans are prepared. During F2005, 89 per cent of learnerships and 77 per cent of bursaries were awarded to HDSAs.

EMPLOYMENT EQUITY

We are also committed to creating an enabling environment for the empowerment of HDSAs and to increase their representation in senior management ranks to 40 per cent, and aim to involve 10 per cent women in mining by 2009. Since 2000, the HDSA representation has increased from 10.4 per cent to 23.3 per cent, and the percentage of women in mining is currently 3 per cent.

MIGRANT LABOUR

We are committed to the equal treatment of all employees and do not discriminate against foreign migrant employees. Our South African operations employ an estimated 16,700 persons originating from the SADC region. They enjoy the same wage structure, employee benefits and other conditions of employment as those received by South African employees. They are also entitled to the same compensation for occupational injuries and diseases and the Gold Fields Home-based Care Programme is applicable to them and they are entitled to the same accommodation opportunities as their South African counterparts.

MINE COMMUNITY AND RURAL DEVELOPMENT

Through the Gold Fields Foundation, we promote and facilitate sustainable socio-economic development in communities where our operations are located and where our employees and their families live. Community development projects must support the Integrated Development Plans (IDPs), and to this end, we have initiated a process to establish formal structures to engage local stakeholders so as to understand their IDPs and determine our level of participation in the implementation of these programmes.

Agricultural development projects, similar to those implemented in labour source areas of South Africa, are replicated in adjoining SADC territories that provide migrant employees on our mines.

HOUSING AND LIVING CONDITIONS

We provide accommodation and daily catering to some 26,000 employees at our South African operations. We have embarked on a project to upgrade existing single accommodation on mine property to family units and to promote home ownership options for employees. We have allocated R65 million over five years for the upgrading of seven hostels involving reducing room densities and improving ablution facilities. An additional R11 million over two years has been allocated for the conversion of single accommodation to family units.

PROCUREMENT

Gold Fields is committed to the procurement of goods and services from HDSA enterprises. This endeavour is commercially driven and the consideration of cost, quality, reliability and health and safety standards will remain essential requirements to provide the Gold Fields Group with goods and services. For F2005, 25 per cent of a total of R2 billion of the Gold Fields working cost and capital material spend went to HDSA suppliers, who supplied a cross-spectrum of goods and services including mine supplies, repairs, on-site services and foodstuffs. Gold Fields is a member of the South African Mining Preferential Procurement Forum and through this forum we have been able to access registered HDSA and SME vendors thus increasing the HDSA procurement spend through 25% in F2005.

OWNERSHIP AND JOINT VENTURES

The scorecard to the charter requires HDSA participation in terms of ownership of equity or attributable units of production of 15 per cent in HDSA hands within five years and 26 per cent within 10 years. Gold Fields believes that it has complied with the five year target by completing a transaction with Mvelaphanda Resources Limited ("Mvela Resources") on 15 March 2004. The transaction arrangements can be summarised as follows:

- as part of an internal restructuring completed on 23 February 2004, GFI Mining South Africa (Proprietary) Limited ("GFIMSA"), a wholly owned subsidiary of Gold Fields, acquired all of Gold Fields' South African gold mining and ancillary assets and operations, including the Beatrix, Driefontein and Kloof operations, as going concerns, from wholly owned subsidiaries of Gold Fields. In order to fund its acquisition of these assets, GFIMSA received a loan from Mvelaphanda Gold (Proprietary) Limited ("Mvela Gold"), a wholly owned subsidiary of Mvela Resources, for a capital amount of R4,139 million. The entire R4,139 million loan ("GFIMSA loan") was applied by GFIMSA towards partial settlement of the consideration payable by it for the aforesaid South African gold mining and ancillary assets and operations pursuant to the internal restructure;

- the GFIMSA loan will be repaid and the proceeds of such loan repayment must be applied by Mvela Gold in consideration for the subscription by Mvela Gold of 15 per cent of the issued share capital of GFIMSA ("GFIMSA shares") within a period of five years following the date on which the loan was advanced, namely 17 March 2004.

The inevitable consequence of this transaction is that Mvela Gold will acquire a 15 per cent ownership interest in GFIMSA by means of a subscription for shares for cash at a subscription price of R4,139 million on the date upon which the GFIMSA loan is repaid or, at Mvela Gold's election, on the date upon which the GFIMSA loan becomes repayable.

BENEFICIATION

Growth of the South African jewellery manufacturing industry is currently constrained, inter alia, by the absence of cost-competitive credit facilities for the affordable and secure financing of gold in process. The high cost and volatile price of gold does not make it viable for gold jewellery manufacturers to own the gold used in the jewellery manufacturing process or tied up in jewellery stock. Gold Fields, AngloGold Ashanti, SAAB and Standard Bank of South Africa established a gold advance scheme in order to facilitate the provision of secure and cost effective advances of gold to the South African gold jewellery manufacturing industry. The scheme will initially cover up to 1,000 kilograms of gold available to be advanced to participating gold jewellery manufacturers. Gold Fields, AngloGold Ashanti and SAAB will facilitate the advances of gold by providing collateral support for such gold advances in the form of guarantees. The maximum aggregate amount for which Gold Fields could be liable in respect of guarantees provided by it under the scheme is R17 million. The parties have executed the agreements to establish the scheme in March 2005.

REPORTING

Progress towards achievement of our charter objectives is reported in annual reports to the Department of Minerals and Energy, quarterly reports and are posted on our website goldfields.co.za.

Gold Fields
South African operations

2.82 million
ounces
"With area mined increasing by 2 per cent
to 2.05 million square metres, and an overall
improvement in grade, South African gold
production increased from 2.80 million ounces
(F2004) to 2.82 milion ounces (F2005)."
Project 100
completed
"Project 100 yields saving of R140 million,
40 per cent above target. Project 100+ initiated
to achieve ongoing and sustainable cost savings
across South African operations."
Review of operations
South Africa
The South African
operations delivered
a creditable operating
performance against our
strategy of repositioning
the operations, while at
the same time accelerating
the development of ore
reserves at all key shafts,
and maintaining a strong
focus on cost reduction.

OPERATIONAL PERFORMANCE

F2005 proved a difficult year for our South African mining operations notwithstanding the appreciable increase in the average dollar gold price from US$386 per ounce in F2004 to US$422 per ounce in F2005. Unfortunately, much of this benefit was offset by the rand strengthening against the US dollar from an average of R6.90 to R6.21 over the same period. While our US dollar assets (Tarkwa and Damang) benefited from the gold price increase, our South African assets earned 2 per cent less in rand terms at R84,175 per kilogram than in F2004. However, the rand gold price increased to above R90,000 per kilogram by year-end, boding well for future increased profitability. Despite this tough economic environment, the South African operations delivered a creditable operating performance against our strategy of repositioning the operations from the "Wal-Mart" strategy to the "Saks Fifth Avenue" strategy, while at the same time accelerating the development of

03
3.5 -
3.0 -
2.5 -

2.0 -
1.5 -
1.0 -
0.5 -
0 -
South Africa
gold production
(Moz)
04
05
03
80,000 -
70,000 -
60,000 -
50,000 -
40,000 -
30,000 -
20,000 -
10,000 -
0 -
South Africa
total cash costs
(R/kg)
04
05

ore reserves at all key shafts, and maintaining a strong focus on cost reduction.

PROJECT 500 DELIVERING RESULTS

Project 500, a project that was introduced to support this switch in strategy has been successfully implemented. Project 500 consists of two sub-projects: Project 400 and Project 100. The benefi ts of these projects are clearly refl ected in the numbers achieved for the year and we expect further momentum from them during F2006.

Project 400 is aimed at optimising revenue by generating an additional R400 million per annum on an ongoing basis. This is achieved by eliminating non-contributing production and at the same time reducing low-grade surface outputs in favour of higher margin underground material. This strategy has started to deliver with the underground yields at the South African operations improving year-on-year from 7.1 to 7.4 grams a ton at similar mining volumes, while surface tonnage has been managed down to 4.4 million tons, a decrease of over 20 per cent. Area mined also increased 2 per cent from 2.01 million square metres to 2.05 million square metres during the year. This, together with the improvement in grade, resulted in South African gold production increasing from 2.8 million ounces in F2004 to 2.82 million ounces in F2005.

One of the most notable achievements of F2005 was the good cost control exercised at all operations. Operating costs improved marginally to R6.66 billion despite increased production , higher steel and fuel costs, and wage increases exceeding the rate of infl ation. This translated into a 1 per cent drop in total cash costs of production from R73,626 per kilogram to R72,830 per kilogram. These cost improvements are attributable largely to the savings achieved through Project 100 and improvements in productivity. More details on all of the cost saving initiatives, including Project 100, Project 100+ and Project Beyond can be found in the Management Discussion and Analysis section on page 119.

PRODUCTIVITY – NEXT MAJOR INITIATIVE

Productivity improvement is the next major focus of the South African operations. Steady progress was recorded during F2005 and we have set ourselves a productivity improvement target of 10 per cent per annum to achieve a 50 per cent improvement by the end of 2009.

The increase in area mined, together with a reduction in total employee costed, has improved productivity from 3.7 m^2/TEC* (square metres per total employee costed) to 3.9 m^2/TEC* in F2005. This represents an appreciable

5 per cent improvement over the previous year.
Plans to improve productivity will focus on the following initiatives:
• Skills development, including the training of rock drill operators, miners, shift bosses and mine overseers;
• Improving performance management by ensuring high quality supervision and enhanced teambuilding. Incentive

Operating
profit split F2005
(Rm)
555
167
Driefontein
Kloof
Beatrix
12
Gold
production split F2005
(Moz)
1,037
1,163
Beatrix
Driefontein
Kloof
624
*
Average productivity for the years F2004 and F2005.

schemes will be evaluated to ensure they deliver the desired results;

- Identification and removal of bottlenecks in the system through the application of the theory of constraints and through proper lost blast management and corrective action programmes;
- Footprint reduction through the rationalisation of metallurgical plant, shaft and other surface and underground infrastructure; and
- Reduction of major breakdowns, undertaking further plant modernisation and optimisation, implementation of appropriate technology and the completion of Project 28.5°C, a major refrigeration and ventilation project to improve environmental conditions underground.

INFRASTRUCTURE

The optimisation of Driefontein 1 and 2 plants is underway. To ensure that the objectives of Project 28.5°C are met, all mines will focus on completing the ventilation and refrigeration improvements and changeovers by early 2006.

EXPLORATION DRILLING

Exploration and resource definition diamond drilling is planned at all the South African operations. Specific focus will be placed on improving confidence in the multiple band Carbon Leader model below 50 level at Driefontein, refining the Ventersdorp Contact Reef grade trends in the Kloof Extension Area, and increased resolution in the Kalkoenkrans Reef and Beatrix.

CAPITAL EXPENDITURE REPRIORITISED

The South African operations have had to curtail and reprioritise all capital expenditure. ”A” type items/projects (critical capital expenditure) have been included in the F2006 budget while others have been deferred until economically justifiable. The same process has been followed with all replacement and renewal items. Capital expenditure, therefore, is planned at R740 million for F2006 compared with R636 million during F2005.

Outlook

/ Overall gold output for F2006 is expected to remain at current levels. Cost performance will continue to remain critical with total cash costs targeted at or below R70,000 per kilogram.

The Driefontein grade will remain a challenge as the Ventersdorp Contact Reef (VCR) volumes reduce at the older shafts while, at newer shaft systems, the Carbon Leader contribution at relatively lower values mined is increased. Mining mix and the associated build-up at 5 and 1 shafts on the Carbon Leader reef will be key to Driefontein going forward. Furthermore, the high-margin surface rock dump material grades for F2006 are expected to be lower and as the old gold clean up at the 1 and 2 plants comes to an end. At Kloof, there has been a continued shift in mined grade from previous years. Less of the lower grade Kloof and Middelvlei Reefs have been mined with the focus shifting to increase VCR pillar mining at higher grades. The build-up of production in these pillar areas and at 4 shaft, will be a major focus for Kloof over the next financial year. Development rates will also be increased to improve ore reserve flexibility.

The mining strategy at Beatrix remains largely unchanged but with a heightened focus on accelerating the North section build-up, on improving the South section grades and improving the quality of mining and the mining mix across all shafts. Mining will be reduced at the South section's marginal areas with these crews moving to the North and West sections. Layouts are being reviewed at West Section in order to overcome the issues on stability of access ways resulting from the presence of smectite below the reef horizon.

Kloof and Beatrix have largely stopped surface rock dump treatment with the closure of the Kloof 3 plant and half of the circuit at the Beatrix West section. Our strategy of improved quality volume will continue in F2006 and together with a strong focus on cost containment operating margins should improve.

The generation of reserves is still crucial to the future of the South African operations with the long-life shafts targeting 24 months of mineable ore reserve and other shafts at least 12 months. Accordingly, increased on-reef and footwall development is planned.

Driefontein
Gold Mine

OPERATIONAL PERFORMANCE

During a year which presented many challenges, Driefontein posted a sound performance with a 2 per cent increase in gold output to 1.16 million ounces. The improvement was attributed to a 4 per cent increase in tonnage milled at a marginally lower yield year-on-year. This was accomplished in an environment of poor local metal pricing and the large-scale repositioning of the operations away from lower grade areas. Underground yields improved from 8.1 to 8.3 grams per ton.

In line with the focus on margins, higher grade mining areas required re-equipping and opening up before mining could commence. Notwithstanding these additional expenses, cash costs were reduced by 4 per cent year-on-year to R65,876 per kilogram due to both the increased gold production and cost reduction initiatives. In US dollar terms, cash costs posted for F2005 amounted to US$330 per ounce.

Performance during F2005 was affected by a number of factors, the most serious being increased levels of seismicity. 2 shaft was affected by an event that tragically claimed the lives of five of our colleagues for which we

2005:
review

- Fatality rate decreases by 23 per cent
- Productivity increased by 10 per cent
- Underground gold production increased by 5 per cent
- Project 500 produced positive effect on both costs and productivity
- Seismic activity resulted in regular production delays
- Repositioning operations to meet strong rand environment largely completed

Driefontein established a record by being the first gold mine in the world to produce one hundred

million ounces of gold. Established in 1952, Driefontein's achievement demonstrates the quality of Gold Fields' suite of assets.

03

1,400 -
1,200 -
1,000 -
800 -
600 -
400 -
200 -
0 -

Driefontein gold production

('000oz)

04

05

express our deepest regret while 1, 4, 5 and 6 shafts suffered lost production and infrastructural damage.
5 shaft however, has presented improved production performances in the latter part of the year. The refrigeration plants were commissioned during the year, improving underground temperatures and logistic and ore flows.
1 shaft posted particularly strong performances while the relatively lower grade 7 shaft produced a spectacular turnaround, generating an operating profit of R90 million.
4 shaft has started to show encouraging improvements under new management and is set to return good results in F2006. 8 shaft also presented strong production and financial results for the year.
6 shaft has not performed to expectation and has required re-assessment, with improved returns expected within the first half of F2006.
Project 500 initiatives are well-entrenched and delivering good results. Measures being implemented to improve productivity include the institution of:
• improved supervisory skills,
• capacity building in operational teams,
• better alignment of incentive schemes.
As planned, capital expenditure for the year was significantly lower than during the previous year at R184.1 million, due to the lower rand gold price received.

		2005	2004	2003	2002	2001
Main development	km	**27.8** †	30.0	35.7	33.6	38.3
Area mined	’000m^2	**661**	626	732	698	750
Productivity	m					

2
/TEC*
3.2
2.9
3.5
3.2
3.5
Tons milled
Underground
’000
3,794
3,709
3,898
3,770
3,889
Surface
’000
2,900
2,729
2,472
2,817
2,662
Total
’000
6,694
6,438
6,370
6,587
6,551
Yield
Underground
g/t
8.3
8.1
8.4
9.4
9.4
Surface
g/t
1.6
2.0
2.3
2.1
2.1
Combined
g/t
5.4
5.5
6.0
6.3
6.4

Gold produced
Underground
kg
31,650
30,156
32,886
35,431
36,459
Surface
kg
4,512
5,338
5,630
5,832
5,572
Total
kg
36,162
35,494
38,516
41,263
42,031
Total
’000oz
1,163
1,141
1,238
1,327
1,351
Operating costs
Underground
R/ton
609
639
580
554
494
Surface
R/ton
61
69
64
57
38
Total
R/ton
371
397
380
342
309

Gold sold
kg
36,162
35,494
39,238
40,541
42,031
Total cash costs
US$/oz
330
311
202
158
184
R/kg
65,876
68,922
58,841
51,153
45,064
Net earnings
Rm
289.7
436.7
725.4
877.5
413.0
US$m
46.7
63.3
80.0
87.2
54.3
Capital expenditure
Rm
184.1
238.3
572.8
475.2
456.3
US$m
29.6
34.5
63.2
47.2
60.0
**TEC = total employee costed*
†
Marginal Main Reef at West Section stopped

OUTLOOK FOR F2006

Underground ore production is planned to increase by 11 per cent, as the reliance on mineralised surface rock dumps will be reduced. 2 and 6 shafts have been repositioned to post stronger performances during F2006. Gold production should remain flat at 1.18 million ounces with costs impacted by local inflationary pressures.

We will continue to maintain a strong focus on costs during the new financial year. Total cash costs will be limited to below R68,000 per kilogram.

The Driefontein Depth Extension project to access the Carbon Leader horizon below 50 level in the 5 sub vertical shaft area provides positive returns at current rand gold prices. An underground drilling programme has been initiated to confirm gold grades and ore body structure.

Capital expenditure is planned at R280 million for F2006. The major portion of this capital will be spent on: 1 tertiary shaft pumping infrastructure which will be commissioned in the third quarter of F2006; the completion of the refrigeration and reticulation projects at 5 sub vertical shaft; and the 4 shaft pillar extraction.

Kloof
Gold Mine

OPERATIONAL PERFORMANCE

Kloof maintained its one million ounces per annum status and was able to contain costs against the background of a volatile rand per kilogram price environment during F2005.

All mine safety indicators were much improved. The day lost frequency rate of 17.35 per million man hours worked represents a 13 per cent annual improvement and the serious injury frequency rate of 7.90 per million man hours worked is a 20 per cent improvement year-on-year. The fatal injury frequency rate of 0.28, although still unacceptable, is an improvement of 32 per cent on last year. During the first half of F2005, Kloof achieved one million fatality-free shifts.

Management intervention brought about the implementation of a number of proactive initiatives to alleviate the effects of the lower and volatile rand gold price. A review of the mine management structure resulted in all underground operations being placed under the control of one Senior Manager: Operations to facilitate improvements in productivity and the reduction of the overhead cost structure.

To secure throughput and improve efficiency, a strong focus was placed on shifting people from support services

2005:
review

- Significant improvement in safety performance
- Gold production above 1 million ounces on the back of improved productivity
- Earnings impacted by the rand gold price and operational difficulty during second half of the year
- Rand per kilogram total cash costs well contained at R75,693 per kilogram

03
1,200 -
1,000 -
800 -
600 -
400 -
200 -
0 -
Kloof

gold production
('000oz)
04
05

to revenue-generating activities. A comprehensive team-based training strategy has been initiated to improve the knowledge and skills base of mining teams, supported by a balanced performance management system. The initiative to improve operational efficiencies delivered a 6 per cent improvement in square metres per total employee costed for the year, and the implementation of the Kloof productivity strategy will further enhance this drive on an ongoing basis.

The treatment of low-grade surface stockpile material at 3 plant was stopped at the end of the third quarter due to lower values and the weak rand gold price. Stoping and development operations in marginal areas at 1 sub-vertical shaft and 8 shaft were also reduced in line with the focus on quality volume and primary reef horizons in a lower price environment.

Gold production was flat year-on-year at 1,037 million ounces (32,258 kilograms).

Yield was adversely impacted during the last quarter due to lower mining values resulting from a greater than forecast change in the slope/terrace topography of the Ventersdorp Contact Reef (VCR) primarily at 7 shaft and 8 shaft. However, underground yield for the year improved by 1 per cent to 9.1 grams per ton. Grade management systems were reviewed to highlight areas of concern and action taken included focusing on improved quality volumes; better control on mining mix; better ore body structure modelling and grade predictions, increasing the flexibility at 4 shaft, accelerated pillar mining and old gold recovery, increasing key development on all shafts.

The opening-up of marginal areas was scaled down to counter the effect of the lower gold price resulting in

2005
2004
2003
2002
2001
Main development
km
36.1
†
43.9
49.8
44.4
50.5
Area mined
’000m
2

623
611
655
549
627
Productivity
m
2
/TEC*
3.4
3.2
3.2
3.0
3.1
Tons milled
Underground
’000
3,471
3,452
3,727
3,222
3,493
Surface
’000
1,184
1,531
1,111
1,435
439
Total
’000
4,655
4,983
4,838
4,657
3,932
Yield
Underground
g/t
9.1
9.0
9.3
10.4
10.7
Surface
g/t
0.7
0.8
0.7
0.6
0.9

Combined
g/t
6.9
6.5
7.3
7.4
9.6
Gold produced
Underground
kg
31,474
31,089
34,634
33,365
37,283
Surface
kg
784
1,184
830
871
375
Total
kg
32,258
32,273
35,464
34,236
37,658
Total
’000oz
1,037
1,038
1,140
1,101
1,211
Operating costs
Underground
R/ton
710
709
606
637
572
Surface
R/ton
67
58
66
45
40

Total
R/ton
546
509
482
444
511
Gold sold
kg
32,258
32,273
35,523
34,177
37,658
Total cash costs
US$/oz
379
341
215
179
207
R/kg
75,693
75,645
62,757
57,833
50,702
Net earnings/(loss)
Rm
(60.3)
5.8
600.7
601.5
222.5
US$m
(9.7)
0.8
66.2
59.8
29.2
Capital expenditure
Rm
230.1
344.4
419.7
337.2
344.2
US$m
37.1
49.9
46.3

33.5
45.2
**TEC = total employee costed*
†
The Kloof and Middelvlei Main Reef marginal areas stopped
Review
of operations
South Africa
(continued)

development at 33.9 kilometres being 23 per cent lower than the previous years. The production build-up at 4 shaft was below expectation, although volumes improved by year-end. The surface and underground bulk air-cooling facilities at 4 shaft were commissioned in the second half of the year, resulting in improved environmental conditions at the rock face. General infrastructure improvements were also implemented at this shaft.

Total cash costs at R75,693 per kilogram (US$379 per ounce) was flat year-on-year. The reduction of volume from marginal areas, strict cost controls and the effective implementation of Project 100 were the key drivers in containing costs. However, operating margins remained under presssure due to the lower rand gold price, lower mining values and consequent yield during the second half of F2005. Margins for the first half of F2005 were at 9 per cent, reducing to 3 per cent in the second half.

Capital expenditure at R230 million was 33 per cent lower than the previous year and reflects a more appropriate response to the economic effects of the lower rand gold price. The major capital expenditure related to ventilation, refrigeration and general infrastructure at 4 shaft. The curtailment and deferment of capital expenditure was rigorously reviewed to ensure it did not impede future development.

OUTLOOK FOR F2006

Kloof is set to increase production marginally to 1.1 million ounces at total cash costs of R71,000 per kilogram. The key focus areas for Kloof will be improving underground volumes and grade through increasing face advance by 1.0 metre per month. Increased development is planned to ensure that ore reserve generation targets are met and that capital programmes remain on track. The 1 shaft pillar project development has started and is set to deliver higher grade face length within two years.

Savings will result from footprint reduction initiatives, specifically the closing of the older 5 shaft, 6 shaft and 9 sub-vertical shaft. The implementation of a more effective and efficient water pumping strategy via 10 shaft will also contribute to savings. In addition, the feasibility of optimising metallurgical capacity into a more efficient processing plant is under investigation. This, coupled with a migration of mining activities towards the newer shafts, demonstrates a potential for operating cost reduction over the next few years.

Capital expenditure for F2006 will remain largely unchanged at R230 million. The major portion of this expenditure relates to the 1 shaft pillar development and shaft infrastructure projects; the 3 shaft Drop Down development, 10 shaft pumping infrastructure and the 4 sub-vertical shaft project.

The Kloof Extension Area (KEA) surface drilling programme was completed during F2005 and coupled with the 3D seismic survey carried out in F2004, has resulted in revised geological and evaluation models. These models have been used in a complete re-scoping and re-engineering of the KEA project to a pre-feasibility level. The new mine design and schedule incorporates a new decline access system between 43 and 48 levels, to exploit 1.9 million ounces of gold. It is planned to complete the feasibility study by the second quarter of F2006.

Similarly, revisions have been made to the Eastern Boundary Area (EBA) geological and evaluation models. These revisions were made after the completion of the EBA surface drilling programme, a comprehensive 3D seismic survey and a thorough analysis of the VCR palaeomorphology. The surface and sub-vertical shaft access and mining system planned during the F2004 pre-feasibility study will need to be re-engineered and costed to determine economic feasibility in the new area of interest. The pre-feasibility estimate reported for F2004 indicated a capital requirement of R7.1 billion to exploit a potential 10.9 million ounces in the EBA.

Resource and reserve revisions have been made for both the above projects and are detailed in the Mineral Resources and Ore Reserves section on page 63.

Beatrix Gold Mine

OPERATIONAL PERFORMANCE

Beatrix continued to produce gold at acceptable volumes yet at elevated costs in an extremely volatile price environment during F2005.

The mine recorded excellent safety statistics during F2005, achieving the milestone of three million fatality-free shifts. In addition, all safety objectives were exceeded and the mine reported its best safety performance in five years.

RESTRUCTURING

A number of proactive strategies were implemented to mitigate the negative impact on revenue caused by the lower than planned gold price.

In September 2004, the mine completed a restructuring exercise to improve operational efficiencies, and increase and improve short interval control, coupled with overhead cost reductions. The mine now has three operational sections:

• North section (comprising 3 shaft and 1 shaft below 16 level)

2005:
review

- Excellent safety performance during F2005, achieving the three million fatality-free shift milestone
- Rand gold prices and volatility continued to affect profitability
- Turnaround in the second half of F2005 resulted in improved quality with overall gold production remaining constant
- Investment made to improve logistics at West Shaft
- Treatment of low-grade surface material suspended due to the low rand gold price received

03
700 -
600 -
500 -
400 -
300 -

200 -
100 -
0 -
Beatrix
gold production
('000oz)
04
05

• South section (comprising 2 shaft and 1 shaft above 16 level)
• West section (4 shaft).

This initiative was supported by the centralisation of a number of ancillary services, ongoing reduction of overheads, mine footprint and a significant reduction in surface tonnage processing as a result of lower rock dump grades and the low gold price.

In January 2005, all surface material processing was stopped. Stoping and development volumes were also marginally reduced in line with the focus on quality mining with the reduction of volumes from low-grade areas.

The mine call factor (MCF) which was lower than historic averages for the first half of 2005, showed significant improvement in the last five months of F2005 as a result of the implementation of new cycle mining practices coupled with the introduction of dry sweepings methodologies.

Overall year-on-year gold production was flat at 624,000 ounces. Overall yield increased from 3.6 grams per ton in the previous year to 4.6 grams per ton as a result of an improved MCF in the second half of the year, a 4 per cent increase in underground mined grades, and a 77 per cent reduction in surface tonnage processed.

		2005	2004	2003	2002	2001
Main development	km	**38.4** †	43.5	46.2	36.0	39.0
Area mined	’000m^2	**763**	778	792	740	718
Productivity	m^2					

/TEC*
5.7
5.7
5.8
5.8
5.5
Tons milled
Underground
’000
3,852
4,025
4,053
3,633
3,395
Surface
’000
329
1,423
669
482
276
Total
’000
4,181
5,448
4,722
4,115
3,671
Yield
Underground
g/t
5.0
4.6
4.9
5.5
5.9
Surface
g/t
0.8
0.7
0.9
1.0
0.7
Combined
g/t
4.6
3.6
4.3
4.9
5.5
Gold produced

Underground
kg
19,139
18,451
19,909
19,886
19,937
Surface
kg
279
986
579
481
189
Total
kg
19,418
19,437
20,488
20,367
20,126
Total
’000oz
624
625
659
655
647
Operating costs
Underground
R/ton
421
381
350
325
310
Surface
R/ton
32
36
30
27
20
Total
R/ton
390
291
305
290
287
Gold sold

kg
19,418
19,437
20,488
20,367
20,126
Total cash costs
US$/oz
406
356
229
173
207
R/kg
81,023
78,865
66,907
55,894
50,621
Net earnings/(loss)
Rm
(149.1)
#
(353.8)
#
257.4
697.7
(1,432.5)
US$m
(24.0)
#
(51.3)
#
28.4
69.4
(188.2)
Capital expenditure
Rm
221.4
295.1
373.7
215.4
148.7
US$m
35.7
42.8
41.2
21.4
19.5
**TEC = total employee costed*
†

Marginal development at the South section stopped
#
F2005 includes an impairment charge of R60 million, F2004 includes an impairment charge of R426 million

Development was 12 per cent down on the previous year at 38.4 kilometres as non-critical development in the lower grade areas was either stopped or re-scheduled to offset the lower gold price.

The production build-up at 3 shaft and the overall performance of the North section continued to make progress, while development and stoping volumes were in line with expectations.

At the South section, stoping volumes were below target thereby placing pressure on gold production and profitability at this section. Significant focus on the elimination of low-grade volumes has been effected to reposition this shaft.

The West section continued with its repositioning strategy for long-term sustainability. Stoping and development, coupled with underground exploration drilling programmes, continued to define and support the higher grade of zone 5 area.

Between August 2004 and June 2005, a detailed logistical upgrade programme was completed at the West section to ensure improved logistical support for future zone 5 mining. This project included the development of inter-level tips and improved haulage track work and ventilation conditions.

Access haulage layouts and design are being reviewed to improve the stability of the access ways into the stoping horizon in the long term. The presence of smectite below the reef horizon impacted negatively on tunnel stability which affected the volumes coming out of zone 5.

Total cash costs were contained below inflation with a marginal year-on-year increase of less than 3 per cent to R81,023 per kilogram (US$406 per ounce) due to strict cost controls and the effective implementation of the cost-saving initiatives which formed part of Project 500.

Operating margins were impacted by the lower gold price received over the period and the low MCF achieved during the first half of the year. The North, South and West operating sections were, however, well-positioned to contribute to operating profit by absorbing their direct and production overhead costs within this low price environment.

Capital expenditure during F2005 reduced by 25 per cent to R221.4 million during F2005 (F2004: R295 million). This expenditure reflects prudent cash management within a low gold price regime. The major project expenditure remained the completion of the North section infrastructure and ancillary works. All capital investment has been reviewed and rescheduled to ensure that the capital expenditure programmes do not impact negatively on future production.

OUTLOOK FOR F2006

Beatrix is expected to increase production slightly at a total cash cost of R74,000 per kilogram depending on the volume and grade achieved at the new zone 5 in the West section. During F2006, the mine will most likely continue to operate within the volatile revenue and difficult cost environment experienced during F2005. To achieve these targets, ongoing attention and focus will be on cost reductions, improved efficiencies and the optimisation of resources through attention to quality mining.

Development volumes will remain high to ensure stoping flexibility and sustained grades across all sections.

Improved volumes and grades are anticipated from the West section as increased volumes are derived from the zone 5 area. The impact of smectite at the West section is being mitigated with short-term layout adjustments to facilitate rock removal and access.

Beatrix's cost control system has been complemented by the addition of an area profit optimisation model through detailed infrastructure mapping, which will enable it to optimise the cost and revenue basis.

Capital expenditure is expected to remain at similar levels to F2005 at between R200 million and R250 million for the next two years while the North section project is being completed.

Gold Fields
international operations

The year's most significant
achievements were the
completion of the Tarkwa
expansion project and the
construction of the new
mill at St Ives.

OPERATIONAL REVIEW

Our international operations have delivered a very strong overall performance with total gold production at 1.66 million ounces, an increase of 4 per cent over F2004. Total cash costs for the international operations were US$273 per ounce, 9 per cent above the previous year, reflecting the higher costs at Damang and St Ives.

Apart from making a very significant contribution to the Group's profits against the background of the strong rand, the Group's international division's, most significant achievement for the year was the successful completion of the Tarkwa and St Ives expansion projects.

With the exception of St Ives, which was dogged by open pit grade issues, and slow ramp up in the productivity of its new underground mines, all other operations produced

03
1,800 -
1,600 -
1,200 -
1,000 -
800 -
600 -
400 -
200 -
0 -
International
gold production
('000 ozs)
04
05
03
300 -
250 -
200 -
150 -
100 -
50 -
0 -
International

total cash costs
(US$/oz)
04
05

Record gold
production and
operating profit

"Our international operations have delivered a very strong overall performance with total gold production at 1.66 million ounces, an increase of 4 per cent over F2004."

Good progress
on Cerro
Corona project

"Final feasibility studies are due for completion in the first quarter F2006 and though the capital bill remains under pressure, a positive outcome is still anticipated."

excellent operational and fi nancial performances. Agnew, our smallest and previously most marginal mine, completed the turnaround that started last year and in the fi nal quarter of the year returned operating margins in excess of 100 per cent. The Damang mine, previously one of the strongest performers in the international group, exhausted the high margin Damang pit in the fi rst half of the year, but made a successful transition to a number of new smaller pits albeit at lower margins. Tarkwa undoubtedly delivered the best performance in the company for the year. Apart from the new mill project and the conversion to owner mining delivering results in excess of expectation, the heap leach operations continued the incremental growth seen in previous years, achieving record throughput.

The effect of the global surge in commodity prices was felt during the second half of the fi nancial year. Prices of processing consumables have risen in excess of 20 per cent while the cost of diesel has increased by over 30 per cent through the fi nancial year. In Australia, the stronger Australian dollar (A$) has cushioned these effects, while in Ghana, the Tarkwa mine has been able to offset the increased diesel prices through effi ciencies in the new mining fl eet. In the early stages of these increases, all operations initiated optimisation exercises aimed at margin enhancement, focusing particularly on supply chain and consumption management, and enhanced mining equipment and human resource productivity.

Not all of these initiatives are expected to provide relief from cost pressures but are rather intended to secure the supply of critical commodities, such as haul truck tyres, where a severe global supply shortage is being experienced.

As diesel fuel constitutes approximately 12 per cent of our Ghanaian mines operating costs, a decision was taken to hedge their diesel price exposure for one year. The hedge was executed in the fourth quarter of F2005 and removes our direct exposure to global diesel price moves above US$0.45 per litre which equates to a global oil price of about US$56 per barrel.

The retention, development and advancement of our people remained a key imperative at all our international operations where we can presently boast the strongest pool of well-trained and experienced professionals and managers we have ever had. New strategies on retention are continuously adopted to protect this key asset.

The Australian labour market remains of critical concern, as the growth of the iron ore and base metal mining industries aggressively attracts operators and professional skills from the gold mining industry. Salaries are being ratcheted to higher levels and in some instances the remuneration of equipment operators competes with that of senior managers. Ultimately, this trend risks marginalising

Australia as a mining destination particularly when commodity prices retrace from the current bull market.
Operating profi t for the international operations was relatively unchanged year-on-year at US$250 million, constituting approximately 68 per cent of Gold Fields' total operating profi t. The international group incurred total capital expenditure of US$222 million approximately 40 per cent of which was expended on the expansion projects at

St Ives and Tarkwa with the balance invested in new mine development at the Australian operations and leach pad construction at Tarkwa.

Community relationships continued to receive a high level of attention at all operations and projects around the world. Of particular significance was the progress made in Peru in generating local community support for the development of the Cerro Corona project. In Ghana, community relationships remained strong, in particular the expansion of the Damang mine outside of its previously limited footprint was achieved without incident.

On the project development front, F2005 was a challenging year. The Arctic Platinum Project moved into its final phase of assessment but following negative movement of a number of key parameters and financial drivers it was concluded that, in the prevailing market, the project would not be viable. Accordingly, development efforts were significantly scaled back and the options of mothballing and holding the project or vending some or all of our stake to a suitably positioned company were being considered at year-end.

While significant delays were experienced in progressing the Cerro Corona project early in the year, by year-end the project had made excellent progress on the social, technical and financial feasibility fronts and is positioned for an investment decision by December 2005. Community relationships were initially affected by regional unrest associated with a nearby mining project but disturbances were also experienced on the Cerro Corona site as well. Through protracted engagement, strong community support for the project has been created and the official permitting-related hearing held in July 2005 was attended by 2,500 people. The level of community support and demand for this project is regarded as a critical counterbalance to the sociopolitical challenges that have beset the Peruvian mining industry through the the last 12 months. Permitting is due for completion in November 2005. Final feasibility studies are due in the first quarter of F2006 and though the capital bill remains under pressure a positive outcome is still anticipated.

The exploration efforts at the various international mines continued with good results at Agnew and Damang but with a disappointing discovery at St Ives. Damang and Agnew, which had both faced the most critical need for discovery, achieved ore reserve growth of 56 per cent and 21 per cent respectively. Minesite exploration spend for the year was US$16.5 million.

OUTLOOK

Consolidated gold production is planned to increase by approximately 10 per cent in F2006, reflecting a full year's contribution from the expansions at St Ives and

Tarkwa. Agnew will also marginally increase production on the back of greater volumes of ore from the new Songvang open pit, while Damang production will decline some 10 per cent on the back of generally lower grades.

Total cash costs are expected to be stable year-on-year with gains at St Ives offset by higher costs at Tarkwa and Damang. Tarkwa's cost increases are primarily attributable to anticipated higher maintenance costs on the new fleet, as well as input cost increases referred to earlier.

F2006 will see a particular focus on operational optimisation and cost containment. With the major expansions now in place at Tarkwa and St Ives, it is essential to exploit every opportunity from our capital investments, while endeavouring to manage the external cost pressures.

Capital expenditure on operating mines will decline to about 50 per cent of the level seen in F2005, given the completion of the expansion projects while sustaining capital on open pit stripping, underground decline development and leach pad expansions will continue at the various mines.

Regarding project development, the focus will move away from Arctic Platinum to Cerro Corona and Essakane. At Cerro Corona in Peru, we expect to reach an acquisition and project go-ahead decision before mid-F2006. At Essakane, in Burkina Faso, a pre-feasibility study is due by the end of the first half of F2006 as the platform for moving to a feasibility study thereafter. Assuming all commercial and logistical aspects remain on track, the timeline suggests project outcomes by the end of F2006 at the earliest. Activity at Arctic Platinum will be scaled back to a holding pattern.

Mine site exploration is planned at US$25 million for F2006, of which over 90 per cent will be spent in Australia and the balance at Damang gold mine.

The international group is very well set to continue its significant contribution to the profits of the company and to continue unlocking the full potential inherent in the high quality properties we hold. The company remains intent on growing the international operations by 1.5 million ounces by 2009 and has already delivered nearly 300,000 ounces of this growth through the completed expansion projects. The decline of Arctic Platinum prospects as a serious near-term growth option was a setback for achieving this target but a range of alternative opportunities that could replace Arctic Platinum are in the pipeline. In particular organic growth, exploration projects and regional consolidation remain highest on our agenda, while the search for accretive acquisitions remains a priority.

Tarkwa
Gold Mine

OPERATIONAL PERFORMANCE

Tarkwa delivered an outstanding performance, both operationally and financially, producing 35 per cent of Group operating profit and 55 per cent of net operating earnings. Gold production increased by 23 per cent to 676,800 ounces, making Tarkwa the largest gold producer in Ghana.

The conversion to owner mining was completed at the end of the first quarter of F2005 and proceeded extremely smoothly in all respects. The services of African Mineral Sources (AMS), the former contractor miner, which had been retained as back-up for the first quarter, were terminated at the beginning of the second quarter. The fleet's operational efficiencies achieved or exceeded all planned criteria resulting in record tonnages being mined. Much of the growth in diesel and other mining consumables prices through the year was absorbed by improvement in the productivity of the fleet as it was ramped up.

With the commissioning of the new mill demand for ore increased from 16 million tons per annum to 20 million tons per annum. This was achieved while still maintaining a stripping ratio of 3.27, in excess of the planned 2.8,

2005:
review

- Excellent execution of the US$160 million expansion project
- Gold production increased with the CIL plant coming on stream ahead of schedule
- Very smooth conversion to owner mining and out-performance of the fleet
- Significant financial contribution to the Group

(F2004: 2.6). In F2005 the mine moved approximately 82.5 million tons, a 35 per cent increase on the previous year. Total ore treated was 19.6 million tons at an average head grade of 1.25 grams per ton.

Heap leach processing operations performed well during the year, achieving a moderate increase in throughput to 16.4 million tons (F2004: 16 million tons). Compared with 550,000 ounces in F2004, 526,200 ounces were produced from the pads during F2005, a good performance despite the head grade to the pads dropping from 1.43 grams per ton in the previous year to 1.25 grams per ton this year as the higher grade ores were directed to the CIL plant. The surge in global commodity prices affected processing operations with the significant increases in the price of cyanide and cement impacting processing costs, particularly towards the end of the financial year. These commodities have shown 20 to 25 per cent price increases during the year and have added roughly US$10 per ounce to heap leach processing costs.

The new mill was commissioned two months ahead of schedule and has performed exceptionally well metallurgically, with recoveries exceeding 97 per cent and indicated capacity likely to be approximately 10 to 15 per cent higher than the 4.2 million tons per annum nameplate.

3.2 million tons of ore were processed through the mill at an average head grade of 1.7 grams per ton producing 150,600 ounces.

Unit cost management remained a feature of Tarkwa during F2005, despite the demanding commissioning activities and high margins. However, increased waste stripping, cyanide and cement consumption at higher prices, and increased steel prices, together with planned overall lower grades,

		2005	2004	2003	2002
Open pit mining					
Waste mined	’000t	**63,170**	43,987	27,521	28,986
Ore mined	’000t	**19,301**	17,164	16,067	14,630

Head grade
g/t
1.3
1.4
1.5
1.6
Strip ratio
W:O
3.3
2.6
1.7
2.0
Processing
Tons processed
Milled
’000t
3,189
—
—
—
Heap Leach
’000t
16,444
16,000
15,210
14,914
Total
’000t
19,633
16,000
15,210
14,914
Yield
Milled
g/t
1.5
—
—
—
Heap Leach
g/t
1.0
1.1
1.1
1.1
Combined
g/t
1.1
1.1
1.1
1.1

Gold produced
Milled
kg
4,685
—
—
—
Heap Leach
kg
16,366
17,107
16,792
16,920
Total
kg
21,051
17,107
16,792
16,920
Total
’000oz
677
550
540
544
Total cash costs
US$/oz
234
230
194
171
Net attributable earnings
Rm
304.0
212.7
223.0
240.5
US$m
48.9
30.8
24.6
23.9
Capital expenditure
Rm
469.6
943.4
207.4
80.5
US$m
75.6
136.7

22.9
8.0

offset the benefits of the expansion project and resulted in total cash costs remaining flat at US$234 per ounce compared with US$230 per ounce in F2004. With a gold price of US$425 per ounce received for the year (F2004: US$388 per ounce) Tarkwa produced an operating profit of US$129 million in F2005, 49 per cent higher than the previous year.

Capital spend at Tarkwa for F2005 was US$76 million. US$42 million of this was spent on the completion of the CIL plant and the owner mining conversion. The expansion projects were completed within 10 per cent of the planned US$160 million budget, with the US$10 million foreign exchange exposure contributing to the bulk of the overrun. This foreign exchange exposure was in respect of equipment and services sourced in South African rands and Australian dollars. This exposure was consciously undertaken as Gold Fields had a natural hedge to this by funding the capital from South Africa in terms of the South African foreign exchange allowances for companies investing in African countries.

OUTLOOK FOR F2006

F2006 is planned as a year of consolidation for Tarkwa, following seven years of aggressive expansion from a 3.5 million tons per annum ore production rate in 1998 to over 20 million tons per annum in 2005.

The focus on operational consolidation is essential given the considerable capital investment in the site over the last two years. Similarly, the opportunity to optimise operations must be taken. We believe the mill has an additional 20 per cent capacity beyond its nameplate, while the mining fleet continues to offer promising volume opportunities. The widely reported global boom in input costs, such as diesel, cyanide and steel remains a concern and operating counter-strategies initiated in F2005 need to be augmented. These initiatives range from supply chain and procurement optimisation to projects to enhance consumption, utilisation and productivity.

In addition to the cost pressures referred to earlier, most of the mining fleet is more than a year old and maintenance costs will increase significantly in terms of the outsourced maintenance and repair contracts with the original equipment suppliers.

The total tonnage mined and treated will be similar to F2005, allowing for increased mill run time through the year. Volumes and margin also should be similar to those of the second half of F2005.

While these pressures are of concern, Tarkwa is well positioned to counter them, following the plant and systems investments of the last three years. The new mining fleet continues to offer productivity opportunities while state of the art fleet information and management systems create a solid platform for realising this. The three process plants at Tarkwa are simple and efficient, providing a base for further cost containment and production growth.

Capital expenditure will reduce by 50 per cent to US$36 million, with the bulk of the spend allocated to ongoing leach pad extensions.

Damang Gold Mine

OPERATIONAL PERFORMANCE

During the first half of F2005, Damang continued the strong operational and financial performance achieved in F2004. Total cash costs over this period were between US$220 per ounce and US$240 per ounce and the mine made a significant contribution to the Group's operating profit. While mining and processing rates exceeded expectation, they accelerated the depletion of the high grade and high margin ores in the main Damang pit and the second half of the year saw a move in total cash costs to around US$350 per ounce, and a decline in quarterly gold production of approximately 15 per cent.

The impact of the depletion of the Damang pit had been recognised some time ago and various alternative ore sources were identified over the past two years. As part of these, the Damang Extension Project was approved at mid-year, allowing commencement of the new satellite pits at Amoanda, Rex and Tomento. These pits will be mined over the next two years and treated along with stockpiles of low-grade ores.

2005:
review

- Steady operational performance
- Mining of satellite pits commenced
- Damang pit cutback approved at a capital cost of US$44 million
- Five-year life secured with the discovery of nearly 1 Moz

Significant ore production was achieved from Amoanda in the final quarter of the year, while the pre-stripping of Tomento commenced after year-end. The grades of the ores treated through the year declined from around 1.6 grams per ton in the first half to 1.5 grams per ton in the second half due to treating lower grade stockpile material which replaced the higher grade Damang pit ore.

During F2005, Damang mined over 11.5 million tons of ore and waste, and treated some 5.2 million tons of ore.

Gold production of 248,000 ounces was in line with expectations, but down from the F2004 high of 308,000 ounces due to mining in the Damang pit terminating mid-year. While total cash costs for the year averaged US$282 per ounce, the depletion of the higher grade ore sources caused total cash costs to increase to over US$340 per ounce during the second half of the year. Unit cash costs are expected to remain at this level for at least the next two years. Operating profit for the year decreased to US$36 million from US$53 million in F2004.

Damang has more than exceeded production and profit expectations since its acquisition and has returned more than twice the US$42 million acquisition price paid in free cashflow. Damang has made a good start in developing alternative sources of ore following the depletion of the current cutback of the Damang pit and will need to continue doing so. Our company’s experience from both Tarkwa and the Australian operations is being leveraged to this end.

During the second half of F2005, the new Amoanda hydrothermal pit was brought into production. While the opening of alternative ore sources is significant from a discovery and production perspective, the resettlement of some 255 people affected by the Amoanda pit, and the development of the associated infrastructure without incident is testimony to the high quality of our mines’ community relations in Ghana. With operations now expanding beyond the original mine footprint, community and mine interactions will remain key focus areas. In total, these new projects will require the resettlement of some 284 households.

		2005	2004	2003	2002*
Open pit mining					
Waste mined	’000t	**8,193**			

9,855
13,928
5,437
Ore mined
’000t
3,393
5,439
4,457
2,402
Head grade
g/t
1.62
2.02
2.11
2.34
Strip ratio
W:O
2.4
1.8
3.1
2.3
Processing
Tons milled
’000t
5,215
5,236
4,877
1,951
Yield
g/t
1.5
1.8
1.9
2.3
Gold produced
kg
7,703
9,589
9,305
4,397
’000oz
248
308
299
141
Total cash costs
US$/oz
282
222
243
200

Net attributable earnings
Rm
83.0
170.4
91.8
64.3
US$
13.4
24.7
10.1
5.9
Capital expenditure
Rm
65.9
22.0
14.4
5.5
US$
10.6
3.2
1.6
0.5
**Results for the five months ended June 2002*
Review of operations
International
(continued)

Capital expenditure for the year was US$10.6 million. US$4 million was spent on the development of the satellite pits, US$2.5 million on the Damang pit drilling and feasibility study and US$2 million on exploration. During the year, exploration focused on opening up the new satellite projects, exploring the extensions at Tomento and Amoanda, as well as further assessment of the underground mining opportunity at Abosso Deeps. A pre-feasibility study on this new opportunity is due early in calendar 2006.

Mining activities in the main Damang pit ended in the middle of F2005. An extensive drilling programme was undertaken on both the eastern perimeter and within the Damang pit, which has proven the continuity of the ore body down-dip. A subsequent feasibility study indicated the viability of a cutback to the existing pit on both the eastern and western walls which will yield some 620,000 additional ounces. The mining of the cutback at a capital cost of US$44 million, will commence in F2006, with mining in both F2006 and F2007 focused mainly on removing the waste overburden.

OUTLOOK FOR F2006

Head grades, gold production and thus profits and unit costs during F2006 are expected to be similar to those recorded in the second half of F2005. This reflects the reliance on low-grade sources of ores from the new Amoanda and Tomento pits and low-grade stockpiles replacing high-grade ores from the currently depleted Damang pit. These new ore sources also require substantial increases in mining volume from 11.5 million tons in F2005 to over 16.7 million tons in F2006, with strip ratios increasing from 2.4 to over 4.6.

These volumes exclude the commencement of mining of the new Damang pit cutback where an additional 9.5 million tons of waste will be moved during F2006 and the costs thereof capitalised. Mining volumes have already been increased accordingly and are ramping up well.

Exploration and project development efforts will continue to focus on optimising and extending the life of Damang, using the window provided by the exploitation of the satellite pits and the Damang cutback. Options include:

- Extensions to existing satellite pits (Tomento, Amoanda, Rex and Lima) and the evaluation of new targets such as Nyame;
- The feasibility study of Abosso underground to be completed during the year; and
- Testing new regional targets.

Exploration over the last few years has added in excess of five years of life and nearly one million ounces to reserves of this mine at the satellite pits and the Damang cutback. The development of the Damang cutback will provide significant time to develop further opportunities in the lease area and in the region. The mine team is well equipped and suited to this challenge, leveraging off Gold Fields' experience and expertise acquired through its Australian operations, where the nature of mine discovery and development is similar.

Capital expenditure at Damang is planned at US$24 million, with US$20 million being earmarked for the pre-stripping of waste at the Damang pit cutback, US$2 million for the continued development of the satellite pits and US$1.3 million on exploration.

St Ives
Gold Mine

OPERATIONAL PERFORMANCE

F2005 was a challenging year for St Ives. The Mars open pit, which was the primary source of open pit ore for this mine, experienced significant grade problems and while new underground operations at Argo and East Repulse were ramped up to fill the production shortfall, these mines were slow to achieve planned productivities and margins. The open pit geological model issues were corrected by mid-year but they had a significant negative impact on production and unit costs, along with poor margins on the new underground mines.

Notwithstanding a poor start, underground operations were turned around during the year, finishing with a strong second half. East Repulse ramped up in the first half of the year while the Conqueror development was accelerated in the second half. Production at Junction was successfully extended by six months, delivering strong cash flow, and the Sirius operations were completed by mid-year.

Following a number of mine design changes resulting from the geological complexity of the ore body, Argo showed improvement during the third quarter and met projections for the fourth quarter. As anticipated, the underground

2005:
review

- New A$125 million Lefroy mill project completed
- Leviathan underground commenced production
- Underground production of 2.13 million tons yielding 351,000 ounces
- Open pit production of 3.74 million tons yielding 176,000 ounces
- Operational optimisation realising value

mining costs peaked during the year but by year-end were reducing to sustainable levels for the long-term.
Open pit mine planning was revised during the first half of the year following the underperformance of the Mars pit, and the newly-discovered extensions to Agamemnon were opened in the second half. While the pits delivered planned ore volumes of some 3.7 million tons, the grade at 1.8 grams per ton was 27 per cent behind plan, reflecting ore modelling and grade control issues brought about by the geology being more complex than originally understood.
Although cost per ton mined was below plan, open pit mining cost per ounce was significantly above plan because of the grade problems.
The new Lefroy mill was successfully commissioned in February 2005, within the A$125 million budget. The crushing and grinding sections of the new plant have performed exceptionally well thus far, achieving design capacity in the third quarter and exceeding it in the fourth quarter. Operations of the gold recovery sections were hampered by materials-handling problems and deficiencies of some construction materials. Although recovery was below plan for the first several months of operation, improvements to the gravity and carbon circuits progressed in the fourth quarter with recoveries improving by year-end.
St Ives's total gold production was 527,000 ounces, 3 per cent lower than F2004, due to open pit ore grades being

		2005	2004	2003	2002*
Open pit mining					
Waste mined	'000t	**23,701**	11,693	21,040	22,768
Ore mined	'000t	**3,738**	4,000	4,607	1,753
Head grade	g/t	**1.79**	2.22	2.91	

3.82
Strip ratio
W:O
6.34
5.26
4.94
6.67
Underground mining
Ore mined
’000t
2,134
1,618
541
310
Head grade
g/t
5.52
5.34
8.28
9.29
Processing
Tons processed
Milled
’000t
4,052
4,318
3,344
2,035
Heap Leach
’000t
2,280
2,426
2,142
1,363
Total
’000t
6,332
6,744
5,486
3,398
Yield
Milled
g/t
3.7
3.6
4.3
4.7
Heap Leach
g/t
0.6
0.5

0.7
0.7
Combined
g/t
2.6
2.5
2.9
3.1
Gold produced
Milled
kg
15,107
15,570
14,481
9,649
Heap Leach
kg
1,286
1,307
1,485
953
Total
kg
16,393
16,877
15,966
10,602
Total
’000oz
527
543
513
341
Total cash costs
A$/oz
447
416
323
302
US$/oz
336
297
188
160
Net earnings – Total Australia
#
Rm
151.1
304.5
567.3
556.6

US$m
24.3
44.1
62.5
50.2
Capital expenditure
Rm
636.0
755.4
464.5
231.3
US$m
102.4
109.5
51.2
20.9

**For the period seven months ended June 2002*

#

As a significant portion of the acquisition price was allocated to tenements of St Ives and Agnew on endowment ounces and also as these two Australian operations are entitled to transfer and then offset losses from one company to another, it is not meaningful to split the income statement below operating profit lower than planned. Total cash costs increased beyond the F2004's level by 7 per cent to A$447 per ounce. This primarily reflects the combination of poor open pit grades, low underground productivities and, to a lesser degree, high processing costs associated with the ramp down of the old mill and initial operations of the new Lefroy mill. The combination of these two factors led to an operating profit of some A$60 million, a decrease of 12 per cent on F2004.

The underperformance of margin and grade at St Ives prompted the adoption of a number of ongoing initiatives:

- On-site cost optimisation and manpower rationalisation;
- Underground mining cost controls with maintenance and productivity initiatives;
- Quality control in ore deposit modelling and mining; and
- A local and global procurement project (Project Bullion).

Capital expenditure for the year was A$137 million of which A$62 million reflects the cost of the new mill, with the balance being predominantly mine development and exploration.

Exploration efforts during the year were focused on both expanding existing mining complexes, such as Argo, Leviathan, Cave Rocks and the Lake pits, and early stage projects in areas such as Condenser, Intrepid and the Boulder/Lefroy and Magnetite corridors. Although ore reserve additions for the total mine were disappointing, some exciting new early-stage projects emerged that indicate new resources and reserves. Total ore reserves declined by 0.55 million ounces, net of 0.63 million ounces of depletion. This decline primarily reflects a reduction in the reserves at Argo underground mine, where additional infill exploration and remodelling of the depth extensions resulted in a revised geological and grade model.

OUTLOOK F2006

Gold production is expected to increase approximately 10 per cent over F2005, while total cash costs are forecast to improve substantially as a result of the less costly milling operation, improvements in underground mining costs and a number of other site-wide optimisation initiatives.

A near term target for total cash costs below A$400 per ounce has been set for this operation. While this level was not achieved in the fourth quarter of F2005, underlying operational and cost performance indicates this is now achievable. Beyond this, total cash costs in the mid-A$300 per ounce are still the target for St Ives. This requires strong control of underground productivities and the achievement of open pit grades.

Operational performance is based on the premise that 4.9 million tons will be treated through the new mill. Heap leach operations will be maintained at 2.4 million tons and fed largely from low-grade stockpiles. Underground ore production is planned at 1.8 million tons. Volumes are expected to be slightly lower than F2005, reflecting the closure of the Junction underground mine, stable operations at Argo and the development of the Conqueror mine at Leviathan. Open pit operations still present the greatest risk from a grade perspective, with in excess of 75 per cent of open pit ore production to be sourced from Mars which will be mining in the higher grade areas. However, grade reconciliation over the last several months of F2005 was excellent. Options to develop alternative open pit ore sources in the event of grade issues arising in the future are being evaluated.

Capital expenditure will reduce to approximately A$62 million, or A$104 per ounce. A$25 million is earmarked for exploration, with the bulk of the balance being projected for open pit and underground mine development (Argo and Conqueror underground and Thunderer open pit).

Exploration will receive greater focus on early stage targets than in the past three years. A number of key target areas have been generated out of the F2005 greenfields programme. Expenditures will be split one-third on early stage exploration and two-thirds on expansion and conversion of existing resources.

Agnew
Gold Mine

OPERATIONAL PERFORMANCE

During the year under review, Agnew consolidated the growth of its current operations and its longer term outlook. Agnew increased gold production by 5 per cent to 212,500 ounces, with total cash costs of A$310 per ounce compared to A$317 per ounce in F2004. As a result, the mine made a contribution of A$53 million in operating profit to the Group. After two challenging years in F2002 and F2003, and a turnaround in F2004, this financial year consolidates Agnew's growth profile with the initiation of two major mines, Songvang and Main Lode.

The most significant contribution to Agnew's performance came from the Kim underground mine, which produced ore tonnage 50 per cent above expectation. Ore zones have tended to be thicker than planned and were successfully exploited by a continuously improving mining team. The Main Lode, which is also located within the Waroonga Complex, commenced production during F2005 and contributed an additional 7,000 ounces.

2005:
review

- Record production of 212,500 ounces
- Total cash cost reduction to A$310 per ounce
- Two new deposits commenced production – Songvang and Main Lode
- Successful exploration programme – resource growth to over 3 million ounces

The Crusader/Deliverer complex ceased mining in December 2004, yielding some 16,000 ounces, whilst also developing an exploration decline to a position adjacent to the Claudius ore body. Diamond drilling has been completed and an evaluation of the Claudius ore body is under way.

The Songvang open pit commenced production during the year, three months later than planned with access to its high grades also being achieved later than planned. Initial pit operations were severely hampered by shortages of haul-truck and excavator operators due to the boom in the iron ore, copper and nickel industries, significantly diverting resources from the gold industry. It is expected that the overall resultant shortfall will be recovered during F2006.

The commissioning of the Songvang open pit has resulted in the production of a base load of medium grade ores which, along with the high grade ores from the Waroonga underground complex, should provide this mine an assured four-year life before alternative ore sources are required.

Capital expenditure of A$44 million was incurred in the year. In addition to mine site exploration, the development of Kim, Main Zone, and the Songvang open pit were the major investments.

Innovative exploration around the Redeemer, Waroonga and Crusader complexes has produced ore grade intersections that in virtually all cases justify further exploration. Exploration on Agnew’s regional tenements has also identified significant targets with encouraging early drill results. The most significant development, however, was the discovery of extensions to the Kim lode in an offset and up-thrown position. This will extend Kim’s life in excess of two years, thereby sustaining this critical source of high margin production. Agnew’s total reserves have been increased to 861,000 ounces, the highest level since its acquisition.

		2005	2004	2003	2002*
Open pit mining					
Waste mined	’000t	**12,217**	—	3,937	8,981
Ore mined	’000t	**448**			

20
1,627
818
Head grade
g/t
2.22
2.92
2.03
2.18
Strip ratio
W:O
27.26
—
2.42
10.98
Underground mining
Ore mined
’000t
486
431
253
175
Head grade
g/t
12.07
12.81
9.94
7.45
Processing
Tons milled
’000t
1,170
1,179
1,268
682
Yield
g/t
5.6
5.3
3.5
3.8
Gold produced
kg
6,609
6,267
4,466
2,569
’000oz
213
202
144

83
Total cash costs
US$/oz
233
226
255
232
A$/oz
310
317
437
434
Capital expenditure
Rm
206.2
120.8
164.9
122.0
US$m
33.2
17.5
18.2
11.0
**For period seven months ended June 2002*
Review
of operations
International
(continued)

OUTLOOK FOR F2006

Gold production for F2006 is expected to increase by approximately 8 per cent with a marginal increase in total cash costs. This increased production reflects the greater ore volumes from Main Lode underground mine and the Songvang open pit. The increase in total cash costs is due to a greater proportion of ore being sourced from the Main Lode underground mine and the Songvang open pit instead of Kim underground.

Capital expenditure at Agnew will decrease to A$22 million, as most of Songvang's stripping was completed in F2005. The underground development of the Kim and Main Lodes will account to A$14 million. Exploration at A$7.5 million will continue to focus on resource and reserve expansion but will also have a greenfields component.

A number of ongoing initiatives will be maintained during F2006 to limit costs and retain the high margins Agnew generated during F2004 and F2005, notwithstanding increasing input costs. These initiatives include: striving for increased quality across the operation, revamping the business partner's key performance initiatives, pursuing innovation-driven savings, embracing breakthrough concepts, committing to global procurement, and ongoing focus on major cost and efficiency determinants.

While operations in F2006 will focus on the established complexes at Waroonga and Songvang, opportunities at deposits such as Claudius underground, the New Woman open pit, Vivien underground deposit and Rajah underground Lode, may be brought to production to the extent they are proven during the year, thereby increasing flexibility on the mine.

Agnew is no longer mine constrained mainly due to the production profile of the Songvang open pit, and it is more flexible because of having multiple ore sources. Both the Kim and Main Lode declines are expected to reach ore reserve bottoms during the year. Additional reserves are likely to be developed down-dip, resulting in the deepening of both declines.

Because of the resilient ore reserves and pipeline of projects, together with the mill constraint, work is under way to assess the options to expand Agnew's processing capacity.

An agreement on the Miranda and Vivien tenement packages has been reached with Breakaway Resources Limited (BRW), joint venture partner of Gold Fields' Agnew mine, whereby Gold Fields and BRW will exchange certain rights to gold and base metals. The agreement, which is expected to be finalised in the first quarter of F2006, will result in Agnew becoming the owner of the Vivien and most of the Miranda ground, and having 100 per cent rights to the gold, including the 195,000 ounce Vivien deposit and a 2 per cent net smelter royalty (NSR) on any base metal production by BRW on the Miranda tenement. BRW will retain all base metal rights and become the registered holder of the four small northern tenements in the Miranda package. The addition and control of this extensive exploration ground adjoining the north and south of the existing Agnew tenements, in addition to the Vivienne resource, creates further opportunities for Agnew in the district.

CERRO CORONA

The Cerro Corona deposit lies within the Hualgayoc District, north of the Yanacocha mine in the Cajamarca Department of Peru. In December of 2003, Gold Fields obtained the option to acquire the Cerro Corona gold-copper Porphyry Project.

Through this last year, Gold Fields has successfully advanced a number of key Project development activities relating to this acquisition from Sociedad Minera La Cima S.A. in Peru. These include geological and resource modelling, permitting, social engagement, detailed Project engineering, and surface mine optimisation studies.

The greatest Project challenge and, indeed, success was experienced on the social front. Community relationships had been tense through the latter part of F2004 and early F2005, with discontent around the Project area being fuelled by significant regional unrest related to other mining operations. Overall, this led to a six-month delay in the Project schedule. However, extensive interactions with all the local communities and regional stakeholders, culminated in an agreement around land access and alignment on a way forward for the various parties. These extensive interactions have laid the foundation for a very strong relationship between the local communities and the Project, based on trust and mutual cooperation.

The sporadic social unrest that has beset the Peruvian mining industry is clearly cause for concern. However, the strength of the relationships created mitigate against this significantly, as local communities are most likely to determine the course of this Project. The Environmental Impact Assessment (“EIA”) was presented to the Peruvian Ministry of Energy and Mines in May 2005. The official Cerro Corona Project public hearing, required as part of the permitting process, was held at the end of F2005, in the town of Hualgayoc, located two kilometres from the Project site. This important meeting was attended by around

2,500 people, representing a range of stakeholders from local communities to regional parties and regulators. The hearing was peaceful and the overall tone demonstrated a high level of support for the Project and, indeed, demand for it to proceed.

In April 2005, Norwest Corporation, Denver, completed an updated and improved resource model for the deposit. This estimate has been classified according to guidelines set out in the Canadian National Instrument 43-101 (“NI 43-101”).

In early 2005, Gold Fields appointed Hatch Engineering in Santiago, to generate operating and capital cost estimates to within 10 per cent accuracy. Based on these operating cost estimates, and using Norwest’s resource model and metal prices of US$450 per ounce for gold and US$1.00 per pound for copper, Gold Fields estimates that the recoverable sulphide Mineral Resources are 3.58 million ounces gold at 0.9 grams per ton and 1,327 million pounds copper at 0.5 per cent. It is estimated that 4.8 million tons of the oxide ore is amenable to heap leaching at an in situ grade of 1.6 grams per ton gold. There are ongoing metallurgical studies and discussions with external parties regarding processing and the sale of gold from the oxide mineralisation, which geologically caps the deposit.

Cerro Corona Mineral Resources (including Ore Reserves) within a US$450 per ounce of gold and US$1.00 per pound copper pit shell.

—

		Resource (Mt)	Au (g/t)	Cu (%)	Resource Gold (‘000 ozs)	Resource Copper (M. lbs)
Total Measured	Oxide	2.0	1.6	—	101	—
	Sulphide	27.5	1.1	0.6	943	360
Total Indicated	Oxide	2.8	1.6	—	145	—
	Sulphide	93.3	0.9	0.5	2,613	

958
Total Measured
and Indicated
Oxide
4.8
1.6
—
245
—
Sulphide
120.8
0.9
0.5
3,555
1,318
Total Inferred
Oxide
—
—
—
—
—
Sulphide
Sulphide
1.0
0.8
0.4
26
9
Combined
Oxide
4.8
1.6
—
245
—
121.9
0.9
0.5
3,582
1,327
58

At metal prices of US$375 per ounce for gold and US$0.90 per pound for copper, the revised Proved and Probable Reserves for the Project are 90.6 million tons at an average grade of 1.0 gram per ton gold and 0.5 per cent copper, all located within a single surface mine at an average strip ratio of 0.83:1. Ores will be treated in a conventional sulphide flotation concentrator producing a high quality copper concentrate with significant gold grades for treatment at offshore custom smelters.

The Project will deliver a fifteen year mine life at the planned ore mining and treatment rate of 6.2 million tons per annum, treating some 2.9 million ounces of gold and 1,068 million pounds of copper over this period, or 5.5 million ounces of gold equivalent. Production rates will achieve steady state at approximately 350,000 to 400,000 ounces of gold equivalent per year. Life of mine average total cash costs are estimated at US$250 per ounce on a gold equivalent basis. All gold equivalent figures are calculated using the reserve prices mentioned above.

Completion of the feasibility study is at an advanced stage and results are due for release at the end of first quarter F2006. Discussion with a number of smelters have also progressed well. Regulatory permitting may be concluded by November 2005, followed thereafter with a final Project commitment being made before the end of the 2005 calendar year.

Cerro Corona Ore Reserves at US$375 per ounce and US$0.90 per pound

Sulphide only	Reserve (Mt)	Au* (g/t)	Cu* (%)	Reserve Gold (‘000oz)	Reserve Copper (M.lbs)
Proved	23.7	1.1	0.6	871	332
Probable	66.9	1.0	0.5	2,057	

737
Grand total
90.6
1.0
0.5
2,928
1,068
*
Diluted average head grade
Cerro Corona has now reached a stage where Gold Fields has included, for the first time, the Reserve numbers to the total Ore Reserves declared for F2005. Copper has been included in the totals as gold equivalent ounces.

ARCTIC PLATINUM
The Arctic Platinum Project (APP) is located in Northern Finland. The Suhanko Project is located approximately 60 kilometres south of the town of Rovaniemi, on the Arctic Circle in northern Finland. The feasibility study for the Suhanko Project was completed during the F2005 March quarter and, owing to a combination of unfavourable factors, Gold Fields decided at the end of the quarter that it would postpone the proposed large-scale open pit mine, but would continue looking at smaller scale, high-margin projects and offers from third parties. Factors which contributed to this decision included:

- A revision in the expected head grade to below 1.9 grams per ton 2PGE+Au, against previous estimates in excess of 2.0 grams per ton.
- A significant increase in the capital expenditure required to bring this project to production. The increase reflects strengthening of the euro and also a dramatic increase in input costs associated with commodities such as steel, copper and the core services associated with mining projects.
- The shift in global base metal concentrate markets in favour of smelters.
- The negative medium term outlook for the Palladium market.

During the year the environmental permit application was submitted to the Northern Oulu Permitting Authority and several site meetings were held with representatives of the authority and the public. The area to be covered by the mining lease application has been finalised and the application submitted to the Ministry of Trade and Industry.
Exploration drilling to evaluate near vertical high-grade structures at Konttijarvi and Ahmavaara continued to mid-April 2005. These structures were previously poorly identified by diamond drilling, which was oriented sub-parallel to these structures. At Konttijarvi, geological modelling of the new data in the study area increased the grade from 2.25 grams per ton to 2.55 grams per ton 2PGE+Au, an overall grade enhancement of 13 per cent. The drilling programme clearly identified steep geological structures averaging 3.0 grams per ton 2PGE+Au with associated elevated Cu grades. PGE and Cu enriched mineralised structures were also identified at Ahmavaara but the overall grade enhancement in this area is smaller than that observed at Konttijarvi.
A decision regarding mothballing and holding this project or

vending some or all of our 100 per cent interest to a suitably positioned company will be made early in F2006.

The total Mineral Resource as at 31 December 2004 is presented in the table below. There was no further work on the SK Reef and the Mineral Resources remain unchanged from June 2004 pending the completion of ongoing resource definition work and resolution on the district potential.

	Tons (Mt)	Grade 2PGE + Au (g/t)	Metal 2PGE + Au ('000 oz)
Measured	38.6	2.34	2,907
Indicated	54.0	2.03	3,522
Inferred	75.7	2.54	6,173
Total APP	168.3	2.33	12,601

Snowden Mining Industry Consultants undertook the F2004 Mineral Resource estimation study in conjunction with Arctic Platinum and the estimate is classified in accordance with the JORC code. SRK (Johannesburg) undertook the estimation for part of the SK Reef Resources.

It is a strategic objective of Gold Fields to add 1.5 million ounces per annum to its international production profile by the end of 2009. This would have a twofold effect: growing Gold Fields Reserve and production profile, and balancing its international risk profile. Gold Fields still remain aggressively committed to this strategy and have progressed well towards this objective with completed expansion projects at Tarkwa and St Ives and the possible development of Cerro Corona expected to deliver approximately 500,000 additional ounces per annum. The second major development project, APP, was put on hold due to increased capital and operating costs, and currency effects.

The Exploration Division has responded to the robust market conditions by disposing of assets and equity positions that do not match our investment criteria. This resulted in net proceeds to Gold Fields during F2005 of over US$25 million, allowing us to realise gains and rebalance our portfolio. Some of the larger dispositions included the sale of the Angelina joint venture in Chile to our partner Meridian Gold Corporation; a market-based sale of our equity interest in Fujian Mining Company; and an agreement to allow Committee Bay Resources to spend the next $10 million in exploration expenditures allowing Gold Fields the option of converting its joint venture interest into an equity position. We are also currently considering allowing a partner to invest in the Kisenge project in the southern Democratic Republic of the Congo following encouraging initial drilling results.

Our strategic objectives in the short term are focused on acquisitions of either advanced projects or development stage companies. However, finding such investments that fit our value criteria could prove to be a difficult task in the current gold market. This could entail moves into politically risky countries where the market currently undervalues assets, or recognising further exploration potential on existing projects. We remain fully committed to aggressive brownfields investment near our operating assets, value-adding acquisitions and greenfields exploration either through junior company equity alliances, or on independent projects in selected gold belts around the world. During the year, we invested approximately US$65 million in exploration projects and drilled in excess of 250,000 metres.

OTHER PROJECTS

The exploration strategy of funding junior exploration companies via equity with the concomitant right to joint venture key projects, has again proved extremely beneficial during F2005. Acquiring stock in a rising gold market has proved an effective way to fund costs associated with exploration deals. This strategy also helps to mitigate the start-up costs in new countries. Updates on the most significant of these projects are presented below.

ESSAKANE PROJECT

The Essakane gold project is situated in Burkina Faso, West Africa, 330 kilometres north east of Ouagadougou. Gold Fields, through its subsidiary, Orogen Holding (BVI), acquired 50 per cent of the Project in June 2005 by reaching an aggregate exploration expenditure of US$8 million at Essakane. In terms of the Option Agreement with Orezone Resources Inc., Gold Fields now has the right to acquire a 60 per cent share of the joint venture by completing a bankable feasibility study. As a precursor to this study, Gold Fields is currently undertaking a pre-feasibility study (“PFS”) for the development of a surface mine and a CIL plant at Essakane. This study is based on an interim Resource update of the Essakane Main Zone (“EMZ”), which was completed in May 2005. This interim model, based on a US$450 pit shell, returns a Resource of 45 million tons at an average diluted grade of 1.75 grams per ton, containing 2.5 million ounces of gold. Gold Fields will finalise a new and extended PFS resource model encompassing all assay results up to September 2005 by the end of 2005.

The JORC classified EMZ Mineral Resource at a 1 gram per ton cut off is 2.2 million ounces from 34.9 million tons at an

Exploration
and
new business development

average 2 grams per ton gold and is classified as per the table below.

ESSAKANE MINERAL RESOURCES

Classification	Tons (Mt)	Grade (g/t)	Gold ('000oz)
Measured	—	—	—
Indicated	30.5	2.0	1,910
Inferred	4.4	2.0	290
Total	34.9	2.0	2,200

The current project development focus is on mine, plant, and infrastructure engineering, as well as social, environmental and water supply issues. The final PFS study will contain overall costs and project economics to an accuracy of approximately 25 per cent and is scheduled to be completed by mid F2006.

The EMZ is hosted by veined and altered Birimian metasediments in a north-west trending anticline which subcrops below shallow laterite and alluvial cover for a lateral distance of 10,000 metres. Gold is typically associated with quartz-carbonate veining in a distinctive lithology called the Main Arenite Unit. The EMZ is located in the central part of the Essakane deposit and extends for 2,000 metres on strike. Exploration drilling to the south of the EMZ is currently in progress and is due for completion by September 2005. Test drilling north of the EMZ is scheduled to start after the current wet season.

Further drilling and evaluation of the Sokadie, Falangountou, Takabangou and Gossey gold prospects on the Essakane permit, which covers over 1,400 square kilometres, was postponed in the second half of F2005 to focus efforts on the EMZ extensions.

Improvement in the understanding of the orientation and geometry of the higher grade zones has highlighted the potential for significantly extending Resources down dip and on similar targets along strike on the EMZ. This has provided the primary focus for an accelerated drilling campaign.

COMAPLEX MINING CORPORATION, NUNAVUT CANADA (CMF: TSX LISTED)

In December 2004, Gold Fields announced the purchase of 11.4 per cent interest in Comaplex in an open market transaction. Subsequent to this, in March 2005, the parties entered into a further private placement transaction that resulted in Gold Fields increasing its overall ownership to 19.8 per cent. The companies also entered into a technical assistance programme whereby Gold Fields will second geological staff and provide engineering consultation on the Meliadine Project located near the village of Rankin Inlet, Nunavut to Comaplex. The Meliadine Project contains stated Resources of 1.4 million ounces at an average grade of 11.5 grams per ton gold. Comaplex hopes to advance this project to a preliminary feasibility study after completion of the present field programme.

BOLIVAR GOLD CORPORATION, VENEZUELA (BGC: TSX LISTED)

Gold Fields owns approximately 11.4 per cent of Bolivar Gold Corporation and has entered into a joint venture agreement relating to several concessions surrounding a development project Bolivar Gold are completing on the Choco 10 property.

OVERVIEW

Gold Fields continues to recognise the need for increased transparency and materiality in the disclosure of its Mineral Resource and Ore Reserve information. In support of this core deliverable, the Annual Report F2005 is supported by a Mineral Resource and Ore Reserve Supplement, which outlines in detail the status and changes at each mining property. Consistency in reporting among the operating mines and compliance with public regulatory and internal codes of practice are paramount and the processes utilised by the Group continue to improve year on year through enhanced competent persons reporting. The Mineral Resource and Ore Reserve figures for Gold Fields are derived from a rigorous strategic and operational planning process that is embedded at each of its operating mines. Reserve estimates are based on many factors (modifying factors) including estimates of future production costs, future commodity prices, and notably in South Africa, the exchange rate between the rand and the US dollar.

Gold Fields reports its Mineral Resources and Ore Reserves in accordance with the South African Code for the Reporting of Mineral Resources and Ore Reserves ("SAMREC"), which sets out minimum standards, recommendations and guidelines for Public Reporting of Exploration Results, Mineral Resources, and Ore Reserves in South Africa. Mineral Resources are inclusive of the Ore Reserve component.

It is with great satisfaction that Gold Fields again received the annual SAMREC/IASSA award from the Investment Analysts Society of Southern Africa ("IASSA"), for the best reporting of Mineral Resources and Ore Reserves according to the SAMREC code for the F2004 declaration. This award, now won three years running, is a testimony to the quality, transparency and competency shown by Gold Fields in its SAMREC compliant reporting.

As part of Gold Fields' Sarbanes-Oxley Section 404 ("SOX") compliance project, all seven mining operations have been subjected to detailed mineral resource management process mapping that has been captured in an electronic based management system. Core benefits to Gold Fields resulting from SOX compliance in mineral resource management are improved effectiveness, efficiency and auditability of the internal control process, better information and improved confidence for auditors and investors and risk mitigation.

SRK Consulting, acting as independent auditors, have reviewed the mineral resource management process maps and consider that the system, as presently established and post certain remedial actions, to be suitable to ensure compliance with the intent of SOX.

Within the last 12 months, Gold Fields has subjected all of its mining operations to two separate Mineral Resource and Ore Reserve audits by two globally leading industry consultants. In F2004, SRK Consulting confirmed Gold Fields' material compliance in respect of the requirements of the SAMREC reporting code. The F2005 Mineral

Mineral Resources and Ore Reserves

2005: review

- Attributable gold equivalent Resources and Reserves, including the growth projects, stand at 174.5 and 64.8 million ounces respectively.
- Independent auditors confirm the F2005 Resource and Reserve declaration fully SAMREC compliant
- At Kloof, the recently completed exploration and resource definition campaign has resulted in the generation of an improved VCR ore body model for the prospective ground below infrastructure
- The new resource model at Kloof has initiated re-scoping and re-engineering of the EBA Project, while the revised KEA Project feasibility is already at an advanced stage.
- Agnew and Damang continue to perform well with strong project pipelines
- Mineral Resource Management is well-positioned for Sarbanes-Oxley compliance

Resource and Ore Reserve statement was submitted to Snowden Mining Industry Consultants for review and they conducted extensive on-site audits at all mining operations in South Africa, Ghana and Australia. At the request of Gold Fields, Snowden also updated the resource estimates for the Suhanko feasibility as part of the Arctic Platinum Project, where they have also assisted with the estimation study for part of the SK Reef.

At Essakane, in Burkina Faso, the Mineral Resource estimate has been generated in conjunction with SRK Consulting and in accordance with the guidelines set out in the Canadian National Instrument 43-101 ("NI 43-101"). Gold Fields is currently undertaking a pre-feasibility study ("PFS") for an open pit mine and Carbon in Leach ("CIL") plant at Essakane. This study is based on an interim Resource update of the Essakane Main Zone ("EMZ"), which Gold Fields completed in May 2005. A new and extended PFS resource model, containing all assay results up to September 2005, will be finalised by Gold Fields by the end of 2005.

The resource estimate for the Cerro Corona Gold-Copper Porphyry Project in Peru, has been prepared by Norwest Corporation and is based on JORC and NI 43-101. As per the guidelines set out in NI 43-101, both Snowden and Norwest Corporation have acted as independent consultants as defined therein. The Cerro Corona Ore Reserves have been independently reviewed by WLR Consulting Inc., Colorado, USA.

Gold Fields will continue to pursue a strategy of growth in its Reserve base through exploration, acquisition and optimisation of current operations. A sustainable Reserve position for the Group is reliant on a robust project pipeline delivering quality mineable ounces at a margin and this area will remain a key focus. On-going investment in mine site resource definition programmes, together with brown-field and greenfield exploration campaigns, ensures a balanced project pipeline is maintained and managed by a disciplined and motivated team. Reserve replacement projects are ranked on quality, size, delivery times and

value creation, and are developed through the project pipeline to come on-stream when they can provide maximum growth and returns to the shareholder.

The following price assumptions were used as a basis for estimation in this declaration

F2005

Resource price
assumption
Reserve price*

assumption
South Africa
R105,000/kg
R92,000/kg
Ghana
US$450/oz
US$375/oz
Australia
A$650/oz
A$560/oz
F2004
South Africa
R115,000/kg
R90,000/kg
Ghana
US$400/oz
US$350/oz
Australia
A$650/oz
A$580/oz
** Assumed gold prices are in accordance with the US Securities and Exchange Commission ("SEC") and approximate to historical three year average commodity prices and exchange rates*

Salient highlights

As at the end of June 2005 Gold Fields has attributable precious metal (and gold equivalent) Mineral Resources of 174.5 million ounces (F2004: 190.6 million ounces)
1
and
gold equivalent attributable Reserves of 64.8 million ounces (F2004: 75.6 million ounces)
2
, net of an annual attributable
depletion of 5.0 and 4.5 million ounces respectively.

The single largest reduction in the Mineral Resource (9.7 million ounces) and Ore Reserve (10.9 million ounces) occurred at Kloof as a result of the below infrastructure Eastern Boundary Area ("EBA") Project being subjected to new geological and resource models, based on new information. The EBA Project does not currently show reasonable economic potential given the present mine design, capital requirements and current costs. The EBA Project accounts for 42 per cent of the Group's year-on-year decline in managed gold Mineral Resource ounces and 71 per cent of the reduction in managed gold Reserve ounces. Re-engineering and right-sizing this project will provide for a re-assessment of its economic viability based on the new footprint.

1
F2004 excluded Cerro Corona and Essakane growth projects.
2

F2004 excluded Cerro Corona.

The contribution per operating region to Gold Fields' attributable Reserves remained stable year-on-year with only minor changes reflected by South Africa decreasing from 80 per cent to 77 per cent and Ghana and Australia both increasing by one per cent to 17 per cent and 6 per cent respectively.

South African operations

- Exploration programmes excluding prospect development, continued with expenditures for F2005 of R23 million (US$3.0 million at R7.63:US$) at Kloof, Beatrix and Driefontein. Exploration is multi-disciplined and is a combination of surface and underground diamond drilling, seismic re-modelling and sedimentological studies to test future mining extensions, secondary reef mining potential and structural complexity.

Exploration expenditure – South African Operations (F2005)

	(R million)	(metres drilled)
Driefontein	**5.9**	23,195
Kloof	**13.2**	20,512
Beatrix*	**3.9**	16,464
Total	**23.0**	60,171

* *Inclusive of 3.5 per cent cover drilling utilised for geological definition*

This exploration campaign has provided significant material improvements to the quality of the resource modelling at all three South African mines and has continued to improve on the geological and evaluation confidence of the below infrastructure projects.

- Focus on strategic and operational re-planning at all three South African mines has taken place to ensure continued delivery on core Projects 400 and 100 plus, together aimed at controlling rising costs, improving efficiencies and increasing quality volume delivery at the operations.
- The primary issue impacting both the South African and the Group's Reserve position has been the significant changes impacting the two key below infrastructure projects at Kloof, EBA and KEA ("Kloof Extension Area").

The completion of phased surface drilling programmes and 3D seismic modelling, in conjunction with an enhanced understanding of regional and local scale sedimentological trends and facies geometry, has further evolved the orebody model for the Ventersdorp Contact Reef ("VCR") below Kloofs' current mine infrastructure.

In response, the KEA project has been completely re-scoped and re-engineered to optimise extraction of the orebody. The new pre-feasibility study indicates a significant improvement in value compared to the original KEA project reported in the F2004 declaration. It is planned to complete the feasibility study incorporating a new decline access system by the second quarter of F2006.

The eleven EBA surface boreholes drilled in three phases for a total of 84 valid VCR intersections were completed at the end of F2004. The re-modelled 1994 3D seismic survey has been merged with the 2004 survey to produce one holistic 3D structural model of the strategically important areas below infrastructure at Kloof. This information has been key in constraining a six-month long phase of ore body modelling, designed to honour all the data control points and take cognisance of the latest sedimentological and facies trends interpreted within the VCR. A new VCR model was generated in May 2005 that reflects improved VCR facies definition and therefore improved constraints on gold value distribution.

In response, a new estimate for the EBA Project Mineral Resource has been generated showing a 31 per cent decline in mineable Resource ounces year-on-year.

The result is a significantly reduced target footprint for EBA that continues to represent an attractive option for organic growth. However, the surface and sub-vertical shaft access and mining system planned for the F2004 pre-feasibility study will need to be re-engineered and costed to determine economic feasibility in the new area of interest.In compliance with the SAMREC code, and Industry Guide 7 (SEC), we are not presently able to convert EBA Resource ounces to Reserve and the 10.9 million Reserve ounces declared in F2004 for EBA cannot be replaced in this declaration. A dedicated team focused on re-engineering this project will evaluate the project in the context of the revised resource model.

Additional notable highlights are summarised below:

• At Kloof, 1.7 million ounces of Resource has been removed below 27 level in line with the re-configured 9 shaft-pumping project, which is aimed at reducing the infrastructural footprint and lowering fixed costs at the mine.

• At Driefontein, the Depth Extension ("DE") Project to access and mine 8.3 million ounces of gold from the Carbon Leader horizon below 50 level in the 5 sub vertical shaft area still provides positive returns at current rand gold prices and an underground drilling programme has been initiated to confirm gold grades and structure. It is planned to complete the drilling programme over the coming year.

• At Beatrix the marginal Vlakpan (down to 20L) Project (South Section) remains viable at the prevailing pay limit, mine cost structure and gold price but has reduced by 0.7 million Reserve ounces year-on-year. Margin squeeze is tightening at Beatrix as pay limits approach the average grade of the orebodies at North and South Sections. Increased secondary development and the scheduling of higher grade pillars will provide for improved selective mining.

• The South African operations have designed and implemented more robust and functional economic models to enhance the Integrated Resource and Reserve Information System ("IRRIS"). The introduction of Mine-2-4D (mine design and scheduling software) to compliment Cadsmine
©
now provides
for more effective longer-term scenario and project planning. A new IRRIS data warehouse project has also been initiated to ensure information standardisation, consistency, security and integrity.

• In terms of the provisions of the Mineral and Petroleum Resources Development Act, 2002 ("MPRDA"), the holder of an old order mining right has the right, for a period of five years ending on 30 April 2009, to convert such old order right to a mining right in terms of the MPRDA. The South African operations are at an advanced stage regarding the preparation and submission of the necessary applications to convert their old order mining rights to mining rights. Driefontein's submission has already been lodged and the authorised conversion is in process. Kloof and Beatrix will follow soon after.

INTERNATIONAL OPERATIONS

- The Tarkwa Plant was completed during F2005, along with the conversion to owner mining. The cost benefits from the change to owner mining at Tarkwa and the improved recoveries from the new milling infrastructure have been partly offset by cost increases across the commodity basket and cut-off grades have consequently remained under pressure. Despite this, and an annual depletion of 0.9 million ounces, the reportable Reserve has only decreased by 9 per cent year-on-year to 13.4 million ounces. Going forward, drilling will concentrate on improving the confidence in the evaluation, structural interpretation and geotechnical data at Tarkwa.
- The construction of the new plant at St Ives was completed in F2005 but the positive impact of reduced

processing costs and improved recoveries on lowering cut-off grades to generate additional mining opportunities are still not fully realised as plant optimisation continues.

Exploration expenditure – International operations (F2005)

	(US$ million)	**(metres drilled)**
Tarkwa	**1.1**	**9,725**
Damang	**3.7**	**47,459**
St Ives	**8.8**	**193,000**
Agnew	**2.9**	**94,458**
Total	**16.5**	**344,642**

(Exchange rate US$0.67:A$)

- Exploration momentum at St Ives was maintained through expenditure of US$8.8 million to create medium to long term mining flexibility. In F2006 a re-focused and re-energised exploration and resource development campaign testing twenty prime targets will be a key thrust for the Reserve replacement strategy.

In F2005 the exploration strategy at St Ives continued to focus on the Central Corridor of tenements and is approaching extensional drill out limits so Reserve growth will be focused on leverage from reduced cut-offs and new discovery. St Ives was hindered by a lack of discovery and a low conversion to Resource last year, with drilling shifting some metal back into inventory. The main driver behind the reduction in the Resource was the Greater Victory area (–1.4 Moz) mainly due to the Leviathan pit, now subjected to a revised pit shell and a new resource model, compounded by geological re-modelling at Conqueror and East Repulse. Open pit Reserves at St Ives grew by 39 per cent (tons), but the underground position dropped 34 per cent on metal.

- The approval for the Damang Pit Cutback (“DPCB”) is a significant development and provides a window of opportunity for the Damang Extension Project (“DEP”) to continue to explore attractive targets within the mine lease and increase the mines' footprint. Successes to date for the DEP are the Amoanda and Tomento pits. The DPCB will mine 0.6 million ounces of gold at 2.5 grams per ton and comprises 48 per cent of Damang's total gold Reserves. Regional targeting and an underground feasibility at Abosso Deeps are aimed at unlocking district potential.

- The Agnew Mineral Resources and Ore Reserves increased year on year with additions derived from expansions to existing mineralised lodes and new projects resulting from vigorous and focused exploration activities supported by remodelling and re-evaluation. Agnew currently produces from Kim, Main Lode and Songvang but enjoys a robust pre-feasibility and concept project pipeline, with Claudius, Vivien, Rajah and the Songvang extension all in feasibility.

Sensitivity of the Reserves to potential fluctuations in the gold price at the South African, Ghanaian and Australian operations is shown in the accompanying charts at increments within 10 per cent of the base gold price. The South African sensitivities specifically exclude the surface low-grade stockpile Reserves.

A summary year-on-year reconciliation of the Mineral Resource and Ore Reserve statement is shown in the Mineral Resource and Ore Reserve Supplement to this report.

COMPETENT PERSONS

Competent persons, designated in terms of the SAMREC Code and taking responsibility for the reporting of Gold Fields' Mineral Resources and Ore Reserves are:

- Craig Nelsen – Executive Vice President: Exploration (BA Geology, MSc.), 29 years experience.
- Terence Goodlace – Senior Vice President: Strategic Planning (NHD Mining, BCom., MBA), 25 years experience.
- Tim Rowland – Senior Consultant: Mineral Resources and Mine Planning (BSc. Hons Geology, MSc. Mineral Exploration, GDE Mining Engineering, Registered

Natural Scientist (Reg. No. 400122/00), MGSSA, FSAIMM, 19 years experience.

The named staff are permanent employees of Gold Fields. Additional information summarising the composition of the competent persons teams involved with the compilation of the Mineral Resource and Ore Reserve declaration per operation is included in the supplement to this report.

Note

A comprehensive review of the Group's Mineral Resources and Ore Reserves for F2005, together with locality and mine infrastructure plans of the operations is available in a supplementary document that accompanies the annual report, or may be downloaded from the Gold Fields website (www.goldfields.co.za/www.gold-fields.com) as a pdf file using Adobe Acrobat Reader. Rounding of figures in this report and in the supplementary documents may result in minor computational discrepancies.

ORE RESERVE SENSITIVITY

GOLD FIELDS CLASSIFIED MINERAL RESOURCE AND ORE RESERVE STATEMENT
AS AT 30 JUNE 2005
1
SOUTH AFRICAN OPERATIONS
Resources
Reserves
F2005
F2004
F2005
F2004
Block
Tons
(Mt)
Grade
(g/t)
Gold
(Moz)
Gold
(Moz)
Mill
Tons
(Mt)
Grade
(g/t)
Gold
(Moz)
Gold
(Moz)
Driefontein
Driefontein
Measured
40.1
13.1
16.94
17.76 Proved
30.1
7.9
7.62
7.62
Indicated AI
23.7
13.7
10.40
10.42 Probable AI
27.4
8.0
7.05
7.15

Total Above Infrastructure
63.8
13.3
27.34
28.18
Total AI
57.5
7.9
14.66
14.77
Indicated BI*
42.7
12.2
16.72
16.73 Probable BI
31.9
8.1
8.31
8.34
Total underground
106.5
12.9
44.06
44.90
Total underground
89.4
8.0
22.97
23.11
Indicated surface
10.6
1.2
0.40
0.51 Probable surface
10.6
1.2
0.40
0.51
Grand Total
surface and underground
117.1
11.8
44.47
45.41
Grand Total
surface and underground
100.0
7.3
23.38
23.62
Kloof

Kloof
Measured
45.5
14.0
20.48
26.66 Proved
13.6
10.2
4.46
5.79
Indicated AI
62.2
10.3
20.51
18.09 Probable AI
29.0
9.0
8.41
6.89
Total Above Infrastructure
107.7
11.8
40.99
44.76
Total AI
42.6
9.4
12.87
12.67
Indicated BI**
59.5
14.9
28.43
39.35 Probable BI
5.0
11.9
1.90
14.25
Total underground
167.2
12.9
69.42
84.10
Total underground
47.6
9.7
14.77
26.92
Indicated surface
29.3
0.6

0.57
0.55 Probable surface
8.7
0.7
0.19
0.34
Grand Total
surface and underground
196.5
11.1
69.99
84.65
Grand Total
surface and underground
56.3
8.3
14.95
27.27
Beatrix
Beatrix
Measured
17.0
7.5
4.10
5.28 Proved
14.4
5.5
2.53
3.20
Indicated AI
36.4
7.9
9.20
11.76 Probable AI
32.8
5.4
5.68
6.19
Total Above Infrastructure
53.4
7.7
13.30
17.03
Total AI
47.2
5.4
8.21
9.38
Indicated BI
†
15.9

6.9
3.51
4.78 Probable BI
0.0
—
0.0
0.36
Total underground
69.3
7.5
16.80
21.81
Total underground
47.2
5.4
8.21
9.75
Indicated surface
13.3
0.4
0.17
0.17 Probable surface
0.0
—
0.0
0.06
Grand Total
surface and underground
82.6
6.4
16.97
21.98
Grand Total
surface and underground
47.2
5.4
8.21
9.80
Total SA
Total SA
Grand Total
surface and underground
396.2
10.3 131.43 152.04
Grand Total
surface and underground
203.5
7.1
46.54
60.69
Note:

1
Managed unless otherwise stated
AI = Above Infrastructure
BI = Below Infrastructure
*Driefontein Below Infrastructure refers to material below 50 level (3,420 metre below surface)
**Kloof Below Infrastructure refers to material below 45 level (3,352 metre below surface)
†Beatrix Below Infrastructure refers to material below 26 level (1,341 metre below surface)

GOLD FIELDS CLASSIFIED MINERAL RESOURCE AND ORE RESERVE STATEMENT
AS AT 30 JUNE 2005
1
INTERNATIONAL OPERATIONS
Resources
Reserves
F2005
F2004
F2005
F2004
Block
Tons
(Mt)
Grade
(g/t)
Gold
(Moz)
Gold
(Moz)
Mill
Tons
(Mt)
Grade
(g/t)
Gold
(Moz)
Gold
(Moz)
TARKWA
TARKWA
Measured
190.1
1.5
8.95
9.61 Proved
184.5
1.3
7.89
8.56
Indicated
189.6
1.3
7.82
8.21 Probable
134.3
1.2
5.38
6.05
Inferred
24.2
3.4

2.63
2.23
Total
403.9
1.5
19.40
20.04
Total
318.8
1.3
13.27
14.62
Measured low grade stockpiles
5.5
0.8
0.14
0.12 Proved low grade stockpiles
5.2
0.8
0.13
0.12
Grand Total
409.5
1.5
19.54
20.16
Grand Total
324.1
1.3
13.41
14.73
DAMANG
DAMANG
Measured
6.5
2.3
0.48
0.31 Proved*
4.5
2.4
0.35
0.09
Indicated
18.7
1.8
1.07
0.82 Probable*
11.4
1.8
0.67
0.38

Inferred
2.2
2.1
0.15
0.30
Total
27.5
1.9
1.71
1.43
Total
15.9
2.0
1.02
0.46
Measured low grade stockpiles
9.6
1.2
0.38
0.40 Proved low grade stockpiles
7.6
1.3
0.33
0.40
Grand Total
37.1
1.8
2.09
1.83
Grand Total
23.5
1.8
1.34
0.86
ST IVES
ST IVES
Measured
1.0
3.6
0.12
0.24 Proved
0.9
3.3
0.09
0.20
Indicated
37.4
3.1
3.69
4.53 Probable
22.4

3.0
2.15
2.60
Inferred
8.9
3.7
1.06
2.65
Total
47.3
3.2
4.87
7.42
Total
23.2
3.0
2.25
2.80
Measured low grade stockpiles
7.0
1.2
0.27
0.27 Proved low grade stockpiles
7.0
1.2
0.27
0.27
Grand Total
54.3
2.9
5.14
7.68
Grand Total
30.3
2.6
2.52
3.07
AGNEW
AGNEW
Measured
1.0
11.4
0.36
0.30 Proved
0.5
10.8
0.18
0.18
Indicated
9.9
5.2

1.67
1.37 Probable
4.0
5.2
0.66
0.51
Inferred
6.5
5.1
1.06
0.98
Total
17.5
5.5
3.10
2.65
Total
4.5
5.8
0.84
0.69
Measured low grade stockpiles
0.4
1.6
0.02
0.02 Proved low grade stockpiles
0.4
1.6
0.02
0.02
Grand Total
17.8
5.4
3.12
2.68
Grand Total
4.9
5.5
0.86
0.71
INTERNATIONAL OPERATIONS
Grand total surface and
underground
518.7
1.8
29.89
32.34
382.8
1.5
18.13
19.37

*
The Damang reserve conta)
table material at
US$375/oz inside this shell has been reported.
GFL (Managed)
Above Infrastructure
796.7
4.4 112.66 123.53
549.4
3.1
54.45
57.11
Below Infrastructure
118.1
12.8
48.66
60.85
36.9
8.6
10.22
22.95
Total GFL (Managed)
914.9
5.5 161.32 184.39
586.3
3.4
64.66
80.06
Total attributable to Gold Fields
785.8
6.1
155.1
178.0
485.8
3.9
60.4
75.6
1
Managed unless otherwise stated

Resources
Reserves
F2005
F2004
F2005
F2004
PLATINUM
GROUP ELEMENTS
Block
Tons
(Mt)
2PGE
+ Au
Grade
(g/t)
2PGE
+ Au
(Moz)
2PGE
+ Au
(Moz)
Mill
Tons
(Mt)
2PGE
+ Au
Grade
(g/t)
2PGE
+ Au
(Moz)
2PGE
+ Au
(Moz)
Arctic Platinum project
168.3
2.3
12.60
12.60
—
—
—
—
Resources
Reserves
F2005

F2004
F2005
F2004
GOLD
Block
Tons
(Mt)
Grade
(g/t)
Gold
(Moz)
Gold
(Moz)
Mill
Tons
(Mt)
Grade
(g/t)
Gold
(Moz)
Gold
(Moz)
Essakane
1
34.9
2.0
2.20
2.20
—
—
—
—
Cerro Corona
2,3,4,5
126.6
0.9
3.83
4.62
90.6
1.0
2.93
2.39
Total Gold (Projects)
161.5
1.2
6.03
6.82
90.6
1.0
2.93
2.39

Block
Tons
(Mt)
Grade
Au (g/t)
–Cu(%)
Au
equiva-
lent
(Moz)
Au
equiva-
lent
(Moz)
Block
Tons
(Mt)
Grade
Au (g/t)
–Cu(%)
Au
equiva-
lent
(Moz)
Au
equiva-
lent
(Moz)
Cerro Corona (Gold equivalent)
7
126.6
0.9 g/t
– 0.5 %
6.79
8.72
90.6
1.0 g/t
– 0.5%
5.49
4.64
Total Precious Metals equivalent
329.8
21.6
23.5
90.6
5.5
4.6
Attributable Precious Metals
equivalents
291.4
19.4

21.0
73.1
4.4
3.74
Total attributable to Gold Fields
1,077.2
174.5
199.0
558.9
64.8
79.3
1
@ 1.0 g/t cut off
2
Resources within 450 US$/oz (Au) – 1.00 US$/oz (Cu) Pit Shell
3
Excludes Copper Resources of 121.9 Mt @ 0.5% Cu contained 1,327 M lbs Copper
4
Reserves within 375 US$/oz (Au) – 0.9 US$/lb (Cu) Pit Shell
5
Excludes Copper Reserves of 90.6 Mt @ 0.5% Cu containing 1,068 M lbs Copper
6
Managed, unless otherwise stated
7
Includes both gold (as reported above) and copper equivalent ounces (copper revenue converted to gold equivalent ounces)

Gold Fields
Sustainable development

Sustainable

INTRODUCTION

This year we remained focused on the continued profitability of our business while, at the same time, addressing the needs and values of the society within which we operate.

During 2005, we focused on developing the level of understanding and trust between our operations and stakeholders. In August 2004, we held our first Sustainable Mining Workshop in partnership with the International Finance Corporation. It was attended by 53 managers from across the Group including health and safety, mining engineering, training and development, environment and community relations. The workshop aimed at building capacity and gaining a better understanding of sustainable development in the mining environment.

We again participated in the JSE's Socially Responsible Investment Index and were ranked in the top 20 per cent of high environmental impact companies that qualified for the Index. It is important to us that this Index remains a significant contributor to the corporate citizenship debate in South Africa.

Our environmental performance is monitored through the ISO 14001 audits on an ongoing basis and we are pleased to report that all Gold Fields' sites in South Africa were re-certified against the new ISO 14001:2004 guidelines while the international operations have retained their ISO 14001 certifications. Gold Fields Exploration Division has been recommended for ISO certification.

We have developed open and honest communication with all our stakeholders. During Harmony's hostile bid, we received welcome support from the communities in which we operate, and from our suppliers, contractors and local administrative structures.

The Gold Fields South Africa Foundation contributed R24 million to community projects around our mining operations and in areas from which we draw labour. The Gold Fields Ghana Foundation contributed R10 million and The Gold Fields Australia Foundation a further R700,000 towards community development projects. During F2006 the focus will be on investing in sustainable community projects that contribute to education and skills development, poverty alleviation and sustainable livelihoods, the health and well being of our communities in all operating regions. One such project is a job creation project in Westonaria, the Paragon Project, that employs disabled former employees from the operations. It specialises in the manufacture of safety equipment, backfill bags, clothing and other items for use on our mines. At present the factory employs 22 people on a sustainable basis and additional outlets for its products are envisaged with the prospect of additional job opportunities.

The Group's various operations manage their health and safety to ensure the wellness of their employees and the sustainability of its operations. The control and eventual elimination of all hazards in the workplace require a team effort involving the active participation of all stakeholders.

There was an overall improvement in safety performance during F2005. Damang mine was awarded the Ghana Chamber of Mines Safety Shield as the safest mine in Ghana. Beatrix mine achieved a three million fatality-free shifts which is a first for any of the Group's operations.

The Full Compliance Health and Safety programme is the primary vehicle for delivering best practices in health and safety management at the Group's South African operations. As part of this programme, a Du Pont peer review was conducted at all the Group's operations to identify areas for further improvement of health and safety management. The findings emphasised the imperative of complete employee involvement in recognising and reporting unsafe conditions and avoiding a repetition of events that gave rise to previous injuries and accidents.

The Group's Australian operations continued to promote a site-wide culture of improving safety performance by fully integrating safety and health management into normal business practice. These operations established a risk-based approach to health and safety management reinforced by the implementation of AS4801 and Critical Hazard Standards. They concentrate on the continuous improvement of the system through ongoing simplification and developing a more sustainable approach.

The health and safety management system at Tarkwa is in the process of being certified OHSAS 18001.

GROUP SAFETY PERFORMANCE

Fatal injury frequency rate

In F2005, 26 employees (F2004: 37 employees) lost their lives in mining-related accidents. This constitutes a fatal injury frequency rate of 0.18 per million hours worked (0.27 in F2004), which is the lowest rate recorded by the Group. One employee lost his life at Tarkwa mine, the rest occurring at the Group's South African operations. The Australian operations and Damang have maintained their record of zero fatalities since being acquired by Gold Fields. Falls of ground caused 60 per cent of the fatalities at the South African operations. Thirty-two per cent of these fatalities were gravity related and the other 28 per cent due to seismic events. Systems are in place to identify root causes and remedial actions are implemented accordingly.

Days lost frequency rate

Days lost resulting from accidents in the Group was reduced by 7 per cent from 410 to 382 per million hours worked. Improved performance can also be attributed to post-injury management involving intensive rehabilitation exercises to ensure that when individuals return to the workplace after an injury they are physically fit to continue their particular work function.

Lost day injury frequency rate

The lost day injury frequency rate (LDIFR) for the Group improved from 14 to 13 per million hours worked. A significant improvement in LDIFR was recorded at Agnew, Beatrix and Damang mines. Tarkwa's safety record saw a remarkable improvement during F2005 with total lost day injuries reducing to 7 from 12 in the previous year. Various interventions such as *Stop, Fix and Continue* as well as *Take Time – Take Charge* are integral to normal day-to-day management of safety.

OCCUPATIONAL HEALTH

The past year has seen the integration of the Occupational Medicine discipline with Occupational Hygiene and Occupational Safety in order to promote a more holistic approach to Occupational Health in the Group. This is in keeping with international best practice allowing for more informed recommendations by the occupational health discipline to Group management regarding occupational health matters.

Medical surveillance for the Group's South African operations is conducted at appropriately equipped occupational health centres at the Kloof and Driefontein mines in the West Witwatersrand region, as well as at the St Helena occupational health centre in the Free State. Well qualified occupational health nurses and doctors at each of these centres carry out this function.

At the Group's Australian operations, a range of routine
medical assessments, focusing mostly on hearing and health

(continued)

PROJECT 28.5°C

During F2001, a decision was taken to improve the underground working environment at the Group's South African operations from a heat stress point of view and to this end a design target was set at a reject wet bulb temperature of 28.5°C. This has improved both health and safety performance as well as productivity. The following improvements were made during F2005.

- **Beatrix**

A major change in the Beatrix 2 shaft was introduced resulting in reduced equipment and energy requirements and improved working conditions. At Beatrix 4 shaft, a conventional ventilation system replaced the recirculation system with resultant improved working conditions and reduced energy costs. At Beatrix 1 shaft, the installation of booster fans has improved face conditions and continues to reduce auxiliary fan requirements.

- **Driefontein**

At Driefontein 5 shaft, the installation of a surface bulk air cooler was completed and a system of underground refrigeration plants, together with a closed loop cooling arrangement are being commissioned. An ammonia plant was commissioned at Driefontein 1 shaft and the total water reticulation of the cooling system will come into effect on the completion of pumping arrangements.

- **Kloof**

At Kloof 4 shaft, ammonia refrigeration machines were installed to super-cool the chilled service water to 1.0°C and a surface bulk air cooler with additional ammonia plants were commissioned. A number of innovative hydropower cooling devices were introduced doubling the effective hydro cooling power availability.

functions, monitors the impact of operational health hazards on employee health in line with legislative requirements. The mainstay of the Group's occupational medicine discipline remains medical surveillance aimed at health screening, appropriate work placement, early detection and the prompt referral of occupational diseases. A total of 60,749 examinations were performed on mine employees and contractors at the Group's three local occupational health centres (OHCs) during the past financial year. These comprised 10,450 initial, 42,800 periodical and 7,499 exit examinations.

The medical surveillance programme is improved continuously through ongoing training and professional development of occupational health staff, the refinement of the integrated hygiene, safety and medicine information system (Palladium) for the Group's South African operations, and the implementation of modern technologies such as the latest audiometric and digital radiography systems. These enable improved early and accurate detection of abnormalities, and safe and confidential storage of medical records.

The implementation of a standardised, sensitive, gender neutral and objective rehabilitation and functional work capacity test battery at the Group's South African operations will allow for more confident placement of employees on a basis which marries health, safety and medical considerations with worker ability and the inherent requirements of an individual's job. This will also improve the rehabilitation prospects of ill and injured employees, reduce convalescence time and increase fitness of employees on re-entry to the work environment.

Health and safety

The submission of compensation claims arising from occupational diseases is done in accordance with applicable legislation, while reporting on occupational diseases and disease trends assists in adjusting strategies and interventions aimed at reducing and preventing these,

ESCAPE AND RESCUE

Underground fi re protection is of vital importance in mining operations around the world and South African mines play a leading role in this respect. A total of 21 fi re incidents was reported in F2005 of which 14 occurred at our South African operations with the remainder at the international operations. Six of these were classifi ed as major incidents necessitating the implementation of pre-planned emergency procedures. There are some 722 equipped underground refuge chambers in the Group. In addition, all underground workers at Gold Fields' operations are equipped with self-contained self-rescuers and key personnel carry portable gas monitors to provide early warning of the presence of harmful gases. Practice escape drills are conducted on a regular basis during simulated conditions and 1,215 employees successfully escaped to refuge chambers during actual fi re emergencies without any serious injury or deaths.

where possible. The most prevalent occupational diseases in the gold mining industry are Cardio Respiratory Tuberculosis (TB), Noise-induced Hearing Loss (NIHL), Silicosis and Chronic Obstructive Airways Disease (COAD). The following graph demonstrates the percentage of each of these conditions as a proportion of the total diagnosed.

Tuberculosis

The incidence of TB remains relatively constant. This is largely attributable to the effects of HIV infection on the workforce.

Efforts to control TB remain a priority for the Group, with emphasis on active and passive case fi nding, Directly Observed Therapy (DOT) and the use of internationally and nationally approved treatment regimes. These interventions are aimed at detecting infection as early as possible, improving adherence to treatment, increasing cure rates and interrupting the spread of infection.

Silicosis and COAD

The graph below demonstrates the relative stability of Silicosis and COAD rates over recent years. In the South African operations, the respirable silica dust concentration is on average 65 per cent below the occupational exposure

limit set by the Department of Minerals and Energy. The Group's South African operations have been actively involved in developing and implementing strategies to eliminate Silicosis and COAD. In this regard, the South African mining industry has agreed certain occupational health and safety milestones with the South African Mine, Health and Safety Council.
In Australia, the Department of Industry and Resources sets a quota of annual samples to monitor airborne contaminants at the Group's Australian operations. These operations comply fully with all departmental requirements and additional monitoring of other pollutants is also undertaken.

EMERGENCY PREPAREDNESS AND RESPONSE

- **Ghana**

Tarkwa has a full-time medical response team with employees also providing first aid training to the standards of the St John Ambulance. The mine has taken delivery of self-contained breathing apparatus and fire suits. It has also trained employees of the Ghana Civil Aviation Rescue Fire-fighting School. Fire drills and evacuation exercises were conducted at both mines.

- **Australia**

Agnew Gold is well positioned to respond effectively to all emergencies as it is located close to other external mining operations and the local township provides access to good supporting emergency resources such as fire, ambulance and medical facilities. Fully equipped and trained mine rescue teams are available to undertake fire-fighting, search and rescue, first aid, vertical rope rescue, and they are also equipped with long-duration underground breathing apparatus.
It should be borne in mind that Silicosis and COAD are diseases with very long latency periods and that the success of interventions aimed at reducing occurrences is only evident after some years have elapsed.
Noise-induced Hearing Loss
At the Group's South African operations NIHL rates have shown a decrease over recent years. This is partly due to "normalisation" after a change in the legislative criteria for diagnosis of NIHL in 2003, and partly due to the Group's hearing conservation programmes in place at these operations. The identification of noise sources and the

demarcation of noise zones are ongoing.

Award	Mine operation
Best safety performance for surface operations	Beatrix
Best improvement in shift loss frequency rate	Driefontein
Lowest lost time injury frequency rate – including underground and surface workplaces	Beatrix
Lowest fatal injury frequency rate – including underground and surface workplaces	Beatrix

Further, the Group continues to support and is actively involved in research initiatives aimed at understanding and reducing the burden of occupational diseases.

Achievements and awards

The following operations achieved a million or more fatality-free shifts during the year:

- Beatrix North and South achieved three million underground fatality-free shifts on 5 June 2005;
- Beatrix North and South achieved three million total mine fatality-free shifts on 4 February 2005; and
- Damang achieved 2.5 million fatality-free shifts and has not had a fatal accident since being acquired by Gold Fields.

Furthermore, all Australian operations have been fatality-free since 2002.

The Beatrix Division won the prestigious Chairman's Award in 2005, for improvements to and the renewed vigour displayed with their safety and health initiatives at the operations.

Our policy of investing in the communities in and around our operations and in labour source areas, is part of the Gold Fields tradition and has been extended to communities at our operations in Ghana and Australia.

DEVELOPING COMMUNITIES IN SOUTH AFRICA

The communities where our operations are located form part of local or district administrations entrusted with their development having their own Integrated Development Plans (IDPs). Gold Fields proactively engages with these communities to generate benefits such as employment opportunities, skills development and poverty alleviation. To this end, we have initiated formal structures to engage local stakeholders in order to understand their IDPs and determine our level of participation in these programmes.

During F2005, our efforts on the West Rand and in the Free State were focused on building relations with the local councils and municipalities. This resulted in the establishment of joint working committees each consisting of mine Community Social Investment Committee members and local council members. Project plans are being finalised by the project champions drawn from the two stakeholder parties for implementation during F2006.

,
Some of the projects to which The Gold Fields South Africa Foundation has contributed this year are listed below.
Province/country
Town/village
Service provider
Project description
Investment
(R)
Eastern Cape
Province
Grahamstown
Rhodes University
Environmental education and
sustainable development
projects
1 050 000
Eastern Cape
Province
Ukhahlamba
TEBA Development
Agricultural project crop and
animal farming skills
improvement programme
2 000 000
Gauteng
Carletonville
Merafong
Gold Field's Nursing
college
Training professional nurses
and healthcare workers in host
and sending communities
1 245 000
Gauteng
Carletonville
Merafong
Nursing college
START programme: training
equipment small part of
training
60 000
Gauteng
Vanderbijlpark
Vaal Triangle
Technikon
Library refurbishment
1 000 000
Gauteng
Westonaria and
Merafong

National Business
Institute
Education quality improvement
programme skills improvement
for teachers
899 190
KwaZulu-Natal
Nkandla
Mnyakanya
Secondary School
Additional classrooms, science
lab, multi-purpose hall,
administration block
6 000 000
Limpopo
Polokwane
Doasho Secondary
School
Additional classrooms,
lab and administration block
549 560
494 478
Western Cape
Hermanus
Enlighten Edu Trust
Additional classroom
50 000
National
Merafong,
Westonaria,
Masilonyana
Matjhabeng
Edumap Edu Trust
Academic enrichment
programme post-matric
bridging programme
380 000
PAST Paleo-
anthropological
Scientific Trust
Funding research on the origins
of humankind
150 000
Lesotho
Mafeteng and
Mohales Hoek
TEBA Development
Mafeteng Agric Dev
Programme
2 000 000
Mozambique

National
TEBA Development
Home-based care programme
for terminally ill
2 000 000
TOTAL ABOVE
PROJECTS
17 878 228
TOTAL
GOLD FIELDS
FOUNDATION
PROJECTS
23 972 430

FUNDING

Community development projects are funded through The Gold Fields South Africa Foundation according to a formula based on 0.5 per cent of pre-tax profits and R1.00/US$1.00/A$1.00 for every ounce of gold produced in South Africa, Ghana and Australia respectively. During F2005, we invested R24 million in southern Africa, US$1.6 million in Ghana and A$150,000 in Australia. Over the past ten years, this has totalled in excess of R150 million.

LIVING GOLD

Gold Fields' Living Gold project was initiated at the end of calendar 2002 with an initial R75 million investment in the South African cut-flower industry. The business plan envisaged an export-oriented operation with sales predominately targeting Western European markets.

The rationale was to establish a job-creating, economically sustainable community investment project in the Carletonville area in which Gold Fields' Driefontein mine operates. Living Gold operates in partnership with the Industrial Development Corporation which owns 40 per cent of the company.

The initial facility comprises a 10 hectare rose production and propagation facility, providing 320 direct jobs while generating further down-stream employment opportunities. Its first roses were exported at the end of calendar 2003 and full production has now been reached with the export of 23 million stems generating an annual turnover of approximately R44 million. It will be the largest producer of cut-flowers in South Africa supplying approximately 12 per cent of the local market.

During F2005, Living Gold adjusted its export marketing focus away from the overtraded Western European market based in the Netherlands, to the more lucrative yet demanding markets of the United States, Japan, Australia and Eastern Europe. The strengthening of the rand also saw tighter international competition and lower margins overseas, which necessitated the successful entry into the domestic market. Living Gold products have acquired an international reputation for their consistent quality and quantity, supplying world-class product throughout the year.

The project, located between Carletonville and Khutsong, supports the Integrated Development Plan of the West Rand District Municipality and forms the nucleus of a future agricultural hub in the district.

A former hydroponics project, Golden Produce, also in the Merafong area is currently being re-aligned to the cultivation of filler plants which will serve as the basis for bouquet lines, providing added value to Living Gold's roses. This project currently employs 30 people, many with Gold Fields affiliations, and is expected to reach full production by the end of calendar 2005.

In addition, the Living Gold project has provided a stimulus for local service providers such as transport, the manufacture of potpourri from waste petals, and compost from off-cut material. A local brickmaking enterprise is currently researching the opportunity of utilising the plant's boiler ash.

During F2005, the Living Gold operation contributed to the local community as follows:

Direct wages and salaries	R12,739,282
Paid to informal service providers	R 4,654,546
Paid for municipal services	R 2,504,670

The sustainability of Living Gold, in contrast to many other purely philanthropic community investment projects, lies in the fact that it has proved itself to be market-oriented and commercially viable.

Living Gold outlook

During F2006, the expansion of the facility from 10 hectares to 23.5 hectares is anticipated. This will be achieved by

attracting third party investment to finance the expansion. This will increase capacity to approximately 4.5 million stems per month or 54 million per annum. Employment will increase from 320 to 500 direct employees.
The longer term plan is to increase production to 100 hectares employing 1,500 employees of whom approximately 65 per cent will be female. Living Gold is proving its potential of providing the foundation for a future West Rand agribusiness hub that will form a growth point for the district and its communities.
Gold Fields has taken the concept of creating commercially viable agribusiness projects one step further by forming Agrihold, to provide the benefits associated with sustainable development.
Agrihold has been formed to create an investment vehicle to address the needs of the industry and other sectors of the economy in terms of charter obligations and more general socio-economic upliftment initiatives, but with a specific commercial intent to ensure true economic sustainability into the future.
It is proposed that Gold Fields will reverse its shareholdings, with a value of approximately R100 million, in its existing suite
of agribusinesses into Agrihold thus forming the cornerstone of the new holding company and enable other companies to
capitalise on the existing management capacity, and also diversify on a geographic and product basis.

Building communities in Ghana

In Ghana, support for community development continued during F2005 with funding for infrastructure to address needs of communities around our operations in the areas of health, water and sanitation, education, and livelihood training for family income enhancement. We are exploring potential partnerships with organisations possessing complementary expertise and/or resources to assist with programmes to address pressing community development needs. Relationships have been formalised with the World Health Organisation (WHO), USAID, Department for International Development DFID), Opportunities Industrialisation Centres International, and TechnoServe. Established programmes for frequent consultation with stakeholders at the community, district, and government level continued.

Working through the Ghana Chamber of Mines, Gold Fields initiated the establishment of a Sustainable Development Forum to facilitate improved dialogue between industry, government, donor agencies, NGOs and community leaders, and improved co-ordination of development activities in mining areas.

Mining operations in Ghana have a predicted lifespan of over 20 years. However, when these operations are finally closed, alternative business activities will be needed to sustain the present economic viability of the district. During F2005, a range of potential large-scale agribusiness opportunities were assessed in a formal study and

MAKING PREGNANCY SAFER INITIATIVE

The Millennium Development Goals formulated at the UN's Millennium Summit in 2000 identified reduction of child mortality and the improvement of maternal health as critical actions necessary for social and economic development. The WHO has identified the Wassa West District in Ghana, where both the Tarkwa and Damang mines are located, as one of the areas with a pressing need for improvement in health care delivery and outreach to pregnant mothers and mothers with children.

The WHO's Making Pregnancy Safer initiative was launched in 2002 to meet these needs, with the goal of reducing the maternal mortality ratio per 100,000 in the district from 540 to 200. The Gold Fields Ghana Foundation has been the leading sponsor of this initiative, making major contributions towards critically needed infrastructure for the project. Gold Fields has constructed two rural clinics with maternity blocks, and in 2004 constructed a further maternity block for the Tarkwa District Hospital. It also financed the construction of a maternity block for an existing rural clinic, and provided medical supplies and equipment to rural clinics.

The District Hospital was built in 1881 and the historic maternity block was extremely congested having inadequate bed space, lack of privacy for women in labour, and poor sanitary conditions. Gold Fields constructed a modern 0.2 acre facility and partnered the Ghana Health Service in supplying equipment. The new facility has two operating theatres, two delivery rooms, 40 beds, a labour room, three wards and doctors' and nurses' offices. The Gold Fields Ghana Foundation, through donations from local business partners, funded training programmes presented by the WHO in 2004 for health providers in rural communities designed to reduce unwanted pregnancies by improving access to family planning services. In total, Gold Fields has also constructed 94 wells and boreholes and 29 stand pipes in rural communities, including a further 28 in F2005, to ensure that safe potable water is available to mothers and children. Diarrhoea and other water-borne diseases are a major cause of death among children in the district. Gold Fields' support of Making Pregnancy Safer and other health initiatives has contributed significantly towards ensuring a healthier future for women and children in the Wassa West District.

screening process to identify the most commercially viable business for the Tarkwa area. It emerged from this study that oil palm has an excellent potential to fill the economic void after the mine's closure due to high Ghanaian and regional demand, its proven agriclimatic suitability, the availability of local knowledge, its suitable employment characteristics, and other salient factors. Technical feasibility studies were commissioned to facilitate the further evaluation of oil palm as a long-term agribusiness opportunity, which will include the identification of potential partners in such a business venture.

RESETTLEMENT

Resettlement in Damang

The mine plan at Damang continues to undergo updates and changes with modifications to the processing plant, the opening of new open pit mining areas, and an increase in the rate at which ore is processed to extend the life of the operation, thereby yielding longer term benefits for all stakeholders including government and the local communities. Subsistence farming, based on small villages and settlements, is the historic form of land use in many areas of the mining lease. In some cases, the development of open pit mining areas results in the need to resettle persons living in such communities. The developments at the Kwesi/Lima, Amoanda, Tomento and Lima South open pits have had such effects, with affected persons choosing to be relocated to other nearby towns and villages.

The overriding objective of Gold Fields' resettlement process at the Damang mine in Ghana is to ensure that the development of the mine will have little or no negative socio-economic or environmental impact on the lives of the people affected by the mine.

Gold Fields Ghana's resettlement programmes are guided by the following principles:

- Fair and transparent negotiations designed to ensure the maximum participation of affected people, traditional authorities, regulatory and local government institutions;
- Adherence to the laws of Ghana with emphasis on human rights as well as, mining, environmental, and settlement planning;
- Replacement structures should represent visible and material improvement over old structures;
- Opportunities must be provided for resettled communities to continue their economic activities with minimal interruption and with the potential improvement of the

living standards of those affected; and

- Facilitate safe and timely project implementation with minimal environmental and socio-economic disruption.

Resettlement programmes are planned and managed by the Local Affairs Department at Damang. The department utilises the expertise of local government institutions and consultants, whenever required. A key component of the resettlement process is the establishment of a steering committee for each project, consisting of:

- Persons proposed for resettlement;
- Damang mine officials;
- Traditional authorities of the area;
- The Wassa West District Assembly, including the assemblyman of the local area;
- District and/or Regional Environmental Protection Agency; and
- The Mines Department.

Artisanal mining

In F2005, Gold Fields partnered with DFID to design and implement a pilot scale programme aimed at addressing environmental, health, safety and economic sustainability issues associated with artisanal mining activities in Ghana. Estimates indicate that this sector provides a livelihood for as many as 300,000 Ghanaians including those from areas adjacent to our mining operations. Mercury usage and child labour are but a few of the problems that this pilot programme aims to address.

Contributing to the communities in Australia

The Gold Fields Foundation in Australia has the objective of contributing to the long-term sustainability of communities in Australia where Gold Fields operates. The Gold Fields Foundation has made a significant contribution to these communities and continues to foster mutually beneficial relationships with them. At each of its operations, it welcomes and encourages community representatives to discuss issues of mutual interest. These include matters such as environmental management, employment opportunities, land access and development.

Both the Agnew and St Ives operations have established links with local schools and provide opportunities for students nearing the end of their secondary schooling to gain work experience through day release or similar programmes. The Foundation is also a major sponsor of the Curtin University programme aimed at encouraging students to consider careers in the mining and mineral processing industries through site visits and contact with industry professionals.

Through our local community donations programmes, The Foundation contributes to the development of social, sporting, educational and entertainment facilities. Major institutions, including the Princess Margaret Children's Hospital, receive financial support from The Foundation and through fund-raising efforts by our staff. Charitable organisations, including the Australian Red Cross and Lifeline have also benefited from its efforts.

Numerous local sporting groups are provided with financial support to cover the cost of outfits, coaching, equipment and travel. The Foundation has also made significant contributions to the upgrading of sporting facilities and has committed itself as a major contributor to the new Kambalda

Recreation Centre. When completed, local residents will enjoy a first class sporting and entertainment facility located centrally within the community.

The Gold Fields Australia Foundation has sponsored a number of student scholarships at the Western Australia School of Mines and also offers them vacation and post-graduation employment opportunities. Funding is also provided to the Graham 'Polly' Farmer Foundation that assists aboriginal students with educational programmes and work experience to help them successfully complete secondary school.

A major project aimed at utilising solar technology in rural areas of Australia is also supported through the Gold Fields Australia Foundation. The successful development of this technology holds wide-ranging benefits for the environment and the people living and working in these regions.

Gold Fields' human resources philosophy is aimed at attracting and retaining key talent, thereby developing a pipeline of fully performing individuals and teams at all levels from the underground stope face, to the Executive. Employee competence and motivation, sound employee and community relations, and strong leadership are the primary determinants of full performance.

Gold Fields employs more than 41,500 permanent employees in South Africa, 321 in Australia, 2,000 in Ghana, 36 in Peru and a further 85 are active in exploration and project development activities across the world. We comply with the legal requirements of the countries within which we operate, and adhere to Gold Fields' policies and the Value Charter to provide guidance and direction regarding human rights and ethical codes of conduct.

At our South African operations, there is a significant congruence between the employment initiatives within Gold Fields on the one hand, and the related requirements of the Mining Charter on the other, with the charter providing a sociopolitical context for these initiatives. The Mining Charter and our agreements with organised labour set specific goals in the areas of human resource development, employment equity, migrant labour, and housing and living conditions of employees. We are confident that we will achieve these goals within the time frame stipulated by the charter.

DEVELOPING INDIVIDUALS AND TEAMS

The technical, behavioural and life skills required of Group employees, are provided within Gold Fields' own comprehensive development framework comprising the Gold Fields Academy (GFA), the mine Education, Training

Human
resources

and Development (ETD) Centres, and approved external institutions. The academy has been fully accredited by the Mining Qualifications Authority (MQA), and has achieved ISO9001:2000 status. The mine ETD Centres operate under the umbrella of the accreditation of the GFA. During F2005, the South African operations spent a total of R133,4 million on employee training and development programmes; the Ghana operations an estimated US$865,000; and, the Australian operations approximately A$1.06 million.
Highlights of human resource development for the year include the successful introduction of instruction by e-learning, the inclusion of management and supervisory skills as mandatory elements in technical certification, the transition from the traditional apprenticeship model to the new learnership model, and the achievement of the MQA accreditation and ISO status.
There is a growing recognition by the mining industry and government, of the high quality of GFA programmes. The GFA is becoming a preferred provider of technical training to the mining and related industries. The intention is to transform the GFA to address the education and training needs of both Gold Fields and the industry at large while deriving strong revenue flow from its external activities.

OPERATIONAL EXCELLENCE MODEL

Gold Fields recognises that labour productivity is a key factor in improving the economic performance. The catalyst for this developing culture is the Group's Operational Excellence Model, which emphasises high performance by committed individuals and teams in conducive work environments.
The major drivers for improved labour productivity are improved literacy levels for lower grade employees, the quality of technical, managerial and leadership skills, and employee motivation. We have also identified the significant effect of logistics and physical workplace factors on the ability of employees to perform effectively and seek to address these issues through the theory of constraints and improved occupational health management focus.

MANAGING AND DEVELOPING LEADERSHIP

Gold Fields is well advanced by having well-integrated systems to manage leadership performance and to ensure that management competency shows continuous improvement.
The Integrated Manager System (TIMS) ensures that individual objectives set for managers closely support the Group's business objectives, and that regular dialogue and evaluation of the performance of individuals will receive fair management acknowledgement and reward.

The management review system, which draws upon TIMS for information regarding the developmental needs of managers, has become a well-entrenched tool for building leadership capacity and ensuring that the talent pipeline for succession is identified and nurtured.

EMPLOYEE RELATIONS

Gold Fields has maintained constructive relations with all representative unions over the past fiscal year. Some 78 per cent of the permanent employees at our South African operations are members of registered unions. The majority of these unionised members is represented by the National Union of Mineworkers. In Ghana 1,377 employees are represented by the Ghana Mine Workers Union.

The level of industrial action in the Group remained low during F2005 with only one day lost to strike action in South Africa. The COSATU political protest action (one-day national work stoppage) that took place on Monday, 27 June 2005 was supported by approximately 30 per cent of our workforce. In Ghana, the move to owner mining was achieved without any employee-related incidents.

For some time, we have been engaged in an interactive process with all organised labour parties in order to ensure a continuation of a stable labour relations climate. Efforts to reduce the impact of individual labour disputes in South Africa are showing results and our programme to improve on this will intensify over the next year.

Various agreements with organised labour have been concluded, and it is envisaged that further improvements in the employee relation's environment will emerge through more regular interaction with our union representatives during workshops and joint issue-based forums.

During F2005 a total of 224 (F2004: 201) claims related to wrongful termination and other alleged unfair labour practices were referred to the Commission for Conciliation, Mediation and Arbitration, and the Labour Court. In 91.5 per cent of cases, judgements were awarded in Gold Fields' favour. Grievance procedures exist at all operations backed by disciplinary codes and procedures. When internal grievance channels are exhausted and a grievance remains

unresolved, the individual can refer the matter to the statutory external dispute resolution mechanism.

WORKPLACE EQUITY AND DIVERSITY

Percentage targets for HDSAs in South Africa

Occupational category	June 2003 Actual	June 2004 Actual	June 2005 Actual	June 2005 Target	June 2008

Target

Senior management
14
16
15
24
40

Professionals
56
56
57
52
57

Technicians and associated professionals
45
48
50
44
50

Clerks
97
96
96
95
94

Service and sales
97
96
96
97
96

Craft and related trades
53
55
57
49
53

Plant and machine operators
100
100
100
98
97

We have made steady progress in promoting diversity in the workplace, with the aim of ensuring that our operations are representative of the communities in which we operate. This is especially relevant at our South African operations as we address the inequalities of the past and strive to create a transformed Gold Fields reflecting South African demographics.

Our employment equity strategy in South Africa is to identify HDSAs with the required potential and to consciously prepare them for appointment to management positions through structured individual development programmes. At the South African operations, significant HDSA representation in the C-band augurs well for progressing such candidates to the next level. During F2005, 89 per cent of learnerships and 77 per cent of bursaries were awarded to HDSAs.

Champions allocated to each aspect of the Mining Charter drive our Mining Charter strategies as discussed with unions and associations in June 2004. The Transformation Manager assists these champions when and where necessary. The Vice President and senior managers of each South African operation or service organisation report progress on transformation to the Transformation Steering Committee on a quarterly basis.

The promulgation of the Minerals and Petroleum Resources Development Act on 1 May 2004 gave rise to an increased impetus to the representation of women in the Group. Each operation has developed and continues to refine plans to eliminate conditions mitigating against the employment of women in core mining positions.
All our operations are committed to developing local management. In Ghana, the localisation programme has been accelerated, using the opportunity offered by the work changes at Tarkwa to add 37 Ghanaians (F2004: 14 Ghanaians) to management positions.

ACCOMMODATION AND NUTRITION
In South Africa, Gold Fields provides single accommodation and catering to some 26,000 employees, the majority of whom are migrant workers. Following a survey of employee requirements, Gold Fields is upgrading existing single accommodation on mine property, is converting certain single accommodation to family units, and is promoting home ownership options for employees. Financial provision has been made to extend the current phase of the initiative over the next five years.
We have also implemented a comprehensive plan to improve the previous catering dispensation for employees in single accommodation by inter alia improving food menus, increasing kitchen staff competencies and tightly negotiating procurement contracts.
REMUNERATION
A gross remuneration model was implemented for senior officials and corporate office staff which will be extended to lower level officials through negotiation with the recognised unions and associations to miners and artisans at the South African operations and service organisations.
An alternative medical scheme designed for lower grade South African employees and their dependants is being developed in conjunction with organised labour to provide more balanced conditions of employment.
The new SolitGold Payroll and Human Resource system has been implemented at all South African operations, service organisations and offices, except for the Gold Fields' hospitals and the corporate office. Full implementation of the system will allow human resource professionals to concentrate on the development of our people, the generation of reports and monitoring of trends, and will promote better management of the deployment and costs of labour.
02
700 -
600 -
500 -

400 -
300 -
200 -
100 -
0 -

Management profile by race in South Africa

05

White

Black

03
04
02

700 -
600 -
500 -
400 -
300 -
200 -
100 -
0 -

Management profile by gender in South Africa

05

Male

Female

03
04

During F2005, we continued to implement our vision of limiting the impact of HIV/Aids on our employees, their families and communities in order to sustain our operations and safeguard the welfare of the communities in which we operate.

The current prevalence rates for South Africa indicate that just over five million people of the 46 million South Africans were HIV positive in 2004, translating to a total prevalence rate of 11 per cent[2]. The Aids pandemic in South Africa and neighbouring countries remains a serious threat to the economically active population.

Gold Fields has a comprehensive strategy against HIV and Aids. The Gold Fields strategy is based on three main pillars:

1. Prevention of new infections;

2. Support and treatment of HIV infected employees; and

3. Rehabilitation and support, including home based care, for those infected individuals who are no longer able to work.

PREVENTING AN INCREASE IN WORKPLACE AND COMMUNITY PREVALENCE

Prevention remains the cornerstone of Gold Fields' anti-HIV/Aids strategy. All our employees are made aware of the dangers of HIV/Aids through annual induction training, the efforts of our 800 peer educators, awareness events and through a new e-learning initiative piloted at Kloof during F2005. A person-to-person education and training strategy was adopted in April 2005 coinciding with the national initiative to communicate with employees on a more personal basis. The use of condoms outside faithful relationships remains the most effective method of preventing infection, with 1.2 million condoms having been distributed to employees and communities in F2005. Education and training also includes universal precautions, post-exposure prophylaxis for occupational injuries and rape, and the prevention of mother to child transmission for HIV-positive women. In addition, our awareness and education strategy includes the daily safety and toolbox meetings that includes discussions on HIV/Aids awareness and education.

MANAGING SEXUALLY TRANSMITTED INFECTIONS

We provide a 24-hour service for the management of sexually transmitted infections (STIs) through our healthcare network of primary health care clinics and hospitals located in and around our operations. This is augmented in all our host communities by the extensive education, training, screening, treatment and preventative therapy regarding STIs among people at high risk. We undertake this in partnership with other mining companies, spheres of government, the National Health Laboratory Services, USAID and NGOs. Reducing the STI load on our employees concomitantly reduces the risk of HIV infection by up to tenfold. We managed to reduce the incidence of STIs from 193 per 1000 employees per year in 1986 to 96 per 1000 employees in F2005.

SUPPORTING HIV POSITIVE EMPLOYEES

Gold Fields employees are encouraged to know their HIV status. Informed, consented, voluntary counselling and testing (ICVCT) is provided on-site at the mine-based medical stations and our hospitals in South Africa.

From the total number of 43,942 employees currently employed 6,578 have volunteered for testing and know their HIV status.

Employees who test HIV positive are encouraged to enroll in the Wellness programme. Here extensive education takes place on "Living Positively". They receive education on condoms and prevention of re-infection, nutrition and healthy lifestyle. At the Wellness clinic they are helped with the psychological issues of facing a life with HIV and encouraged to disclose to their partners and to get their partners tested. At Wellness, HIV positive employees are also monitored and screened at each visit for eligibility for Anti-retroviral therapy and provided with prophylactic treatment to prevent opportunistic infections and TB where indicated. In Ghana, we are exploring a partnership to establish a voluntary counselling and testing centre for the Wassa West District near our Tarkwa mine in co-operation with other mines and the National Health Service. To date, 1,934 people have benefited from our HIV/Aids education activities in and around our operations at Tarkwa and Damang.

THE ANTI-RETROVIRAL PROGRAMME

On 5 January 2004, we commenced treatment of the first patients on our Highly Active Anti-Retroviral Therapy (HAART). In June 2004, Gold Fields Ghana followed suit and, although Gold Fields Ghana's prevalence remains below 5 per cent, was deemed necessary to put in place proactive measures to limit the spread of the pandemic. We signed a Memorandum of Co-operation with the International Labour Organisation on 17 November 2004 for the joint implementation of their HIV/Aids programme based on the ILO Code of Practice. Gold Fields is the first mining company in Ghana to jointly develop a HIV/Aids Policy with the Ghana Mine Workers Union signed in July 2005.

Employees who qualify for anti-retroviral therapy are counselled extensively by the dedicated and passionate staff at the HAART clinics. Positive employees can, once given all the facts about anti-retroviral therapy, elect to enroll on the anti-retroviral therapy programme. Counselling focuses on adherence to treatment and ongoing CD4 and Viral load monitoring takes place. Positive reinforcement and counselling takes place on each visit. Positive employees are also encouraged to bring their spouses along for counselling.

Approximately 81 per cent of the employees who started on HAART since January 2004 have been retained on the company programme, are still actively attending the clinic and remain in our employ. Adherence statistics for Gold Fields' anti-retroviral programme are excellent. The six-week adherence rate, based on a 1 log drop in viral load or a viral load of <50, is 93.5 per cent. The one-year adherence for those employees still following up at the HAART clinic at this time, based on viral load suppression, is as follows:

• Viral load suppression to <400 copies per millilitre – 96 per cent.

• Viral load suppression to <50 copies per millilitre – 91 per cent.

The average CD4 count increase at three months on treatment is 76 and the majority of employees tolerated treatment well, with minimal side effects or toxicities, good weight gain and showed an overall improvement in health with decreased incidence of opportunistic infections.

From the total number of payroll 2 employees (as at June 2005), 6,578 know their HIV infection status and about 3,000 have enrolled in the Wellness programme of whom 2,284 regularly attend and are being screened for HAART eligibility. Of those screened, 541 elected to take HAART and 440 are still doing well and are back at work. Gold Fields Ghana has two employees and their spouses doing well on HAART and are awaiting the accreditation of the ABA Hospital as an ART service provider.

The summary statistics for the first 18 months of HAART in Gold Fields in South Africa are:

Reasons for leaving:

Promoted and now accessing medical scheme benefits	2
Voluntary Ill health retirement	31
Voluntary retrenchment	16

Non-adherence to treatment
34
Left programme for other reasons
7
Treatment failure
2
Deaths
9

All Gold Fields Health doctors and HAART clinic nurses have been trained in the advanced management of HIV and anti-retroviral therapy and are sent on annual refresher courses. With the ongoing support of the South African HIV Clinician's Society, Gold Fields HIV/Aids health care provision remains in line with best global practice.

HIV/Aids
(continued)

7,000 -
6,000 -
5,000 -
4,000 -
3,000 -
2,000 -
1,000 -
0 -

ICVCT
and Wellness and HAART
cumulative numbers

ICVCT

Started Wellness

Still on Wellness

Started HAART

Doing well on HAART

Drop outs from HAART
January 2004 to June 2005

NTOMBEKA FRANCINA KHETSHANA

Ntombeka is one of our valued Gold Fields employees who is on anti-retroviral therapy and has openly disclosed her status to management and her fellow employees. She hopes that in so doing she will encourage other employees to test for HIV and receive the necessary help as well as help destigmatise HIV in her work place.

IMPACT ON BUSINESS

Over the past five years we have been developing an actuarial model in collaboration with the Risk Monitor Group to quantify the HIV impact on Gold Fields in monetary terms. This model is generally regarded as the most comprehensive in the industry and produced robust figures, which were pivotal in our strategic planning. We estimate that the total cost of HIV to Gold Fields will peak in 2017 at US$5.85 per ounce. The current cost is US$4.35 per ounce. Health care and HIV programme costs (including HAART) will remain the largest components of total HIV costs.

Gold Fields' prevention programmes for neighbouring communities have been developed through a portfolio of public and private partnerships that include other mining companies, spheres of government, the National Health Laboratory Services, USAID and NGOs. Local partnerships target high-risk groups to strive for behavioural change, provide access to counselling, assist in the syndromic management of STIs, and provide periodic presumptive therapy and the promotion and distribution of condoms.

Rehabilitation and home based care

Gold Fields employees who are no longer able to work due to their illness are offered ill health retirement benefits. As Gold Fields in South Africa uses the same anti-retroviral therapy drug regimes as the South African Department of Health, there is very little disruption in treatment when an employee is transferred to a treating facility at home.

The Hlalupilille Home Based Care (HBC) Project is further testimony to the effectiveness of our partnership's network. Approximately 28,000 of our employees are assured of quality HBC in their home areas.

ANNUAL EXTERNAL AUDIT

An annual external audit was conducted at end of F2005 to evaluate existing STI, HIV and Aids programmes at Gold Fields' operations. The audit team consisted of three independent experts from different professional fields of HIV/Aids management. The methodology included interviews, observations and focus group discussions. The audit reported overall compliance with the requirements of a workplace HIV/Aids programme while, meeting all the criteria of the draft HIV/Aids Guide for the Mining Sector for pilot testing. The audit team rated the Gold Fields HIV/

Aids programme a Blue Chip response with five red ribbons
– the highest rating.

Gold Fields strives to undertake its activities in a manner that minimises or eliminates negative impacts and maximises positive impacts of an environmental or socio-economic nature. In Gold Fields, environmentally responsible mining is the integration of environmental management into all production operations and all staff adopting the principles and practice of environmental excellence. Guidance, coordination and leadership are provided by environmentally qualified staff at each operation and corporate office.

Gold Fields subscribes to a philosophy where environmentally responsible management starts with designing and implementing good environmental management systems and continues with the promotion of a good environment and adequate controls. Although it never ends, adequate planning and provision must be made for closure. In the new financial year, the provisioning numbers will be revised and audited at all operations.

SPECIAL ACHIEVEMENTS

- The South African operations were re-certified in terms of the revised ISO14001:2004 guidelines.
- At the Ghana 2005 World Environmental Day Celebration held at Ho, in the Volta Region of Ghana on 6 June 2005, the EPA awarded a shield entitled "Environmental Committed Company Award for 2004 (Mining Sector)" to Abosso Goldfields Limited in recognition of high commitment towards sustainable development and being the first mine in Ghana to post full a reclamation Bond.
- Damang and Tarkwa mines were identified by the Ghana EPA as the two best performing mines in Ghana in terms of environmental compliance and management in conjunction with the EPA's "environmental performance disclosure programme."

• The international operations have retained their ISO14001 certification
• The exploration activities have been recommended for ISO14001:2004 certification and the certificates will be issued in the new financial year.

POLICY AND GOVERNANCE

An environmental policy statement ratified by the Health, Safety and Environment Committee which is a subcommittee of the board of directors, provides overall direction and guidance for the site environmental management. The Health, Safety and Environment Committee meets on a quarterly basis and reports from the various operations including management information such as number and type of incidents, consumption of resources, status of rehabilitation, water discharges and consumption and general environmental management are submitted to the committee prior to its quarterly meeting. The Health, Safety and Environment Committee provides feedback to the board. The environmental policy statement was ratified during F2005.

A report on sustainable development and environmental issues is compiled and submitted to the Operations Committee on a weekly basis. It contains summarised management information on the status of sustainable development and environmental management, inclusive of any environmental incidents that occurred during the week.

As part of its environmental management systems, the company has implemented an incident classification scheme which classifies incidents from level 1 to level 5 as follows:

- Level 1 – Incidents of minor non-compliance that result in no or negligible adverse environmental impact.
- Level 2 – Incidents that result in short term, limited and non-ongoing adverse environmental impact.
- Level 3 – Incidents that result in ongoing, but limited environmental impact.
- Level 4 – Incidents that result in medium-term environmental impact.
- Level 5 – Incidents that result in long-term environmental impact.

ANNUAL INCIDENT STATISTIC TABLE

Level	F2002	F2003	F2004	**F2005**
1	112	565	1,222	**1,174**
2				

59
144
208
129
3
7
4
2
3
4
3
0
0
0
5
0
0
0
0

With the implementation of certified environmental management systems and the resultant incident reporting protocol, an obviously high number of lower level incidents are reported which indicates the protocol's effectiveness. The level 3 incidents relate to air quality and spills of hydrocarbon and water.

All operations are staffed with suitably qualified, registered professionals in accordance with the site needs. The staff provide critical guidance to line personnel to ensure that management system requirements are adhered to and promoted and that environmental issues are integrated into daily management of the site. The departments also provide expert assistance regarding the various sectors of environmental management.

In terms of the South African National Water Act, the South African operations must apply for water licences when directed to do so. Driefontein and Kloof have submitted applications, but have not yet received their licences. The previous authorisation of Driefontein has in the mean time expired. Beatrix has entered the application process and in agreement the Department of Water Affairs and Forestry (DWAF) will soon submit their application.

During the year, St Ives amended its permits to allow the discharge of up to 20 gigalitres of mine water per annum to the Lake Lefroy salt lake from its lake-based and land-based open cut and underground mining operations.

MANAGEMENT SYSTEMS

The original ISO14001 standard published in 1996 was revised in 2004. It is envisaged that these will strengthen the requirements and enhance the value that such systems can add to our operations. During F2005, our Driefontein, Kloof and Beatrix mines were re-certified in terms of the ISO14001:2004 standard. The remaining operations have retained their certifications and their re-certifications will follow in F2006.

In addition, environmental management systems in accordance with the ISO14001:2004 standard have been implemented for our exploration offices and, following a recent successful audit, have been recommended for certification.

A further initiative introduced during F2005 at the South African operations to enhance environmental management performance is a league system. This has been implemented to identify and recognise examples of environmental excellence and serves to gauge compliance with management system requirements. It has led to renewed enthusiasm for environmental performance amongst employees.

ENVIRONMENTAL EDUCATION AND TRAINING

We believe that one of the fundamental pillars in achieving solid environmental commitment and performance is the education and competence of our people. Training is provided in two different dimensions; firstly, that of environmental awareness training through the induction processes and, secondly, that of competence training, which is task-specific, and trains individuals whose work, based on a training needs analysis, could have an impact on the environment.

In addition, we have been involved in setting up a number of environmental education centres across South Africa. In partnership with Rhodes University, The Gold Fields Foundation has set up a trust fund to support post-graduate PhD student research. During F2005, we developed a proposal for a post-graduate course in environmental management in mining. The proposal has been discussed with the Department of Minerals and Energy.

BIODIVERSITY

The Driefontein and Kloof operations are situated on the dolomitic formations of the West Rand which have numerous cave systems that are of ecological and social importance. Gold Fields founded the Karst Management Committee specifically for the purpose of ensuring their protection and proper management. The possibility of bat populations resident inside the cave systems is most important from an ecological point of view and the proper management of these systems and habitats could hold immense benefits from a biodiversity point of view.

Environment
(continued)

ENERGY

Mining is by nature energy intensive. We are specifically addressing the consumption of resources, which are managed by site-specific management plans. In the past, we focused on the complete implementation and integration of environmental management systems, but our strategy in F2005, signalled a shift towards environmental performance by targeting consumption of resources such as electricity, water, timber, caustic, et cetera. This process has started with the compilation of information contained in the GRI reports and the normalisation of the data reported.

WATER MANAGEMENT

In order to mine safely, water has to be removed from the mine workings. This water is recycled and re-used on the mine as far as possible. Excess water of good quality is discharged with or without treatment, or used as a potable water supply to preclude the need for importing water into catchments. At Beatrix and St Ives, the natural quality of the water prohibits disposal into streams or rivers and the water is evaporated either in evaporation dams or natural salt lakes.

In most instances, the water that is used in mining and processing is obtained by pumping for re-use from the mining operation, or is natural rainfall and runoff on the mine area.

All Gold Fields' operations operate in environments where there are regulatory standards for water quality in natural watercourses. Although there were minor incidents resulting in regulatory values being exceeded for brief periods, they did not pose any threat to the biosphere nor have any other long-term impact.

WASTE MANAGEMENT

There are two main types of waste produced at the operations. The first type is process waste, which includes tailings consisting of processing residues and waste rock. The other type is refuse and recyclable materials such as metals, plastic, timber, et cetera.

Tailings and waste rock are stored in specially designed facilities approved and licensed by the regulatory authorities. The quantities of these wastes are in direct relation to the ore body mined and cannot be reduced, but are managed to reduce environmental impact.

The amount of waste rock will vary from operation to operation in terms of the gold grade encountered. Typically, the South African operations being deep underground, higher-grade mines, generate less waste rock than found at the international open cast operations.

Refuse and waste materials are managed through the ISO14001 certified environmental management systems to optimise recycling or, failing that, by disposal at approved facilities. The data indicate that significant improvements have been achieved in recycling waste products, mainly attributable to the implementation of procedures governing the disposal of waste, including protocols regarding the separation of different waste types. The operations have also implemented protocols relating to hazardous materials types such as hydrocarbons, fluorescent tubes and chemical containers. Although there is a cost associated with the correct disposal of hazardous wastes, these are often offset by revenues generated from the recycling of various materials.

RESOURCE CONSUMPTION

The main products consumed at the mines are cyanide, timber, blasting agents, acids, steel, diesel, caustic soda and lime.

There are significant differences in cyanide consumption between the various operations as a result of different process routes and of the ore body mineralogy requiring more cyanide to extract gold at some operations than others. Cyanide consumption is related to production rates with higher production meaning higher cyanide consumption.

Timber is used primarily at the South African operations to support the underground workings. Timber consumption is also largely a factor of production although technological advances have seen reduced timber usage.

Similarly, blasting agent consumption is directly linked to productivity.

LAND MANAGEMENT

Almost 12,000 hectares of land have been disturbed by Gold Fields' operations to date. The South African operations are predominantly underground and the rate at which new land is disturbed is lower than at open cast operations.

To date about 850 hectares have been rehabilitated and about 1,300 hectares have been vegetated. This year about 462 hectares were disturbed, 37 rehabilitated and 133 hectares vegetated. Where necessary, financial provision is made for rehabilitation at mine closure.

CLOSURE PLANNING

All operations regularly review their closure plans and the financial provisions for rehabilitation. The processes for the reviewing and provisioning are also being upgraded, in collaboration with the relevant regulatory bodies. Through the sustainable development process, the local communities are also involved in the closure process.

ENVIRONMENTAL DATA

Quantitative environmental information is included in operational data systems and often dispersed through different sets of information at the operations. The collation of quantitative information that is amenable to environmental interpretation and application has proved a tedious task. The Global Reporting Initiative (GRI) provides valuable guidelines for reporting standards and all Gold Fields operations are working toward aligning themselves with these guidelines. The procedure associated with the reporting of greenhouse gas emission has proven particularly challenging. To address this, the various data are being quantified either through direct measurement or through indirect calculations based on empirical data. Accompanying environmental data is found on page 99.

CYANIDE MANAGEMENT

All Gold Fields' operations have reviewed their cyanide management processes and found them substantially aligned with the International Cyanide Management Code (ICMC).

CONCLUSION

Gold Fields does not regard environmental management as mere compliance with regulations. We are proactive and responsible in our application of environmental management and in bringing about improvement to those standards. During 2005, progress was made in the practical application of management measures and in inculcating an awareness of environmental responsibility in employees at all levels. Our ongoing commitment to responsible mining is evident through innovative improvements at our operations and the various certifications in terms of ISO14001:2004.

TOTAL MATERIALS USED, OTHER THAN WATER, BY TYPE*

	F2004	**F2005**
Cyanide (tons)		
Driefontein	1,200	**1,540**
Kloof	1,100	**1,380**
Beatrix	1,050	**1,100**

Tarkwa
7,200
10,300
Damang
2,200
2,030
St Ives
2,900
2,890
Agnew
3,200
600
Timber (tons)
Driefontein
63,200
45,100
Kloof
71,600
39,900
Beatrix
46,200
46,100
Tarkwa
0
0
Damang
0
0
St Ives
0
0
Agnew
0
0
Blasting agents
Driefontein
3,100
1,400
(tons)
Kloof
1,900
1,300
Beatrix
5,600
4,600
Tarkwa
14,700
23,000
Damang
2,100
1,300

St Ives
3,300
4,000
Agnew
500
1,700
HCl (tons)
Driefontein
640
2,690
Kloof
1,010
790
Beatrix
780
840
Tarkwa
600
1,100
Damang
190
200
St Ives
320
370
Agnew
460
150
Lime (tons)
Driefontein
4,000
7,600
Kloof
6,400
9,100
Beatrix
3,700
3,900
Tarkwa
0
2,500
Damang
3,000
3,500
St Ives
16,200
18,300
Agnew
100
2,400
Cement (tons)

Driefontein
700
900
Kloof
4,156
4,200
Beatrix
1,400
1,100
Tarkwa Excl
Contractors
63,400
72,100
Damang Excl
Contractors
13
13
St Ives
0
11,500
Agnew
1,600
2,400
Caustic Soda
Driefontein
410
650
(tons)
Kloof
390
510
Beatrix
490
530
Tarkwa
90
300
Damang
350
330
St Ives
270
370
Agnew
270
280

DIRECT ENERGY USED SEGMENT BY PRIMARY SOURCE*	F2004	**F2005**
Electricity (MWh)		
Driefontein	1,895,000	**1,874,000**
Kloof	1,929,000	**1,766,000**
Beatrix	970,000	**953,000**
Tarkwa	80,000	**163,000**
Damang	113,000	**108,000**
St Ives	157,000	**148,000**
Agnew	48,000	**46,000**
Electricity (TJ)		
Driefontein	6,820	**6,740**
Kloof	6,950	**6,360**
Beatrix	3,490	**3,430**
Tarkwa	290	**590**
Damang	410	**380**
St Ives	560	**530**
Agnew	170	**160**
Diesel (TJ)		
Driefontein	97	

66
Kloof
149
113
Beatrix
72
66
Tarkwa
1,168
1,300
Damang
398
370
St Ives
919
825
Agnew
114
271
Petrol (TJ)
Driefontein
9.9
10.2
Kloof
13.0
4.8
Beatrix
9.0
7.3
Tarkwa
0.7
0.7
Damang
0.0
0.0
St Ives
4.3
3.6
Agnew
0.5
0.3
LPG (TJ)
Driefontein
3.5
4.2
Kloof
3.9
3.2
Beatrix
4.6
0.0

Tarkwa
4.8
6.1
Damang
75.5
80.3
St Ives
42.0
39.1
Agnew
11.2
21.7
TOTAL WATER USE*
F2004
F2205
Total water
withdrawal (m
3
)
Driefontein
13,600,000
18,200,000
Kloof
23,000,000
25,500,000
Beatrix
14,400,000
15,100,000
Tarkwa
4,600,000
5,200,000
Damang
700,000
800,000
St Ives
10,800,000
3,600,000
Agnew
1,600,000
2,100,000
GREENHOUSE GAS EMISSIONS*
F2004
F2005
CO2 (tons)
Driefontein
not reported
not reported
Kloof
not reported
not reported
Beatrix

6,000
18,000
Tarkwa
87,000
96,000
Damang
35,000
33,000
St Ives
194,000
160,000
Agnew
42,000
64,000
NO
X
, SO
X
AND OTHER SIGNIFICANT AIR EMISSIONS*
F2004
F2005
NO
X
(tons)
Driefontein
35
0
Kloof
52
0
Beatrix
27
0
Tarkwa
376
1,237
Damang
307
290
St Ives
718
60
Agnew
39
0
SO
X
(tons)
Driefontein
2.0
0

Kloof
2.9
0
Beatrix
1.5
0
Tarkwa
20.7
171.7
Damang
56.6
52.6
St Ives
152.1
137.7
Agnew
2.2
58.8
TOTAL AMOUNT OF WASTE BY TYPE AND DESTINATION*
F2004
F2005
Tailings to dams (tons)
Driefontein
5,129,000
6,534,000
Kloof
4,930,000
5,128,000
Beatrix
4,566,000
4,118,000
Tarkwa
0
3,190,000
Damang
5,236,000
5,215,000
St Ives
3,118,000
3,753,000
Agnew
1,179,000.00
1,170,000
Waste rock to dumps
Driefontein
613,000
385,000
Kloof

545,000
625,000
Beatrix
811,000
722,000
Tarkwa
45,572,000
61,666,000
Damang
9,855,000
9,050,000
St Ives
20,054,000
20,360,000
Agnew
0
2,060,000
**Note: Unaudited figures. This is the first analysis ofenvironmental impact data and we aim to reflect more comprehensive audited data in future reports.*
TJ = Tetrajoules

	South Africa	Ghana	Australia
Net sales (Rm)	7,394	2,433	1,929
Total employees*	41,500	2,000	321
Cost of materials purchased (Rm)	1,524	2,000	321
Total payroll and benefits (Rm)	3,321	155	109
Community donations (Rm)	24	10.0	0.7
Taxes paid (Rm)	63	121	46
Investment in capital expenditure (Rm)	636	536	842

* *Excludes employees in exploration and development, and in Peru.*

As the world's fourth largest gold producer, we are proud of the numerous socio-economic benefits we have generated in the course of conducting our domestic and international businesses. This economic footprint represents the total impact we have had in our dealings with stakeholders.

We can measure this economic impact directly and indirectly. Direct benefits focus on the traditional financial indicators and measure monetary flows between Gold Fields and its key stakeholders. Indirect benefits refer to the intangible benefits that do not appear in financial statements.

DIRECT IMPACTS

Employment

Gold Fields employed 43,942 people globally in F2005 and their earnings contribute directly to their local economies. Our total wage and salary bill, including all wage-related costs such as pension and medical contributions, housing allowances and other employee benefits paid by the Group, amounted to R3 billion.

Procurement

Our South African and international mining activities have helped create and support a number of downstream businesses. In F2005, approximately 42* per cent of total costs was attributable to procurement of supplies and services. R1.92 billion was spent in South Africa and R2.11 billion internationally.

As part of our commitment to increase the participation of HDSAs in the South African economy, we increasingly do business with small and medium size enterprises on a competitive basis. Procurement from such companies increased from 18 per cent in F2004 to 25 per cent in F2005.

Providers of capital

In F2005, Gold Fields paid out R86.8 million in interest to the providers of debt capital. Our shareholders, who are based throughout the world, received R345 million in dividends. Gold Fields has maintained a dividend policy of paying 50 per cent of earnings for the year, before taking into account investment opportunities. Since 1998, Gold Fields has paid out R4.5 billion in dividends to our shareholders.

Supporting public sector initiatives

Because of the long-term nature of our commitment to the businesses in the countries where we operate, we constitute a reliable source of revenue thereby enabling governments to develop and maintain various public sector initiatives and sustainable development programmes. In F2005, Gold Fields paid a total of R262 million in taxes – R63 million in South Africa, R121 million in Ghana and R109 million in Australia.

*
Refers to cost of goods and materials and services purchased, including costs of contractors and excluding capital expenditure.

INDIRECT IMPACTS
Progressing empowerment
We support the imperative of economic realignment in South Africa and encourage the broad-based participation of HDSAs in the economy. This is reflected in the conclusion of our empowerment transaction with Mvelaphanda Resources enabling them to acquire a 15 per cent equity interest in the South African gold mining assets of Gold Fields within a five-year period for a cash consideration of R4.1 billion.
We support the South African government's initiatives on the New Partnership for Africa Development (NEPAD) and its commitment to the development of the African continent. We are a member of the NEPAD business initiative and a signatory of the initiative's business covenant on corporate governance; its business declaration on corporate responsibility; the business covenant on the elimination of corruption and bribery; as well as the business declaration on accounting and audit practices.
In addition, we focus strongly on Africa in our exploration activities.
DIRECT INVESTMENT
Local direct investment
Gold Fields has invested approximately R5 billion in our South African operations over the past five years. This includes the spend on building new long-life shafts at Driefontein, Kloof and Beatrix; the upgrading of our metallurgical plant facilities; and the improvement of underground working conditions. We have also invested in our ore bodies by improving our available ore reserves position at our long-life shafts to more than 18 months.
We continue to invest in developing the skills of our people through education and training programmes.
Foreign direct investment (FDI)
Gold Fields will continue to be a source of FDI to Ghana and Australia. FDI not only creates employment and adds to the economic health of a nation, but also stimulates support industries while creating a platform from which the transfer of knowledge, skills (human capital), technology and best practice can be pursued. We have successfully concluded a US$160 million capital investment project involving conversion to owner mining and a mill expansion at our Tarkwa (Ghana) mine and have also completed a A$125 million mill expansion programme at our St Ives mine in Australia.
Community development
During F2005, we invested R35 million in uplifting communities in which we operate or from which we draw

labour through numerous development projects. Many of the communities suffer from poverty, poor infrastructure and low literacy levels and our projects largely aim at improving these conditions and creating better community relations.

Beneficiation

Gold Fields, AngloGold Ashanti, SAAB and Standard Bank of South Africa established a gold advance scheme in order to facilitate the provision of secure and cost effective advances of gold to the South African gold jewellery manufacturing industry. Details of this gold advance scheme appear on page 26 of this annual report.

2005
2004
%
Rm
%
Rm
VALUE ADDED
Turnover
11,756.3
11,772.8
Cost of materials and services
6,167.0
6,026.8
Value added by operations
90.4
5,589.3
91.8
5,746.0
Realised and unrealised gains on
financial instruments
5.6
344.0
2.1
129.0
Profit on sale of investments
0.8
50.3
1.5
95.6
Profit on sale of exploration rights
0.7
46.6
—
—
Profit on sale of mineral rights
—
—
3.0
187.2
Other income
2.5
152.4
1.6
98.5
100.0
6,182.6
100.0
6,256.3
Employees
Salaries, wages and other benefits
63.1

3,901.0
57.4
3,589.0
Providers of capital
7.2
443.4
11.1
695.9
Dividends paid to shareholders
5.6
344.5
10.7
669.1
Finance cost
1.6
98.9
0.4
26.8
Government
Taxation
4.2
262.1
3.3
206.6
Re-invested in the group
25.5
1,576.1
28.2
1,764.8
Amortisation and depreciation
24.4
1,512.1
19.7
1,236.3
Impairment of assets
4.2
260.9
6.8
426.2
Deferred taxation
(2.6)
(160.6)
(2.3)
(146.1)
Minority shareholders' interest
2.1
128.5
2.4
149.9
Retained earnings for the year
(2.7)

(164.8)
1.6
98.5
100.0
6,182.6
100.0
6,256.3
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www.goldfields.co.za
Group
value-added statement
for the year ended 30 June 2005

RISK MANAGEMENT OBJECTIVES

Gold Fields seeks to create enduring shareholder value in the pursuit of its mission to be a leading, value adding, globally diversified precious metals producer, through the responsible, sustainable and innovative development of quality assets. Inherent in any process of shareholder value creation is the acceptance of reasonable levels of risk, in order to achieve commensurate financial reward. To this end, the Group remains committed to upholding sound corporate governance practices in its quest to ensure that the wide range of risks associated with the Group's global operations is effectively managed through a holistic approach to risk management.

RISK MANAGEMENT STRUCTURES

The Gold Fields approach to risk management is articulated in its Group Risk Policy, which lays the foundation for consistent, comprehensive and systematic risk assessment and reporting procedures across the Group. Management committees at various levels in the organisation review and report on the Group's most significant risks, along with data on the controls and risk mitigation strategies that are in place to reduce the levels of risk facing the company. Each management committee bears responsibility for assessing the effectiveness of internal controls for the material risks related to their spheres of governance. These responsibilities include documented and tested business continuity plans that ensure the continuance of business critical activities as a result of unforeseen circumstances. The board, assisted by its nominated committees, is responsible for the overall system of risk management and accordingly monitors the Group's key risks and the internal control environment on an ongoing basis, ensuring that internal controls provide reasonable assurance that business objectives will be met. These risk management structures and processes have been in place for the period under review and up to and including the date of approval of this annual report and financial statements.

RISK MITIGATION RESPONSES

The risk assessment process during the year under review highlighted various key risk categories that could affect Gold Fields. There may be additional risks unknown to Gold Fields at this time, and other risks that are currently believed to be immaterial, that could turn out to be material. These factors, should they materialise, could materially affect the Group's results. All risk information contained in this section, should be considered in conjunction with any forward looking statements in this document.

management

RISK MANAGEMENT STRUCTURE

POLITICAL

The global mining sector is subject to unexpected changes in regulatory requirements, potentially resulting in financial demands being made against the company. These changes could include but are not limited to, beneficiation provisions, royalties, health levies and other taxes and licences. These uncertainties can have a significant effect on overall profitability and the attractiveness of operating in certain geographical regions. In addition, there is ongoing activism against mining activities in many countries, resulting in both impracticable demands on the industry and shrinkage in attractive mining locales. Gold Fields is particularly conscious of these dynamics in the global arena and ensures that in each country of operation there is ongoing dialogue and relationship building with both governmental and non-governmental stakeholders. Sectoral lobbying and stakeholder expectation management is further handled via industry bodies.

FINANCIAL

As a producer of gold, Gold Fields is subject to sharp market fluctuations in both commodity prices and exchange rates. These fluctuations could have an adverse impact on the Group's asset values, earnings and cash flows. In particular, the profitability of marginal operations is severely impacted by these fluctuations, as is long-term decision making on mine-deepening projects in South Africa. Rising commodity input costs, driven by strong global demand for diesel, steel and certain chemicals, have also impacted on production costs. Gold Fields' response to these volatilities has been the introduction of various projects, such as Project 400, Project 100, Project 100+ and Project Beyond. Project 400 is focused on increasing reserve through quality mining while Project 100, 100+ and Beyond aims to reduce costs generally and therefore the impact of these rising commodity costs.

There is also a strong focus on various productivity improvement initiatives in order to reduce the pressure on margins and contain costs. Increasing the demand for gold

and thus encouraging an improved gold price is an issue that is addressed on a world-wide basis through representation on the World Gold Council.

ORE RESERVES

Gold Fields' operations face various uncertainties when estimating ore reserves and delivering on forecast grades, due to the inherently risky nature of mining. Reserve estimates may change significantly over time when new information becomes available and product price or currency fluctuations may cause lower grade reserves to become uneconomic, resulting in a restatement of reserves. Any significant change in the ore reserve may impact on the company's cash flow and profitability. Gold Fields operates a world-class minerals and resource management programme in an effort to reduce exposure to this risk, with highly experienced staff constantly monitoring pertinent geological assumption changes.

ENVIRONMENTAL AND SOCIAL

A key constraint impacting on the mining sector today is the extensive number of environmental laws and regulations and high community expectations, which set limits on conditions of operation in various jurisdictions. Compliance with changing regulatory standards and community expectations holds the potential for increased costs and/or possible litigation that would impact negatively on cash flow and earnings. Gold Fields' approach has been to establish a track record of constructive community engagement and consultation in order to build sound relationships with all stakeholders affected by mining operations. Gold Fields seeks compliance with applicable environmental legislation and focuses rigorously on meeting changes to environmental legislation. Gold Fields aspires to ensure the sustainability of its operations and as a consequence, reports on a triple bottom line basis in accordance with the Global Reporting Initiative requirements.

HEALTH

The occupational illnesses associated with mining operations are those caused by inter alia, excessive exposure to heat, dust, noise, radiation, vibration and gasses. Consequently, the mining industry is subject to stringent health and safety laws and regulations that are subject to change from time to time. The Group's various operations comply fully with these laws and regulations, for example in the Group's South African operations, the respirable silica dust concentration is on average 65 per cent below the occupational exposure limit set by the Department of Minerals and Energy. In the event of changes to health and safety legislation the Group's various operations may incur additional costs in order to comply with any new laws and regulation. In addition, the industry as a whole is experiencing the effects of medical pandemics such as HIV/Aids and TB. These medical conditions adversely affect productivity, medical costs to the industry and absenteeism. The Group's various operations seek to comply fully with applicable health and safety legislation and to ensure that all their employees adhere to their safety standards. HIV/Aids and TB have been aggressively targeted with a strong focus on prevention through education initiatives and community involvement as well as an employee Wellness programme for those that are affected.

HUMAN RESOURCES

On a global basis the mining industry is currently facing a contraction in the availability of required skills that could have a negative impact on both productivity and employment costs. Gold Fields pursues a broad based strategy with regard to attracting and retaining appropriate skills, encompassing highly competitive compensation models, attractive career development opportunities and skills development programmes. In addition, South African operations are subject to the Mining Charter and Scorecard, which inter alia seeks to:

- promote equitable access to South Africa's mineral resources for all people in South Africa;
- substantially and meaningfully expand opportunities for historically disadvantaged South Africans (HDSAs), including women, to enter the mining and minerals industry and to benefit from the exploration of South Africa's mineral resources;
- utilise the existing skills base for the empowerment of HDSAs;
- expand the skills base of HDSAs in order to serve the community;
- promote employment and advance the social and economic welfare of mining communities and areas supplying mining labour; and
- promote beneficiation of South Africa's mineral

commodities beyond mining and processing, including the production of consumer products.

Whilst Gold Fields believes that it has made significant progress towards meeting the charter requirements, any regulatory changes to these, or failure to meet existing requirements, could adversely affect Gold Fields' ability to convert its old to new order mining rights in South Africa.

RISK FINANCING

The Group's risk financing philosophy and practices were largely unchanged during the year under review. Overall insurance policy limits for the period ending 30 June 2005 remained unchanged at US$100 million per event for an underground loss and US$300 million per event for a surface loss. However, revised estimates for the period commencing 1 July 2005, indicate that the maximum foreseeable loss per event for an underground loss has increased to US$83 million and a surface loss, to US$67.5 million. As a result, the Group has increased the insurance policy limit to US$125 million for an underground loss and to US$400 million for a surface loss. The Group continues to insure on a standing charges only (fixed cost) basis of business interruption cover in an effort to contain costs. Should the Group suffer a major loss, future earnings could be affected.

INTRODUCTION

Gold Fields has, since its inception, been committed to upholding sound principles of corporate governance in all of its business dealings and in respect of all of its stakeholders. As the focal point of the company's corporate governance system, all board members are expected to discharge their fiduciary duties and responsibilities professionally and in accordance with the company's code of ethics, thereby upholding the company's core values of integrity, transparency and enterprise enshrined in this code.

Gold Fields continues to endorse the principles contained in the South African Code of Corporate Practices and Conduct as recommended in the Second King Report ("**the 2002 King Report**") and believes that it complies substantially and materially with its provisions. Going forward, adherence to sound principles of corporate governance is and will remain both a board and a management priority.

The company's shares are listed on the JSE Securities Exchange, South Africa ("**the JSE**"). As such the company is required to comply with the listings requirements of the JSE, including those recommendations of the 2002 King Report that have been codified in the listings requirements ("**the JSE Listings Requirements**"). The shares of the company 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, corporate governance and other requirements of the NYSE, in so far as same relate to foreign private issuers such as Gold Fields, as well as with those provisions of the Sarbanes-Oxley Act of 2002 which are applicable to foreign private issuers.

A list of differences between the corporate governance practices to which Gold Fields is subject in South Africa and those followed by US listed companies under the NYSE Listed Company Manual Rules has been prepared and is available on the Gold Fields web site (www.goldfields.co.za).

BOARD OF DIRECTORS

Gold Fields is governed by a unitary board which may not, in terms of its articles of association, comprise less than