value of assets and liabilities acquired including discounted cash flows, external market values, valuations on recent transactions or a combination thereof and others and believes that it uses the most appropriate measure or a combination of measures to value each asset or liability. In addition, management believes that it uses the most appropriate valuation assumptions underlying each of those valuation methods based on current information available including discounted rates, market risk rates, entity risk rates, cash flow assumptions and others. The accounting policy for valuation of business acquisitions is considered critical because judgments made in determining the estimated fair value and expected useful lives assigned to each class of assets and liabilities acquired can significantly impact the value of the asset or liability, including the impact on deferred taxes, the respective amortization periods and ultimately net profit. Therefore the use of other valuation methods, as well as other assumptions underlying these valuation methods, could significantly impact the determination of financial position and the results of operations.

Amortization of mining assets

Amortization charges are calculated using the units of production method and are based on Gold Fields' current gold production as a percentage of total expected gold production over the lives of Gold Fields' mines. An item is considered to be produced at the time it is removed from the mine. The lives of the mines are estimated by Gold Fields' geology department using interpretations of mineral reserves, as determined in accordance with the SEC's industry guide number 7. The estimate of the total expected future lives of Gold Fields' mines could be materially different from the actual amount of gold mined in the future and the actual lives of the mines due to changes in the factors used in determining Gold Fields' mineral reserves, such as the gold price and foreign currency exchange rates. Any change in management's estimate of the total expected future lives of Gold Fields' mines would impact the amortization charge recorded in Gold Fields' consolidated financial statements.

Impairment of long-lived assets

Gold Fields reviews and tests the carrying amounts of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The lowest level at which such cash flows are generated are generally at an individual operating mine, even if the individual operating mine is included in a larger mine complex.

If there are indications that an impairment may have occurred, Gold Fields prepares estimates of expected future cash flows for each group of assets. Expected future cash flows are based on a probability-weighted approach applied to potential outcomes and reflect:

- Estimated sales proceeds from the production and sale of recoverable ounces of gold contained in proven and probable reserves;
- Expected future commodity prices and currency exchange rates (considering historical and current prices, price trends and related factors). In impairment assessments conducted in fiscal 2006, the Group used an expected future market gold price of $500 per ounce, and expected future market exchange rates of R6.22 to $1.00 and A$1.40 to $1.00;
- Expected future operating costs and capital expenditures to produce proven and probable gold reserves based on mine plans that assume current plant capacity, but exclude the impact of inflation; and
- Expected cash flows associated with value beyond proven and probable reserves, which includes the expected cash outflows required to develop and extract the value beyond proven and probable reserves.

Gold Fields records a reduction of a group of assets to fair value as a charge to earnings if expected future cash flows are less than the carrying amount. Gold Fields estimates fair value by discounting the expected future cash flows using a discount factor that reflects the risk-free rate of interest for a term consistent with the period of expected cash flows.

Expected future cash flows are inherently uncertain, and could materially change over time. They are significantly affected by reserve estimates, together with economic factors such as gold prices, and currency exchange rates, estimates of costs to produce reserves and future sustaining capital.

Because of the significant capital investment that is required at many mines, if an impairment occurs, it could materially impact earnings. Due to the long-life nature of many mines, the difference between total estimated undiscounted net cash flows and fair value can be substantial. An impairment is only recorded when the carrying amount of a long-lived asset exceeds the total estimated undiscounted net cash flows. Therefore, although the value of a mine may decline gradually over multiple reporting periods, the

application of impairment accounting rules could lead to recognition of the full amount of the decline in value in one period. Due to the highly uncertain nature of future cash flows, the determination of when to record an impairment charge can be very subjective. Management makes this determination using available evidence taking into account current expectations for each mining property.

For acquired exploration-stage properties, the purchase price is capitalized, but post-acquisition exploration expenditures are expensed. The future economic viability of exploration stage properties largely depends upon the outcome of exploration activity, which can take a number of years to complete for large properties. Management monitors the results of exploration activity over time to assess whether an impairment may have occurred. The measurement of any impairment is made more difficult because there is not an active market for exploration properties, and because it is not possible to use discounted cash flow techniques due to the very limited information that is available to accurately model future cash flows. In general, if an impairment occurs at an exploration stage property, it would probably have minimal value and most of the acquisition cost may have to be written down.

Gold Fields recorded no impairment charges on its long-lived assets during fiscal 2006, but recorded impairment charges amounting to $233.1 million in fiscal 2005 and $72.7 million in fiscal 2004.

Deferred taxation

When determining deferred taxation, management makes estimates as to the future recoverability of deferred tax assets. If management determines that a deferred tax asset will not be realized, a valuation allowance is recorded for that portion of the deferred tax asset which is not considered more likely than not recoverable. These determinations are based on the projected taxable income and realization of tax allowances and tax losses. In the event that these tax assets are not realized, an adjustment to the valuation allowance would be required, which would be charged to income in the period that the determination was made. Likewise, should management determine that Gold Fields would be able to realize tax assets in the future in excess of the recorded amount, an adjustment to reduce the valuation allowance would be recorded generally as a credit to income in the period that the determination is made.

Gold Fields is periodically required to estimate the tax basis of assets and liabilities. Where tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period of changes. The most significant estimate is the tax basis of certain Australian assets following elections in 2005 under new tax regimes in Australia. These elections resulted in the revaluation of certain assets in Australia for income tax purposes. Part of the revalued tax basis of these assets was estimated based on a valuation completed for tax purposes. This valuation is under review by the Australian Tax Office, or ATO, and the amount finally accepted by the ATO may differ from the assumption used to measure deferred tax balances at the end of fiscal 2005. See note 6 to the audited consolidated financial statements which appear elsewhere in this annual report.

Derivative financial instruments

The determination of the fair value of derivative financial instruments, when marked-to-market, takes into account estimates such as interest rates and foreign currency exchange rates under prevailing market conditions, depending on the nature of the financial derivatives. These estimates may differ materially from actual interest rates and foreign currency exchange rates prevailing at the maturity dates of the financial derivatives and, therefore, may materially influence the values assigned to the financial derivatives, which may result in a charge to or an increase in Gold Fields' earnings through maturity of the financial derivatives.

Environmental rehabilitation costs

Gold Fields makes provision for environmental rehabilitation costs and related liabilities when incurred based on management's interpretations of current environmental and regulatory requirements. The provisions are recorded by discounting the expected cash flows associated with the environmental rehabilitation using a discount factor that reflects the risk-free rate of interest. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; changes in the quantities of material in reserves and a corresponding change in the life of mine plan; changing ore characteristics that ultimately impact the environment; changes in water quality that impact the extent of water treatment required; and changes in laws and regulations governing the protection of the environment. In general, as the end of the mine life becomes nearer, the reliability of expected cash flows increases, but earlier in the mine life, the estimation of rehabilitation liabilities is inherently more subjective. Significant judgments and estimates are made when estimating the fair value of rehabilitation liabilities. In addition, expected cash flows relating to rehabilitation liabilities could occur over periods up to the planned life of mine at the time the estimate is made and the assessment of the extent of environmental remediation work is highly subjective. While management believes that the environmental rehabilitation provisions made are adequate and that the interpretations applied are appropriate, the amounts estimated for the future liabilities may, when considering the factors discussed above, differ materially from the costs that will actually be incurred to rehabilitate Gold Fields' mine sites in the future.

Employee benefits

Management's determination of Gold Fields' obligation and expense for pension and provident funds, as well as post-retirement health care liabilities, depends on the selection of certain assumptions used by actuaries to calculate the amounts. These assumptions are described in notes 16 and 17 to Gold Fields' consolidated financial statements and include, among others, the discount rate, health care inflation costs and rates of increase in compensation costs. Actual results that differ from management's assumptions are accumulated and charged over future periods, which will generally affect Gold Fields' recognized expense and recorded obligation in future periods. While management believes that these assumptions are appropriate, significant changes in the assumptions may materially affect Gold Fields' pension and other post retirement obligations as well as future expenses, which will result in an impact on earnings in the periods that the changes in the assumptions occur.

Stockpiles, gold-in-process and product inventories

Costs that are incurred in or benefit the productive process are accumulated as stockpiles, gold-in-process, ore on leach pads and product inventories. Net realizable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing and long-term metals prices, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tons added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

Although the quantities of recoverable metal are reconciled by comparing the grades of ore to the quantities of gold actually recovered (metallurgical balancing), the nature of the process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time.

Share-based compensation

Effective July 1, 2005, the Company adopted Statement of Financial Accounting Standards No. 123(R), Share-Based Payment, or SFAS 123(R), for all share option grants subsequent to that date. SFAS 123(R) requires the Company to determine the fair value of share options as of the date of the grant, which is then amortized as share-based compensation expense in the income statement over the vesting period of the option grant. Gold Fields has determined the fair value of all its options grants (a) prior to, but not yet vested as of July 1, 2005, based on the grant-date fair value estimated in accordance with the original provisions of SFAS 123(R), and (b) subsequent to July 1, 2005 based on the grant-date fair value estimated in accordance with SFAS 123(R), using the Black-Scholes valuation model, which requires the Company to make assumptions regarding the estimated term of the option, share price volatility, expected forfeiture rates and the Company's expected dividend yield. While Gold Fields' management believes that these assumptions are appropriate, the use of different assumptions could have a material impact on the fair value of the option grant and the related recognition of share-based compensation expense in the consolidated income statement. The Company's options have characteristics significantly different from those of traded options and therefore fair values may also differ.

Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board or FASB, issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, or FIN 48, which is an interpretation of FASB Statement No. 109, Accounting for Income Taxes. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 requires that Gold Fields recognize in its financial statements, the impact of a tax position, if that position is more likely than not to be sustained on audit, based on the technical merits of the position. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure. The provisions of FIN 48 are effective beginning July 1, 2007 with the cumulative effect of the change in accounting principle recorded as an adjustment to the opening balance of retained earnings. Gold Fields is currently evaluating the impact of adopting FIN 48 on its financial statements.

In September 2006, the FASB issued SFAS No. 157 “Fair Value Measurements,” or SFAS 57. SFAS 57 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 57 does not require any new fair value measurements, it emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. SFAS 157 expands disclosures about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. This statement applies for derivatives and other financial instruments measured at fair value under SFAS No. 133, “Derivative Financial Instruments” at initial recognition and in all subsequent periods. Gold Fields will be required to adopt SFAS 157 on July 1, 2008, and is currently evaluating the impact of SFAS 157 on its financial position and results of operations.

In September 2006, FASB issued SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans,” or SFAS 158, an amendment of FASB Statements No. 87, 88, 106 and 132(R). SFAS 158 improves financial reporting by requiring an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. SFAS 158 requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. The provisions of SFAS 158 will be applicable for the Company as of the year ending June 30,

2007. Gold Fields is in the process of evaluating the potential impact the adoption of this standard will have on its financial position and results of operations.

In September 2006, the Securities and Exchange Commission, or the SEC, issued Staff Accounting Bulletin No. 108, or SAB 108. The interpretations in SAB 108 express the views of the staff of the SEC regarding the process of quantifying financial statement misstatements. The staff believes registrants must consider the impact of correcting all misstatements, including the effect of misstatements that were not corrected at the end of the prior year. These prior year misstatements should be considered in quantifying misstatements in current year financial statements. Thus, a registrant’s financial statements would require adjustment when the assessment in the current year or in prior years’ results in qualifying a misstatement that is material, after considering all relevant quantitative and qualitative factors. Gold Fields will be required to adopt SAB 108 on July 1, 2007, and is currently evaluating the impact of SAB 108 on its financial position and results of operations.

Results of Operations

Years Ended June 30, 2006 and 2005

Revenues

Product sales increased by $388.9 million, or 20.5%, from $1,893.1 million in fiscal 2005 to $2,282.0 million in fiscal 2006. The increase in product sales was due to an increase in the average realized gold price of 24.2% from $422 per ounce in fiscal 2005 to $524 per ounce in fiscal 2006, partially offset by a decrease of approximately 0.137 million ounces, or 3.1%, of total gold sold from 4.488 million ounces in fiscal 2005 to 4.351 million ounces in fiscal 2006. The decrease in ounces sold resulted from lower production from the South African operations, partially offset by the production from the newly acquired Choco 10 mine in Venezuela.

The decrease in ounces sold from the South African operations from 2.824 million ounces in fiscal 2005 to 2.660 million ounces in fiscal 2006, resulted primarily from the loss of over a week’s production due to a wage related strike in August 2005 at all the South African operations together with poor performance at Kloof, due to mining inflexibility and a labor dispute in January 2006 which resulted in slowdowns in production. Gold output from Kloof decreased 11.9% or 0.123 million ounces in fiscal 2006 when compared with fiscal 2005. At Beatrix there was a decrease in gold output of 4.5% or 0.028 million ounces due to lower stoping volumes, the impact of the strike in August 2005 and an overall decrease in the grade of mined ore, offset in part by increased volumes of sweepings and vamping, which improved the mine call factor and gold recovery in fiscal 2006. Production at Driefontein was only marginally lower in fiscal 2006. Production at the international operations increased by 1.6% from 1.664 million ounces in fiscal 2005 to 1.691 million ounces in fiscal 2006. All of this increase was due to the production from the newly acquired Choco 10 mine, as a net decrease in production from Australia was offset by the net increase in production in Ghana. See “Information on the Company—Gold Fields’ Mining Operations.”

Total gold sold and total gold produced are the same at all the operations with the exception of Choco 10, where there may be differences due to timing of sales.

Costs and Expenses

The following table sets out Gold Fields’ total ounces sold and weighted average total cash costs and total production costs per ounce for fiscal 2005 and fiscal 2006.

	Fiscal 2005			Fiscal 2006				
	Gold Sold	**Total cash costs(1)**	**Total production costs(2)**	**Gold Sold**	**Total cash costs(1)**	**Total production costs(2)**	**Percentage increase/ (decrease) in unit total cash costs**	**Percentage increase/ (decrease) in unit total Production costs**
	(’000oz)	($/oz)		(’000oz)	($/oz)		(%)	
South Africa								
Driefontein	1,163	330	380	1,150	355	407	7.6	7.1
Kloof	1,037	379	448	914	421	478	11.1	6.7
Beatrix	624	406	452	596	409	444	0.7	(1.8)
Ghana								
Tarkwa(3)	677	234	290	709	300	350	28.2	20.7
Damang(4)	248	282	302	235	432	447	53.2	48.0
Venezuela								
Choco 10(5)	—	—		—	28	293	399	n/a
Australia(6)								
St. Ives	527	336	439	497	346	488	3.0	11.2
Agnew	212	232	325	222	268	326	15.5	0.3
Total(7)(8)	4,488	—	—	4,351	—	—		
Weighted average	—	331	393		366	428	10.6	8.9

Notes:

(1) Gold Fields has calculated total cash costs per ounce by dividing total cash costs, as determined using guidance provided by the

Gold Institute, by gold ounces sold for all periods presented. The Gold Institute was a non-profit international industry association of miners, refiners, bullion suppliers and manufacturers of gold products that ceased operation in 2002, which developed a uniform format for reporting production costs on a per ounce basis. The Gold Institute has now been incorporated into the National Mining Association. The guidance was first adopted in 1996 and revised in November 1999. Total cash costs, as defined in the Gold Institute industry guidance, are production costs as recorded in the statement of operations, less offsite (i.e. central) general and administrative expenses (including head office costs charged to the mines, central training expenses, industry association fees and social development costs), rehabilitation costs, plus royalties and employee termination costs. Changes in total cash costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand, Australian dollar and the Bolivar, compared with the U.S. dollar. Management, however, believes that total cash costs per ounce provides a measure for comparing Gold Fields’ operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total cash costs and total cash costs per ounce are not U.S. GAAP measures. An investor should not consider total cash costs and total cash costs per ounce in isolation or as an alternative to total production costs or net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. In particular, depreciation and amortization is included in a measure of production costs under U.S. GAAP, but is not included in total cash costs under the guidance provided by the Gold Institute. Furthermore, while the Gold Institute has provided a definition for the calculation of total cash costs, the calculation of total cash costs per ounce may vary significantly among gold mining companies, and by itself does not necessarily provide a basis for comparison with other gold mining companies. See “Information on the Company—Glossary of Mining Terms—Total cash costs per ounce.”

(2) Gold Fields has calculated total production costs per ounce by dividing total production costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total production costs, as defined by the Gold Institute industry guidance, are total cash costs, as calculated using the Gold Institute guidance, plus amortization, depreciation and rehabilitation costs. Changes in total production costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand, Australian dollar and the Bolivar, compared with the U.S. dollar. Management, however, believes that total production costs per ounce provides a measure for comparing Gold Fields’ operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total production costs per ounce is not a U.S. GAAP measure. An investor should not consider total production costs per ounce in

isolation or as an alternative to total production costs or net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. While the Gold Institute has provided a definition for the calculation of total production costs, the calculation of total production costs per ounce may vary significantly among gold mining companies, and by itself does not necessarily provide a basis for comparison with other gold mining companies. See “Information on the Company—Glossary of Mining Terms—Total production costs per ounce.”

(3) In fiscal 2005 and 2006, 0.481 million ounces and 0.504 million ounces of sales, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Tarkwa operation.

(4) In fiscal 2005 and 2006, 0.176 million ounces and 0.167 million ounces of sales, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Damang operation.

(5) In fiscal 2006, 0.027 million ounces of sales were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Choco 10 operation.

(6) The consideration paid for the Australian operations in excess of the book value of the underlying net assets was allocated pro rata to the value of the underlying assets, which affected the allocation of amortization between St. Ives and Agnew.

(7) In fiscal 2005 and 2006, 4.219 million ounces and 4.074 million ounces of sales, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana and Venezuela operations.

(8) The total may not reflect the sum of the line items due to rounding.

The following tables set out a reconciliation of Gold Fields’ production costs to its total cash costs and total production costs for fiscal 2006 and fiscal 2005.

	For the year ended June 30, 2006									
	Driefontein	Kloof	Beatrix	Tarkwa	Damang	Choco 10	St. Ives	Agnew	Corporate	Group
	(in $ millions except as otherwise noted)(1)									
Production Costs	411.3	386.3	245.0	211.7	101.7	8.4	176.3	80.9	—	1,621.6
Less:										
G&A other than corporate costs	5.2	4.8	3.5	11.5	1.9	0.6	4.2	3.4	—	35.1
GIP adjustment	—	—	—	(1.2)	—	—	(1.9)	(0.2)	—	(3.3)
Exploration	—	—	—	—	2.0	—	9.4	21.4	—	32.8
Plus:										
Employment termination cost	2.4	3.0	2.1	—	—	—	0.8	0.5	—	8.8
Royalty	—	—	—	11.2	3.7	0.5	6.5	2.9	—	24.8
Total cash costs	408.5	384.5	243.6	212.6	101.5	8.3	171.9	59.7	—	1,590.6
Plus:										
Amortization(2)	57.3	49.9	19.4	36.5	3.5	3.0	71.3	12.9	12.3	266.1
GIP adjustments(2)	—	—	—	(1.2)	—	—	(1.9)	(0.2)	—	(3.3)
Rehabilitation	1.8	2.6	1.6	0.3	—	—	0.9	—	—	7.2
Total production costs	467.6	437.0	264.6	248.2	105.0	11.3	242.2	72.4	12.3	1,860.6
Gold produced (‘000 oz)(3)	1,149.5	914.0	596.1	709.2	235.1	25.3	496.4	222.4	—	4,348.1
Gold sold per production cost (‘000 oz)	1,149.5	914.0	596.1	709.2	235.1	25.3	496.4	222.4	—	4,348.1
Total cash costs ($/oz)(4)	355	421	409	300	432	293	346	268	—	366
Total production costs ($/oz)(5)	407	478	444	350	447	399	488	326	—	428

Notes:

(1) Calculated using an exchange rate of R6.40 per $1.00.

(2) Non-cash portion of GIP adjustments shown separately. Gold in process, or GIP, represents gold in the processing circuit, which is expected to be recovered.

(3) In fiscal 2006, 4.074 million ounces of production were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana and Choco 10 operations.

(4) Gold Fields has calculated total cash costs per ounce by dividing total cash costs, as determined using guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total cash costs, as defined in the

Gold Institute industry guidance, are production costs as recorded in the statement of operations, less offsite (i.e. central) general and administrative expenses (including head office costs charged to the mines, central training expenses, industry association fees and social development costs), rehabilitation costs, plus royalties and employee termination costs. Changes in total cash costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the

Rand, Australian dollar and the Bolivar, compared with the U.S. dollar. Management, however, believes that total cash costs per ounce provides a measure for comparing Gold Fields' operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total cash costs and total cash costs per ounce are not U.S. GAAP measures. An investor should not consider total cash costs and total cash costs per ounce in isolation or as an alternative to total production costs or net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. In particular, depreciation and amortization is included in a measure of production costs under U.S. GAAP, but is not included in total cash costs under the guidance provided by the Gold Institute. Furthermore, while the Gold Institute has provided a definition for the calculation of total cash costs, the calculation of total cash costs per ounce may vary significantly among gold mining companies, and by itself does not necessarily provide a basis for comparison with other gold mining companies. See "Information on the Company—Glossary of Mining Terms—Total cash costs per ounce."

(5) Gold Fields has calculated total production costs per ounce by dividing total production costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total production costs, as defined by the Gold Institute industry guidance, are total cash costs, as calculated using the Gold Institute guidance, plus amortization, depreciation and rehabilitation costs. Changes in total production costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand, Australian dollar and the Bolivar, compared with the U.S. dollar. Management, however, believes that total production costs per ounce provides a measure for comparing Gold Fields' operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total production costs per ounce is not a U.S. GAAP measure. An investor should not consider total production costs per ounce in isolation or as an alternative to total production costs or net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. While the Gold Institute has provided a definition for the calculation of total production costs, the calculation of total production costs per ounce may vary significantly among gold mining companies, and by itself does not necessarily provide a basis for comparison with other gold mining companies. See "Information on the Company—Glossary of Mining Terms—Total production costs per ounce."

	For the year ended June 30, 2005								
	Driefontein	**Kloof**	**Beatrix**	**Tarkwa**	**Damang**	**St. Ives**	**Agnew**	**Corporate**	**Group**
	(in $ millions except as otherwise noted) (1)								
Production Costs	386.4	393.6	252.9	158.2	68.6	184.5	56.4	—	1,500.6
Less:									
G&A other than corporate costs	(6.5)	(5.4)	(3.8)	(8.9)	(1.8)	(4.7)	(1.5)	—	(32.6)
GIP adjustment	—	—	—	0.2	—	2.1	(0.1)	—	2.2
Exploration	—	—	—	(1.2)	—	(10.7)	(7.5)	—	(19.4)
Plus:	—								
Employment termination costs	3.7	5.0	4.3	—	—	—	—	0.7	13.7
Royalty	—	—	—	8.6	3.1	5.7	2.1	—	19.5
Total cash costs	383.6	393.2	253.4	156.9	69.9	176.9	49.4	0.7	1,484.0
Plus:									
Amortization(2)	56.9	67.9	28.0	38.1	4.8	56.5	19.3	3.0	274.5
GIP adjustments(2)	—	—	—	(0.2)	—	(2.1)	0.1	—	(2.2)
Rehabilitation	1.8	3.5	1.0	1.3	0.2	0.3	0.3	—	8.4
Total production costs	442.3	464.6	282.4	196.1	74.9	231.6	69.1	3.7	1,764.7
Gold produced ('000 oz)(3)	1,162.6	1,037.1	624.3	676.8	247.7	527.0	212.5	—	4,488.0
Gold sold per production cost ('000 oz)	1,162.6	1,037.1	624.3	676.8	247.7	527.0	212.5	—	4,488.0
Total cash costs ($/oz)(4)	330	379	406	232	282	336	232	—	331
Total production costs ($/oz)(5)	380	448	452	290	302	439	325	—	393

Notes:

(1) Calculated using an exchange rate of R6.21 per $1.00.

(2) Non-cash portion of GIP adjustments shown separately. Gold in process, or GIP, represents gold in the processing circuit, which is expected to be recovered.

(3) In fiscal 2005, 4.219 million ounces of production were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Tarkwa and Damang operations.

(4) Gold Fields has calculated total cash costs per ounce by dividing total cash costs, as determined using guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total cash costs, as defined in the Gold Institute industry guidance, are production costs as recorded in the statement of operations, less offsite (i.e. central) general and administrative expenses (including head office costs charged to the mines, central training expenses, industry association fees and social development costs), rehabilitation costs, plus royalties and employee termination costs. Changes in total cash costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand, Australian dollar and the Bolivar, compared with the U.S. dollar. Management, however, believes that total cash costs per ounce provides a measure for comparing Gold Fields' operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total cash costs and total cash costs per ounce are not U.S. GAAP measures. An investor should not consider total cash costs and total cash costs per ounce in isolation or as an alternative to total production costs or net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. In particular, depreciation and amortization is included in a measure of production costs under U.S. GAAP, but is not included in total cash costs under the guidance provided by the Gold Institute. Furthermore, while the Gold Institute has provided a definition for the calculation of total cash costs, the calculation of total cash costs per ounce may vary significantly among gold mining companies, and by itself does not necessarily provide a basis for comparison with other gold mining companies. See "Information on the Company—Glossary of Mining Terms—Total cash costs per ounce."

(5) Gold Fields has calculated total production costs per ounce by dividing total production costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total production costs, as defined by the Gold Institute industry guidance, are total cash costs, as calculated using the Gold Institute guidance, plus amortization, depreciation and rehabilitation costs. Changes in total production costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand, Australian dollar and the Bolivar, compared with the U.S. dollar. Management, however, believes that total production costs per ounce provides a measure for comparing Gold Fields' operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total production costs per ounce is not a U.S. GAAP measure. An investor should not consider total production costs per ounce in isolation or as an alternative to total production costs or net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. While the Gold Institute has provided a definition for the calculation of total production costs, the calculation of total production costs per ounce may vary significantly among gold mining companies, and by itself does not necessarily provide a basis for comparison with other gold mining companies. See "Information on the Company—Glossary of Mining Terms—Total production costs per ounce."

Gold Fields' weighted average total cash costs per ounce increased by $35 per ounce, or 10.6%, from $331 per ounce in fiscal 2005 to $366 per ounce in fiscal 2006. The strengthening of the Rand against the U.S. dollar, had a 3.1% negative impact on the costs converted from the South African operations. In Rand terms, weighted average cash costs per ounce increased at the South African operations principally as a result of the impact of the strike in August 2005 and the poorer performance at Kloof during fiscal 2006 as compared to fiscal 2005. Weighted average total cash costs per ounce at the international operations increased significantly in fiscal 2006 mainly due to the pre-stripping of the Teberebie pit at Tarkwa and at the Damang main pit cutback as well as increased production from the higher cost Songvang open pit at Agnew and the replacement of high grade Damang main pit material with lower grade stockpile ore. Weighted average total cash costs per ounce at St. Ives increased more modestly as the operation benefited from the introduction of the new, more efficient Lefroy mill which completed its first full year of production. In addition, there was a significant increase in input costs, especially fuel, steel and cyanide and other reagents, and in wages, especially at the South African operations.

Production costs

Production costs increased by $121.0 million, or 8.1%, from $1,500.6 million in fiscal 2005 to $1,621.6 million in fiscal 2006. This was primarily due to the increased production from Tarkwa and the added cost of waste removal at the Teberebie cutback at Tarkwa and the Damang main pit cutback. The increase at Agnew was due to the increased activity at Songvang open pit. Production costs from Choco 10 were included from March 2006. In South Africa costs were slightly higher, with the increase at Driefontein partially offset by lower costs at Kloof and Beatrix, mainly due to the lower production. Added to this was a significant increase in input costs, especially fuel, steel and cyanide and other reagents, wage increases above inflation and the weakening of the South African rand which depreciated on average by 3.1% against the U.S. dollar during fiscal 2006 compared with fiscal 2005, resulting in increased costs in U.S. dollar terms. The Australian dollar was virtually unchanged against the U.S. dollar.

Depreciation and amortization

Depreciation and amortization charges decreased $5.3 million, or 1.9%, from $274.5 million in fiscal 2005 to $269.2 million in fiscal 2006. Depreciation and amortization is calculated on the units of production method and is based on current gold production as a percentage of total expected gold production over the lives of the different mines. The principal reason for this decrease was the decrease in production at Kloof offset in part by additional amortization and depreciation of the new mill at St. Ives.

The table below depicts the changes from June 30, 2004 to June 30, 2005 for proven and probable reserves above current infrastructure and for the life of mine for each operation, and the resulting impact on the amortization charge in fiscal 2005 and 2006, respectively. The life of mine numbers below are taken from the operations’ strategic plans, adjusted for proven and probable reserve balances. In basic terms, amortization is calculated using the life of mine for each operation, which is based on: (1) the proven and probable reserves above infrastructure for the operation at the start of the relevant year (which are taken to be the same as at the end of the prior fiscal year and using only above infrastructure reserves) and (2) the amount of gold produced by the operation during the year. However, during fiscal 2006 Gold Fields decided to align determination of its reserves with its planning cycle and as a result a reserve statement as at December 31, 2005 was issued. This ore reserve statement became effective for amortization calculations as from April 1, 2006.

	Proven and probable reserves as of			**Life of min(7) as of**			**Amortization as of**	
	30 June 2004	**30 June 2005**	**31 December 2006**	**30 June 2004**	**30 June 2005**	**31 December 2006**	**30 June 2005**	**30 June 2006**
Driefontein	15,300	15,100	14,400	16	16	18	56.9	57.4
Kloof(1)	13,000	13,000	13,000	15	15		67.9	49.9
Beatrix	9,400	8,200	8,200	20	14	14	28.0	19.5
Ghana								
Tarkwa(2)	14,700	13,400	13,400	11	21	23	38.1	37.5
Damang(3)	900	1,300	1,300	5	5	6	4.8	3.5
Venezuela								
Choco 10	n/a	—	1,200	n/a	8	8		
Australia(4)								
St. Ives	3,100	2,500	2,200	5	5	5	56.5	75.1
Agnew	700	900	800	3	4	3	19.3	13.4
Corporate and other	—			—			3.0	9.9
Total	57,100	54,400	54,500	—			274.5	269.2
Reserves below infrastructure(5)	23,000	10,200	10,000	—			—	
Total reserves(6)	80,100	64,600	64,500	—			—	

Notes:

(1) Although total reserves remained the same at Kloof, amortization decreased due primarily to changes in the sources of production as amortization is calculated based on the reserves at each shaft.

(2) As of June 30, 2004 and 2005 and December 2005, reserves of 10.450 million ounces, 9.500 million ounces and 9.500 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Tarkwa operation.

(3) As of June 30, 2004 and 2005 and December 2005, reserves of 0.640 million ounces, 0.920 million ounces and 0.920 million ounces were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Damang operation.

(4) The consideration paid for the Australian operations in excess of the book value of the underlying net assets was allocated pro rata to the value of the underlying assets, which affected the allocation of amortization between St. Ives and Agnew.

(5) Below infrastructure reserves relate to mineralization which is located at a level at which an operation currently does not have infrastructure sufficient to allow mining operations to occur, but where the operation has made plans to install additional infrastructure in the future which will allow mining to occur at that level.

(6) As of June 30, 2004 and 2005 and December 31, 2005, reserves of 75.600 million ounces, 60.400 million ounces and 60.300 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghanaian and Venezuelan operation.

(7) The life of mine for each operation shown in the above table differs from that shown in “Information on the Company—Gold Fields’ Mining Operations.” The life of mine in the above table is based on the above infrastructure proven and probable reserves at December 31, 2005 whereas the life of mine information in “Information on the Company—Gold Fields’ Mining Operations.” is based on both above and below infrastructure proven and probable reserves at December 31, 2005.

Corporate expenditure

Corporate expenditure was $21.9 million in fiscal 2006 compared to $22.5 million in fiscal 2005, a decrease of 2.7%. Corporate expenditure consists primarily of general corporate overhead and corporate service department costs, primarily in the areas of technical services, human resources and finance, which are used by the operations. Corporate expenditure also includes business development costs. This decrease was due to the depreciation of the Rand against the U.S. dollar as Rand costs remained constant at R140.0 million in both fiscal 2006 and 2005.

Employment termination costs

In fiscal 2006, Gold Fields incurred employment termination costs of $9.1 million as compared to $13.7 million in fiscal 2005. The decrease in employee terminations costs resulted principally from lower retrenchments during fiscal 2006.

Exploration expenditure

Exploration expenditure was $39.3 million in fiscal 2006, a decrease of 14.6% from $46.0 million in fiscal 2005. Gold exploration increased from $31.7 million in fiscal 2005 to $38.7 million in fiscal 2006 as a result of a deliberate effort to step up exploration activities. However, this increase was more than offset by the decrease in exploration expenditure incurred at the Arctic Platinum Project, or the APP, which decreased from $14.3 million in fiscal 2005 to $0.6 million in fiscal 2006 as Gold Fields determined how to proceed with the APP. See “Information on the Company—Exploration.”

Impairment of assets

For fiscal 2006, Gold Fields had no asset impairments as compared to asset impairments of $233.1 million in fiscal 2005. During fiscal 2005, there was an impairment charge of $211.1 million relating to Beatrix North and South sections (formerly Beatrix Shaft Nos. 1, 2 and 3). Beatrix is a low grade mine and therefore very sensitive to changes in its cost profile. Changes in the cost profile affect the pay limits, which in turn affects the reserves. During fiscal 2005, there were cost increases at Beatrix, which resulted in an increase in the pay limit. Due to the increase in the pay limit, certain reserves at Shaft No. 2 (now part of the South section) and Vlakpan included in fiscal 2004 became uneconomical to mine and were therefore excluded from the 2005 life of mine profile. In addition, due to the restructuring at the South section, certain areas were closed which further impacted the life of mine plan.

During fiscal 2005, closures resulted in the following additional asset impairments:

- at Driefontein, Shaft No. 10 shaft was closed, resulting in an impairment of $2.0 million;
- at Kloof, the No. 3 metallurgical plant was closed, resulting in an impairment of $1.8 million; and
- at St. Ives, the old mill was closed, resulting in an impairment of $9.8 million.

Also during fiscal 2005, an impairment charge was incurred at Living Gold, the rose project at Driefontein. See “Information on the Company—Living Gold.” As Living Gold is not a gold asset, its valuation was based on its business plan using a long term exchange rate of R8.51 to the euro, the currency in the markets where it anticipated making most of its sales, and a discounted cash flow valuation using a real discount rate of 10%. This resulted in an impairment of $8.4 million. The main reason for the impairment is that the original plan forecast a higher exchange rate of R9.87 to the euro and thus higher earnings.

Impairment of critical spares

With the closure of the old St. Ives mill during fiscal 2005, $2.8 million worth of critical spares kept for the maintenance of the old plant were impaired as they had become redundant.

Decrease in provision for post-retirement health care costs

In South Africa, Gold Fields provides medical benefits to employees in its operations through the Medisense Medical Scheme.

Under the medical plan which covers certain of its former employees, Gold Fields remains liable for 50% of the employees' medical contribution to the medical schemes after their retirement. During fiscal 2005, 21%, of these former employees and dependants were bought out of the scheme at a 15% premium. No former employees were bought out during fiscal 2006. At June 30, 2006, approximately 226 (fiscal 2005: 243) former employees were covered under this plan, which is not available to members of the scheme formerly available to employees of the former Free State operation (which is now the Beatrix operation) who retired after August 31, 1997 and members of the Medisense medical scheme who retired after January 31, 1999. See “Directors, Senior Management and Employees-Employees-Benefits.” In fiscal 2006 an amount of $0.5 million was credited to earnings, compared to $4.2 million in fiscal 2005, in respect of Gold Fields' obligations under this medical plan, representing a 12% decrease. The $0.5 million credit in fiscal 2006 was the result of a reversal of $0.5 million relating to the release of the cross subsidization liability and a $0.7 million release as a result of benefits forfeited offset in part by the annual interest and service charge of $0.7 million. In fiscal 2005, the credit was the result of a reversal of $4.5 million relating to the release of the cross subsidization liability as a result of the buyout and a $2.2 million release as a result of benefits forfeited, offset in part by the annual interest and service charge of $1.7 million and a $0.8 million charge relating to the 15% premium mentioned above. The post-retirement health care provision is updated annually based on actuarial calculations, with any increase in the provision reflected in the statement of operations.

Accretion expense on environmental rehabilitation

At all its operations Gold Fields makes full provision for environmental rehabilitation based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. The rehabilitation charge for fiscal 2006 was $8.6 million compared to $11.5 million in fiscal 2005. The decrease in the charge in fiscal 2006 was due to lower inflation and interest rates applicable to the fiscal 2006 layer added as well as the effects of converting at a weaker Rand/US dollar exchange rate.

For its South African operations, Gold Fields contributes to environmental trust funds it has established to provide for any environmental rehabilitation obligations and expected closure costs relating to its mining operations. The amounts invested in the trust funds are classified as non-current assets and any income earned on these assets is accounted for as interest income. For the Ghana, Australia and Venezuela operations Gold Fields does not contribute to a trust fund.

Share compensation cost

Effective July 1, 2005, the Company adopted SFAS No. 123(R). Prior to July 1, 2005, the Company had elected to follow Accounting Policies Board Opinion No. 25 “Accounting for Stock Issued to Employees,” or APB No. 25, and its related interpretations in accounting for its share option schemes. The Company adopted SFAS 123(R) using the modified prospective transition method. Under this method, compensation cost recognized in fiscal 2006 included: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of July 1, 2005, based on the grant-date fair value estimated in accordance with the original provisions of SFAS 123(R), and (b) compensation cost for all share-based payments granted subsequent to July 1, 2005 based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). The results for prior periods have not been restated. As a result of adopting SFAS 123(R), $11.5 million of stock compensation charges was recognized in fiscal 2006.

Prior to fiscal 2006 Gold Fields had elected to follow APB No. 25 and its related interpretations in accounting for its share option schemes. Under APB No. 25, because the exercise price of Gold Fields and its subsidiaries' employee share options equaled the market price of the underlying share on the date of the grant, no compensation expense had historically been recognized in the consolidated financial statements, other than on occasions where the terms of share option vesting schedules are modified or accelerated. During fiscal 2005 however, as a result of the inability by participants to exercise their share options during the period of the attempted Harmony hostile bid, Gold Fields extended the life of options for certain employees whose options would otherwise have expired by June 25, 2005. The Company accounted for the modification of the intrinsic value with a new measurement date and, since the options were fully vested on the modification date, recorded the incremental compensation cost of $2.1 million as an expense.

Harmony hostile bid costs

On October 18, 2004, Harmony Gold Mining Company Limited, or Harmony, announced an unsolicited and hostile tender offer to acquire the entire issued share capital of Gold Fields. Gold Fields mounted a vigorous defense to the offer, which continued during much of the remainder of fiscal year 2005. The offer came to a conclusion on May 20, 2005 when the High Court of South Africa ruled that the tender offer had, in fact, lapsed on December 18, 2004 and was not capable of being revised or reinstated. Gold Fields incurred costs of $50.8 million in defending against the Harmony offer which was expensed.

IAMGold transaction costs

On September 30, 2004, Gold Fields, Gold Fields Ghana Holdings Limited, Gold Fields Holdings and IAMGold Corporation, or IAMGold, signed a definitive agreement which would have resulted in Gold Fields combining its assets situated outside the Southern African Development Community with those of IAMGold by means of a reverse takeover. On December 7, 2004 this proposed transaction did not receive the required majority approval by shareholders and it was therefore not completed. Gold Fields incurred costs of $9.3 million relating to the failed IAMGold deal during fiscal 2005 which was expensed.

Interest and dividends

Interest and dividends decreased by $2.4 million or 8.2%, from $29.2 million in fiscal 2005 to $26.8 million in fiscal 2006. Interest received on cash and cash equivalents was $24.4 million in fiscal 2006 as compared to $26.4 million in fiscal 2005, primarily due to lower average cash balances during fiscal 2006 compared to fiscal 2005. Dividends received were $2.4 million in fiscal 2006 as compared to $2.8 million in fiscal 2005.

Finance expense

Gold Fields recognized net finance expense of $55.6 million in fiscal 2006 as compared to $54.9 million in fiscal 2005. Net finance expense in fiscal 2006 consisted of interest payments of $74.4 million, comprising $69.3 million on the Mvelaphanda loan and $5.1 million of other interest payments. This was offset in part by realized exchange gains of $18.8 million.

Other interest payments comprise $2.5 million interest paid on the $158.0 million borrowed on March 9, 2006 under a US$250.0 million credit facility entered into by Orogen Holdings (BVI) Limited, or Orogen, to partly finance the Bolivar acquisition, $1.5 million interest paid on a bridging loan related thereto incurred using Gold Fields' uncommitted borrowing facilities pending the availability of the US$250.0 million credit facility and $1.1 million of miscellaneous interest payments. See "-Liquidity and Capital Resources—Credit Facilities." The realized exchange gains consists of a $10.3 million currency translation gain on funds held to meet commitments in respect of the Bolivar acquisition and an $8.5 million currency conversion gain arising from a change in the functional currency from U.S. dollars to Rand of one of the Group's offshore subsidiary companies, Gold Fields Holdings.

Net finance expense in fiscal 2005 consisted of interest payments of $57.6 million, comprising $56.9 million on the Mvelaphanda loan and $0.7 million miscellaneous interest payments. This was offset in part by a $2.7 million realized exchange gain on certain offshore funds held in Euros.

Unrealized gain on financial instruments

Gold Fields recognized an unrealized gain of $14.6 million in fiscal 2006 compared to an unrealized gain of $4.9 million in fiscal 2005 relating to financial instruments.

The unrealized gain of $14.6 million in fiscal 2006 consisted of a $12.8 million unrealized mark-to-market gain on various warrants and options held in respect of underlying share investments, primarily related to the Mvela Transaction, and an unrealized gain of $3.8 million on the $30.0 million U.S. Dollar/Rand currency financial instruments Gold Fields holds to cover U.S. dollar commitments payable from South Africa. This was partly offset by an unrealized loss of $1.6 million on the Australian Dollar/US dollar currency financial instruments Gold Fields holds to allow it to participate in appreciation of the Australian dollar against the U.S. dollar and an unrealized loss of $0.4 million on the international Petroleum Exchange Gasoil call options Gold Fields entered into during fiscal 2005. See "Quantitative and Qualitative Disclosures About Market Risk—Foreign Currency Sensitivity—Foreign Currency Hedging Experience" and "—Commodity Price Sensitivity—Commodity Price Hedging Experience—Oil." The unrealized gain of $4.9 million in fiscal 2005 consisted of a $5.3 million unrealized gain on the Australian dollar/US dollar currency financial instruments Gold Fields holds to allow it to participate in appreciation of the Australian dollar against the U.S. dollar and a $0.3 million unrealized gain on the International Petroleum Exchange Gasoil call options Gold Fields entered into during fiscal 2005, offset in part by a $0.7 million negative mark-to-market valuation as at June 30, 2005 in respect of the $30.0 million U.S. dollar/Rand currency financial instruments Gold Fields holds to cover any U.S. dollar commitments payable from South Africa.

Realized (loss)/gain on financial instruments

Gold Fields recognized a realized loss of $9.1 million in fiscal 2006 compared to a realized gain of $2.1 million in fiscal 2005 relating to financial instruments.

Of the $9.1 million realized loss in fiscal 2006, there was a $15.2 million loss on treasury trading activities, a $1.9 million realized loss on a Rand/US dollar swap relating to the financing of the Bolivar acquisition and a $1.2 million net realized loss on the settlement of the $30.0 million U.S. Dollar/Rand currency financial instruments. This was partly offset by a $9.2 million gain related to an interest rate swap Gold Fields had entered into in connection with the Mvela Loan. This swap was closed out on June 3, 2005 resulting in a realized gain of $36.2 million. This gain is being accounted for in the income statement over the remaining period of the underlying loan. $9.2 million was accounted for in the income statement in fiscal 2006. The balance of $26.2 million will be accounted for in fiscal 2007 to fiscal 2009. See "Quantitative and Qualitative Disclosures About Market Risk—Interest Rate Sensitivity—General—Interest Rate Hedging Experience."

Of the $2.1 million realized gain in fiscal 2005, a $1.3 million gain was realized on the settlement of the $50.0 million U.S. dollar/Rand currency financial instruments and $0.8 million related to an interest rate swap Gold Fields had entered into in connection with the Mvela Loan.

Profit on disposal of listed investments

During fiscal 2006, Gold Fields continued to liquidate certain non-current investments. The profit on the sale of these investments amounted to $6.3 million resulting from the following sales:

- $4.7 million from the sale of Gold Fields 55% interest in the Committee Bay Joint Venture. In exchange for its 55% interest Gold Fields received 7,000,000 shares in Committee Bay Resources Limited valued at $4.7 million. As the interest had a nil cost, the $4.7 million value of the shares received was also the profit;
- $0.5 million from the sale of 0.4 million shares in TEBA Limited and the repayment of a loan previously written off;
- $0.3 million from the sale of 3.6 million shares in African Eagle Resources Plc;
- $0.2 million from the sale of 0.4 million shares in Sanu Resources Limited; and
- $0.6 million from the sale of various other shares.

During fiscal 2005, Gold Fields liquidated certain non-current investments. The profit on the sale of these investments amounted to $8.1 million resulting from the following sales:

- $6.2 million from the sale of 36.0 million shares in Zijin Mining Group Company Limited;
- $1.6 million from the sale of 8.5 million shares in African Eagle Resources Plc; and
- $0.3 million from the sale of 1.3 million shares in Radius Gold Incorporated.

Profit on disposal of exploration rights

During fiscal 2005 Gold Fields sold its interest in the Angelina Project in Chile to its joint venture partner Meridian for $7.5 million plus a 2% net smelter royalty on the majority of land within the joint venture. As the interest had a nil cost, the proceeds of $7.5 million was also the profit. No exploration rights were disposed of in fiscal 2006.

Profit on disposal of property, plant and equipment

During fiscal 2006, Gold Fields continued to dispose of certain surplus property, plant and equipment. The net profit on the sale of this property, plant and equipment amounted to $3.7 million comprising:

- $2.3 million profit from the sale of a winder by Kloof and
- $1.7 million profit from the sale of mine houses by Beatrix, offset in part by a
- $0.3 million loss from miscellaneous asset sales by the operating mines of the Group.

During fiscal 2005, Gold Fields realized a net profit of $0.8 million on the sale of surplus property, plant and equipment by the operating mines of the Group.

Write-down of investments.

During fiscal 2005 investments whose market value was lower than their original costs for a period of longer than 12 months were written-down by $7.7 million.

The $7.7 million comprised:

- $5.4 million on Mvelaphanda Resources Limited;
- $0.4 million on Conquest Mining Limited;
- $0.3 million on Oil Quest Resources Plc;
- $0.7 million on Lakota Resources; and
- $0.9 million on Ridge Mining Plc.

During fiscal 2006 no write down was required as there were no investments whose market value was lower than their original costs for a period of longer than 12 months.

Other (expenses)/income

Other (expenses)/income represents miscellaneous revenue items such as scrap sales and rental income, net of miscellaneous corporate expenditure not allocated to the operations and therefore not included in the corporate expenditure line item. Other expenses increased by $10.5 million, from $6.0 million in fiscal 2005 to $16.5 million in fiscal 2006.

Other expenses in fiscal 2006 consisted of miscellaneous cost items totaling $17.5 million which included:

- Corporate social investment costs which prior to fiscal 2006 were included in production costs;
- One time professional fees related to corporate advice and costs in relation to the expanding international portfolio as well as increased staffing related to Gold Fields' expanding international portfolio;
- Auditors' fees and other costs relating to Gold Fields becoming compliant with the requirements of the Sarbanes-Oxley Act of 2002; and
- costs related to marketing Biox®.

These amounts were offset in part by $1.0 million in other income, comprised primarily of rent.

Other expenses in fiscal 2005 consisted of $2.9 million in other income, comprised principally of mineral right sales and rent, which was more than offset by miscellaneous cost items totaling $8.9 million which included:

- auditors' fees and other costs relating to Gold Fields becoming compliant with the requirements of the Sarbanes-Oxley Act of 2002;

- costs related to marketing Biox®, which prior to fiscal 2005 were accounted for under exploration expense;
- the cost of cash rewards given to all Gold Fields' employees for the successful defense of the Harmony hostile bid; and
- additional sundry professional fees.

Income and mining tax (expense)/benefit

The table below sets forth Gold Fields' effective tax rate for fiscal 2005 and fiscal 2006, including normal and deferred tax.

	Year ended June 30,	
	2006	2005
Effective tax (expense)/benefit rate	(34.4)%	35.1%

In fiscal 2006, the effective tax expense rate of 34.4% differed from the maximum mining statutory tax rate of 45% for Gold Fields and its subsidiaries as a whole, primarily due to the effect of the mining tax formula of $13.5 million (representing the tax-free status of the first 5% of mining revenue) on the South African mining operations' taxable income, $8.4 million due to the reduction during fiscal 2006 of the Ghanaian tax rates from 28.0% to 25.0% and $55.3 million due to certain of Gold Fields subsidiary companies having statutory tax rates that are lower than the maximum mining statutory tax rate of 45%. The effect of these items was offset by an amount of $22.3 million relating to the non-deductibility of certain exploration costs and share-based payment costs and by an amount of $24.9 million relating to foreign levies and royalties, which is included in the tax charge.

In fiscal 2005, the effective tax benefit rate of 35.1% differed from the maximum mining statutory tax rate of 45% for Gold Fields and its subsidiaries as a whole, primarily due to the effect of the mining tax formula of $11.5 million (representing the tax-free status of the first 5% of mining revenue) on the South African mining operations' taxable income, a $26.8 million credit due to an increase in the tax values of the Australian operations following the consolidation of St. Ives and Agnew for tax purposes and $8.4 million due to the reduction in fiscal 2005 of the Ghanaian tax rates from 32.5% to 28.0%. The Australian tax legislation makes provision for companies that consolidate for tax purposes to recalculate their tax values based on a market value calculation. The effect of these items was offset by an amount of $40.0 million relating to the non-deductibility of certain exceptional items, namely the Harmony hostile bid costs, the IAMGold transaction costs and exploration costs and by an amount of $21.8 million relating to foreign levies and royalties, which is included in the tax charge.

Share of equity investee's losses

Share of equity investee's losses increased to $5.9 million in fiscal 2006 from $0.4 million in fiscal 2005. The $5.9 million loss relates to the recording of the equity losses related to Bolivar following Gold Fields' acquisition of the remaining interest in Bolivar it did not previously own effective February 28, 2006. Gold Fields did not record losses related to Bolivar prior to Gold Fields acquiring the remaining interest in Bolivar that it did not already own. Prior to this acquisition it held approximately 14% of Bolivar and accounted for this investment as an available for sale investment.

Minority interests

Minority interests represented an expense of $29.8 million in fiscal 2006, compared to an expense of $20.6 million in fiscal 2005. These amounts reflect the portion of the net income of Gold Fields Ghana, Abosso, Choco 10 and Living Gold attributable to their minority shareholders. The minority shareholders' interest was 28.9% in Gold Fields Ghana and Abosso in fiscal 2006 and 2005, 5% in Choco 10 in fiscal 2006 and 40% in Living Gold in fiscal 2006 and 2005. The amounts due to minority shareholders were higher in fiscal 2006 due to increased net income at Gold Fields Ghana and Abosso in fiscal 2006. Also the minority shareholders of Choco 10 were included for the first time in fiscal 2006.

Net income/(loss)

As a result of the factors discussed above, Gold Fields' net income was $138.5 million in fiscal 2006 compared with net loss of $206.2 million in fiscal 2005.

Years Ended June 30, 2005 and 2004

Revenues

Product sales increased by $186.9 million, or 11.0%, from $1,706.2 million in fiscal 2004 to $1,893.1 million in fiscal 2005. The increase in product sales was due to an increase in the average realized gold price of 9.0% from $387 per ounce in fiscal 2004 to $422 per ounce in fiscal 2005 together with an increase of approximately 0.082 million ounces, or 1.9%, of total gold sold from 4.406 million ounces in fiscal 2004 to 4.488 million ounces in fiscal 2005. The increase in ounces sold resulted from an overall increase in production at both the international and at the South African operations.

The increase in ounces sold from the South African operations from 2.804 million ounces in fiscal 2004 to 2.824 million ounces in fiscal 2005 resulted from an increase in underground yields from 7.1 to 7.4 grams per tonne. This was as a result of the reduction in production from marginal areas and processing of low grade surface material, coupled with some increased production from higher grade areas, in line with the change from a high-volume low-grade production strategy to a lower-volume higher-grade production strategy to increase margins. Gold output from Driefontein increased by 21,000 ounces while production at Kloof and Beatrix was unchanged in fiscal 2005 when compared with fiscal 2004. Production at the international operations increased by 3.7% from 1.603 million ounces in fiscal 2004 to 1.664 million ounces in fiscal 2005. A significant increase in production at Tarkwa resulting from the commissioning of the mill during October 2004 and a smaller increase in production at Agnew more than offset decreases in production at Damang and St. Ives. See "Information on the Company—Gold Fields' Mining Operations."

Differences between total gold sold and total gold produced are due to timing differences between gold production and gold sales.

Costs and Expenses

The following table sets out Gold Fields' total ounces produced and weighted average total cash costs and total production costs per ounce for fiscal 2004 and fiscal 2005.

Fiscal 2004			Fiscal 2005			Percentage increase/ (decrease) in unit total cash	Percentage increase/ (decrease) in unit total production
Gold	Total cash	Total production	Gold		Total production		

	Production	costs(1)	costs(2)	Production	costs(1)	costs(2)	costs	costs
	(‘000oz)	($/oz)		(‘000oz)	($/oz)		(%)	
South Africa								
Driefontein	1,141	311	355	1,163	330	380	6.1	7.0
Kloof	1,038	341	388	1,037	379	448	11.1	15.5
Beatrix	625	356	393	624	406	452	14.0	15.0
Ghana								
Tarkwa(3)	550	230	258	677	234	290	1.7	12.4
Darnang(4)	308	222	245	248	282	302	27.0	23.3
Australia(5)								
St. Ives	543	300	377	527	336	439	12.0	16.5
Agnew	202	221	303	212	232	325	5.0	7.3
Total(6)(7)	4,406	—	—	4,488	—	—	—	—
Weighted average	—	302	349	—	331	393	9.6	12.6

Notes:

(1) Gold Fields has calculated total cash costs per ounce by dividing total cash costs, as determined using guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total cash costs, as defined in the

Gold Institute industry guidance, are production costs as recorded in the statement of operations, less offsite (i.e. central) general and administrative expenses (including head office costs charged to the mines, central training expenses, industry association fees and social development costs), rehabilitation costs, plus royalties and employee termination costs. Changes in total cash costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand, Australian dollar and the Bolivar, compared with the U.S. dollar. Management, however, believes that total cash costs per ounce provides a measure for comparing Gold Fields’ operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total cash costs and total cash costs per ounce are not U.S. GAAP measures. An investor should not consider total cash costs and total cash costs per ounce in isolation or as an alternative to total production costs or net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. In particular, depreciation and amortization is included in a measure of production costs under U.S. GAAP, but is not included in total cash costs under the guidance provided by the Gold Institute. Furthermore, while the Gold Institute has provided a definition for the calculation of total cash costs, the calculation of total cash costs per ounce may vary significantly among gold mining companies, and by itself does not necessarily provide a basis for comparison with other gold mining companies. See “Information on the Company—Glossary of Mining Terms—Total cash costs per ounce.”

(2) Gold Fields has calculated total production costs per ounce by dividing total production costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total production costs, as defined by the Gold Institute industry guidance, are total cash costs, as calculated using the Gold Institute guidance, plus amortization, depreciation and rehabilitation costs. Changes in total production costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand, Australian dollar and the Bolivar, compared with the U.S. dollar. Management, however, believes that total production costs per ounce provides a measure for comparing Gold Fields’ operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total production costs per ounce is not a U.S. GAAP measure. An investor should not consider total production costs per ounce in isolation or as an alternative to total production costs or net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. While the Gold Institute has provided a definition for the calculation of total production costs, the calculation of total production costs per ounce may vary significantly among gold mining companies, and by itself does not necessarily provide a basis for comparison with other gold mining companies. See “Information on the Company—Glossary of Mining Terms—Total production costs per ounce.”

(3) In fiscal 2004 and 2005, 0.391 million ounces and 0.481 million ounces of production, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Tarkwa operation.

(4) In fiscal 2004 and 2005, 0.219 million ounces and 0.176 million ounces of production, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Damang operation.

(5) The consideration paid for the Australian operations in excess of the book value of the underlying net assets was allocated pro rata to the value of the underlying assets, which affected the allocation of amortization between St. Ives and Agnew.

(6) In fiscal 2004, and 2005, 4.158 million ounces and 4.219 million ounces of production, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operations.

(7) The total may not reflect the sum of the line items due to rounding.

The following tables set out a reconciliation of Gold Fields’ production costs to its total cash costs and total production costs for fiscal 2005 and fiscal 2004.

	For the year ended June 30, 2005								
	Driefontein	Kloof	Beatrix	Tarkwa	Damang	St. Ives	Agnew	Corporate	Group
	(in $ millions except as otherwise noted)(1)								
Production Costs	386.4	393.6	252.9	158.2	68.6	184.5	56.4	—	1,500.6
Less:									
G&A other than corporate costs	(6.5)	(5.4)	(3.8)	(8.9)	(1.8)	(4.7)	(1.5)	—	(32.6)
GIP adjustment	—	—	—	0.2	—	2.1	(0.1)	—	2.2
Exploration	—	—	—	(1.2)	—	(10.7)	(7.5)	—	(19.4)
Plus:									
Employment termination cost	3.7	5.0	4.3	—	—	—	—	0.7	13.7
Royalty	—	—	—	8.6	3.1	5.7	2.1	—	19.5
Total cash costs	383.6	393.2	253.4	156.9	69.9	176.9	49.4	0.7	1,484.0
Plus:									
Amortization(2)	56.9	67.9	28.0	38.1	4.8	56.5	19.3	3.0	274.5
GIP adjustments(2)	—	—	—	(0.2)	—	(2.1)	0.1	—	(2.2)
Rehabilitation	1.8	3.5	1.0	1.3	0.2	0.3	0.3	—	8.4
Total production costs	442.3	464.6	282.4	196.1	74.9	231.6	69.1	3.7	1,764.7
Gold produced (‘000 oz)(3)	1,162.6	1,037.1	624.3	676.8	247.7	527.0	212.5	—	4,488.0
Gold sold per production cost (‘000 oz)	1,162.6	1,037.1	624.3	676.8	247.7	527.0	212.5	—	4,488.0
Total cash costs ($/oz)(4)	330	379	406	232	282	336	232	—	331
Total production costs ($/oz)(5)	380	448	452	290	302	439	325	—	393

Notes:

(1) Calculated using an exchange rate of R6.21 per $1.00.

(2) Non-cash portion of GIP adjustments shown separately. Gold in process, or GIP, represents gold in the processing circuit, which is expected to be recovered.

(3) In fiscal 2005, 4.219 million ounces of production, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operations.

(4) Gold Fields has calculated total cash costs per ounce by dividing total cash costs, as determined using guidance provided by the

Gold Institute, by gold ounces sold for all periods presented. Total cash costs, as defined in the Gold Institute industry guidance, are production costs as recorded in the statement of operations, less offsite (i.e. central) general and administrative expenses (including head office costs charged to the mines, central training expenses, industry association fees and social development costs), rehabilitation costs, plus royalties and employee termination costs. Changes in total cash costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand, Australian dollar and the Bolivar, compared with the U.S. dollar. Management, however, believes that total cash costs per ounce provides a measure for comparing Gold Fields’ operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total cash costs and total cash costs per ounce are not U.S. GAAP measures. An investor should not consider total cash costs and total cash costs per ounce in isolation or as an alternative to total production costs or net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. In particular, depreciation and amortization is included in a measure of production costs under U.S. GAAP, but is not included in total cash costs under the guidance provided by the Gold Institute. Furthermore, while the Gold Institute has provided a definition for the calculation of total cash costs, the calculation of total cash costs per ounce may vary significantly among gold mining companies, and by itself does not necessarily provide a basis for comparison with other gold mining companies. See “Information on the Company—Glossary of Mining Terms—Total cash costs per ounce.”

(5) Gold Fields has calculated total production costs per ounce by dividing total production costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total production costs, as defined by the Gold Institute industry guidance, are total cash costs, as calculated using the Gold Institute guidance, plus amortization, depreciation and rehabilitation costs. Changes in total production costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand, Australian dollar and the Bolivar, compared with the U.S. dollar. Management, however, believes that total production costs per ounce provides a measure for comparing Gold Fields’ operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total production costs

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	For the year ended June 30, 2004								
	Driefontein	Kloof	Beatrix	Tarkwa	Damang	St. Ives	Agnew	Corporate	Group
	(in $ millions except as otherwise noted)(1)								
Production Costs	356.1	354.7	223.7	126.5	66.7	182.2	45.3	—	1,355.2
Less:									
G&A other than corporate costs	(5.6)	(4.8)	(4.0)	(6.5)	(1.8)	(4.9)	(0.6)	—	(28.2)
GIP adjustment	—	—	—	—	—	—	(1.2)	—	(1.2)
Exploration	—	—	—	—	—	(19.9)	(1.0)	—	(20.9)
Plus:									
Employment termination cost	4.0	3.9	2.5	—	—	0.1	—	—	10.5
Royalty	—	—	—	6.4	3.6	5.1	2.0	—	17.1
Total cash costs	354.5	353.8	222.2	126.4	68.5	162.6	44.5	—	1,332.5
Plus:									
Amortization(2)	49.5	46.0	22.8	15.2	6.8	41.8	15.3	1.2	198.6
GIP adjustments(2)	—	—	—	—)	—	—	1.2	—	1.2
Rehabilitation	1.6	3.2	0.5	0.1	0.2	0.3	0.1	—	6.0
Total production costs	405.6	403.0	245.5	141.7	75.5	204.7	61.1	1.2	1,538.3
Gold produced (‘000 oz)(3)	1,141.2	1,037.6	624.9	550.0	308.3	542.6	201.5	—	4,406.1
Gold sold per production cost (‘000 oz)	1,141.2	1,037.6	624.9	550.0	308.3	542.6	201.5	—	4,406.1
Total cash costs ($/oz)(4)	311	341	356	230	222	300	221	—	302
Total production costs ($/oz)(5)	355	388	393	258	245	377	303	—	349

Note:

(1) Calculated using an exchange rate of R6.90 per $1.00.

(2) Non-cash portion of GIP adjustments shown separately. Gold in process, or GIP, represents gold in the processing circuit, which is expected to be recovered.

(3) In fiscal 2004, 4.158 million ounces of production were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operations.

(4) Gold Fields has calculated total cash costs per ounce by dividing total cash costs, as determined using guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total cash costs, as defined in the Gold Institute industry guidance, are production costs as recorded in the statement of operations, less offsite (i.e. central) general and administrative expenses (including head office costs charged to the mines, central training expenses, industry association fees and social development costs), rehabilitation costs, plus royalties and employee termination costs. Changes in total cash costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand, Australian dollar and the Bolivar, compared with the U.S. dollar. Management, however, believes that total cash costs per ounce provides a measure for comparing Gold Fields’ operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total cash costs and total cash costs per ounce are not U.S. GAAP measures. An investor should not consider total cash costs and total cash costs per ounce in isolation or as an alternative to total production costs or net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. In particular, depreciation and amortization is included in a measure of production costs under U.S. GAAP, but is not included in total cash costs under the guidance provided by the Gold Institute. Furthermore, while the Gold Institute has provided a definition for the calculation of total cash costs, the calculation of total cash costs per ounce may vary significantly among gold mining companies, and by itself does not necessarily provide a basis for comparison with other gold mining companies. See “Information on the Company—Glossary of Mining Terms—Total cash costs per ounce.”

(5) Gold Fields has calculated total production costs per ounce by dividing total production costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total production costs, as defined by the Gold Institute industry guidance, are total cash costs, as calculated using the Gold

Institute guidance, plus amortization, depreciation and rehabilitation costs. Changes in total production costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand, Australian dollar and the Bolivar, compared with the U.S. dollar. Management, however, believes that total production costs per ounce provides a measure for comparing Gold Fields’ operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total production costs per ounce is not a U.S. GAAP measure. An investor should not consider total production costs per ounce in isolation or as an alternative to total production costs or net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. While the Gold Institute has provided a definition for the calculation of total production costs, the calculation of total production costs per ounce may vary significantly among gold mining companies, and by itself does not necessarily provide a basis for comparison with other gold mining companies. See “Information on the Company—Glossary of Mining Terms—Total production costs per ounce.”

See "Information on the Company—Glossary of Mining Terms—Total production costs per ounce."

Gold Fields' weighted average total cash costs per ounce increased by $29 per ounce, or 9.6%, from $302 per ounce in fiscal 2004 to $331 per ounce in fiscal 2005. The principal reason was the strengthening of the Rand against the U.S. dollar, which had a 10.0% negative impact on the costs converted from the South African operations. In Rand terms, weighted average total cash costs per ounce declined at the South African operations. Cash costs at the South Africa operations were affected by an increase in gold production as a result of the increase in underground yields during fiscal 2005, as compared to fiscal 2004, as well as cost saving initiatives, partially offset by above inflation increases in wages and prices of certain consumable store, including fuel, steel and cyanide and other reagents, and normal inflationary increases in prices of other consumable stores. Total cash costs per ounce in Rand terms at the international operations decreased slightly in fiscal 2005 with lower unit costs at Agnew and Tarkwa more than offsetting increases at St. Ives and Damang as the appreciation of the Rand against the U.S. dollar contributed to the lower total cash costs per ounce in Rand terms.

Production costs

Production costs increased by $145.4 million, or 10.7%, from $1,355.2 million in fiscal 2004 to $1,500.6 million in fiscal 2005. This was primarily due to the increased production from Tarkwa, which was offset in part by slightly decreased production in South Africa and St. Ives, as well as significant increases in input costs, especially fuel, steel and cyanide and other reagents, wage increases above inflation at the South African operations, and the appreciation of the South African rand and the Australian dollar against the U.S. dollar. The Rand appreciated on average by 10.1% and the Australian dollar appreciated 5.4% against the U.S. dollar during fiscal 2005 compared to fiscal 2004, resulting in increased costs in U.S. dollar terms.

Depreciation and amortization

Depreciation and amortization charges increased $75.9 million, or 38.2%, from $198.6 million in fiscal 2004 to $274.5 million in fiscal 2005. The principal reason for this increase was the increase in production compounded by the appreciation of the Rand and Australian dollar against the U.S. dollar. In addition, the decrease in reserves at Kloof Shaft No. 7, the additional amortization and depreciation of the new mills at Tarkwa and St. Ives and the owner mining fleet at Tarkwa contributed to the increase.

The table below depicts the changes from June 30, 2003 to June 30, 2004 for proven and probable reserves above current infrastructure and for the life of mine for each operation, and the resulting impact on the amortization charge in fiscal 2004 and 2005, respectively. The life of mine numbers below are taken from the operations' strategic plans, adjusted for proven and probable reserve balances. In basic terms, amortization is calculated using the life of mine for each operation, which is based on: (1) the proven and probable reserves above infrastructure for the operation at the start of the relevant year (which are taken

to be the same as at the end of the prior fiscal year and using only above infrastructure reserves) and (2) the amount of gold produced by the operation during the year.

	Proven and probable reserves as of June 30, ('000 oz)		Life of mine(6) as of June 30, (years)		Amortization as of June 30, ($m)	
	2003	2004	2003	2004	2004	2005
Driefontein	16,000	15,300	17	16	49.5	56.9
Kloof(1)	15,900	13,000	18	15	46.0	67.9
Beatrix(2)(3)	11,800	9.400	20	20	22.8	28.0
Ghana						
Tarkwa(4)	9,800	14,700	14	11	15.2	38.1
Damang(5)	900	900	3	5	6.8	4.8
Australia(7)						
St. Ives(8)	3,000	3,100	5	5	41.8	56.5
Agnew	500	700	4	3	15.3	19.3
Corporate and other	—	—	—	—	1.2	3.0
Total	57,900	57,100	—	—	198.6	274.5
Reserves below infrastructure(9)	26,600	23,000	—	—	—	—
Total reserves(10)	84,500	80,100	—	—	—	—

Notes:

(1) At Kloof, reserves previously planned to be mined through the shaft decline at Shaft No.7 will now be mined from current infrastructure at Shaft No. 4. This reclassification of reserves from Shaft No. 7 to Shaft No. 4 reduced the reserves at Shaft No. 7, resulting in the cost base at that shaft being amortized over a shorter life than previously planned.

(2) The Beatrix operation, formerly called the Free State operation, was renamed following the sale of the St. Helena mine to Freegold on October 30, 2002. The increase in amortization at Beatrix in fiscal 2005 is due to a decrease in proven and probable reserves.

(3) Includes the former Oryx mine, designated as Beatrix Shaft No. 4 or the West section.

(4) As of June 30, 2003 and 2004, reserves of 6.970 million ounces and 10.450 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Tarkwa operation. The increase in amortization at Tarkwa in fiscal 2005 is due to the depreciation of the new owner mining fleet and the new SAG mill commissioned during the year.

(5) As of June 30, 2003 and 2004, reserves of 0.640 million ounces and 0.640 million ounces were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Damang operation.

(6) The life of mine for each operation shown in the above table differs from that shown in "Information on the Company—Gold Fields' Mining Operations." The information in the above table is based on the above infrastructure proven and probable reserves at June 30, 2004 for fiscal 2004 whereas the life of mine information in Item 4 is based on both above and below infrastructure proven and probable reserves at June 30, 2005.

(7) The consideration paid for the Australian operations in excess of the book value of the underlying net assets was allocated pro rata to the value of the underlying assets, which affected the allocation of amortization between St. Ives and Agnew.

(8) Amortization increased at St. Ives and Agnew due to an increase in ounces mined.

(9) Below infrastructure reserves relate to mineralization which is located at a level at which an operation currently does not have infrastructure sufficient to allow mining operations to occur, but where the operation has made plans to install additional infrastructure in the future which will allow mining to occur at that level.

(10) As of June 30, 2003 and 2004, reserves of 81.500 million ounces and 75.600 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to minority shareholders in the Ghana operation.

Corporate expenditure

Corporate expenditure was $22.5 million in fiscal 2005 compared to $20.3 million in fiscal 2004, an increase of 10.8%. This increase was primarily due to the appreciation of the Rand against the U.S. dollar. Rand costs remained constant at R140.0 million in fiscal 2005.

Employment termination costs

In fiscal 2005, Gold Fields incurred employment termination costs of $13.7 million as compared to $10.5 million in fiscal 2004. The increase in employee terminations costs resulted principally from higher retrenchments during fiscal 2005.

Exploration expenditure

Exploration expenditure was $46.0 million in fiscal 2005, an increase of 15.3% from $39.9 million in fiscal 2004. The increase was as a result of a deliberate effort to step up exploration activities, with $11.5 million spent in Africa in fiscal 2005, compared to $5.7 million in fiscal 2004. Exploration expenditure in fiscal 2005 also included $14.3 million incurred at the APP, compared to $11.4 million in fiscal 2004. See "Information on the Company—Exploration." In addition, in fiscal 2005 the costs associated with marketing the Biox® process were accounted for as Other (costs)/income, whereas in fiscal 2004 they were included within exploration expenditure. See "Information on the Company—Research and Development."

Impairment of assets

For fiscal 2005, Gold Fields had asset impairments of $233.1 million, as compared to asset impairments of $72.7 million in fiscal 2004. During fiscal 2005, there was an impairment charge of $211.1 million relating to Beatrix North and South sections (formerly Beatrix Shaft Nos. 1, 2 and 3). Beatrix is a low grade mine and therefore very sensitive to changes in its cost profile. Changes in the cost profile affect the pay limits, which in turn affects the reserves. During fiscal 2005, there were cost increases at Beatrix, which resulted in an increase in the pay limit. Due to the increase in the pay limit, certain reserves at Shaft No. 2 (now part of the South section) and Vlakpan included in fiscal 2004 became uneconomical to mine and were therefore excluded from the 2005 life of mine profile. In addition, due to the restructuring at the South section, certain areas were closed which further impacted the life of mine plan.

During fiscal 2005, closures resulted in the following additional asset impairments:

- at Driefontein, Shaft No. 10 shaft was closed, resulting in an impairment of $2.0 million;
- at Kloof, the No. 3 metallurgical plant was closed, resulting in an impairment of $1.8 million; and
- at St. Ives, the old mill was closed, resulting in an impairment of $9.8 million.

Also during fiscal 2005, an impairment charge was incurred at Living Gold, the rose project at Driefontein. See "Information on the Company—Living Gold." As Living Gold is not a gold asset, its valuation was based on its business plan using a long term exchange rate of R8.51 to the euro, the currency in the markets where it anticipated making most of its sales, and a discounted cash flow valuation using a real discount rate of 10%. This resulted in an impairment of $8.4 million. The main reason for the impairment is that the original plan forecast a higher exchange rate of R9.87 to the euro and thus higher earnings.

During fiscal 2004, following a geological study at the Beatrix West Section and an associated revision of the ore reserve, the latest life-of-mine plans indicated that future production of gold should be based on 2.0 million ounces as opposed to 2.8 million ounces as previously estimated. At this level of extraction and at a gold price of $350 per ounce, the life-of-mine plans did not support the carrying value of the shaft on an undiscounted cash flow basis. Accordingly, an asset impairment of $61.8 million was charged against income, which reduced the carrying value of the Beatrix West Section to $11.9 million.

During fiscal 2004, the potential future income arising from existing and possible new contracts for Biox® was reevaluated. See "Information on the Company—Research and Development." This revised plan did not support the carrying value and accordingly, an impairment write-down of $5.0 million was recorded, to reflect the fair value of the Biox® patent of $15.0 million.

During fiscal 2004, new regulations were enacted in South Africa that will result in mining companies forfeiting those mineral rights not likely to be mined or explored. GFL Mining Services held certain mineral rights to which this new regulation applies. Accordingly, an impairment write-off of $5.9 million was recorded for those minerals that would be forfeited as a result of this new regulation.

Impairment of critical spares

With the closure of the old St. Ives mill during fiscal 2005, $2.8 million worth of critical spares kept for the maintenance of the old plant were impaired as they had become redundant.

Decrease in provision for post-retirement health care costs

Under the medical plan which covers certain of its former employees, Gold Fields remains liable for 50% of the employees' medical contribution to the medical schemes after their retirement. During fiscal 2005 and fiscal 2004, 21% and 6%, respectively, of these former employees and dependants were bought out of the scheme at a 15% premium. At June 30, 2005, approximately 243 (fiscal 2004: 510) former employees were covered under this plan.

In fiscal 2005 an amount of $4.2 million was credited to earnings, compared to $5.1 million in fiscal 2004, in respect of Gold Fields' obligations under this medical plan, representing an 18% decrease. The $4.2 million credit was the result of a reversal of $4.5 million relating to the release of the cross subsidization liability as a result of the buyout and a $2.2 million release as a result of benefits forfeited offset in part by the annual interest and service charge of $1.7 million and a $0.8 million charge relating to the 15% premium mentioned above. In fiscal 2004, the credit was the result of a reversal of $6.2 million relating to the release of the cross subsidization liability as a result of the buyout and a $2.6 million release as a result of benefits forfeited, offset in part by the annual interest and service charge of $3.0 million and a $0.7 million charge relating to the 15% premium.

Accretion expense on environmental rehabilitation

The rehabilitation charge for fiscal 2005 was $11.5 million compared to $8.4 million in fiscal 2004. The increase was due primarily to the strengthening of the Rand against the U.S. dollar and decreases in the life of mines in South Africa.

Share compensation cost

During fiscal 2005 and fiscal 2004, Gold Fields had elected to follow APB No. 25 and its related interpretations in accounting for its share option schemes. Under APB No. 25, because the exercise price of Gold Fields and its subsidiaries' employee share options equaled the market price of the underlying share on the date of the grant, no compensation expense has historically been recognized in the consolidated financial statements, other than on occasions where the terms of share option vesting schedules are modified or accelerated. During fiscal 2005 however, as a result of the inability by participants to exercise their share options during the period of the attempted Harmony hostile bid, Gold Fields extended the life of options for certain employees whose options would otherwise have expired by June 25, 2005. The Company accounted for the modification of the intrinsic value with a new measurement date and, since the options were fully vested on the modification date, recorded the incremental compensation cost of $2.1 million as an expense.

Harmony hostile bid costs

On October 18, 2004, Harmony announced an unsolicited and hostile tender offer to acquire the entire issued share capital of Gold Fields. Gold Fields mounted a vigorous defense to the offer, which continued during much of the remainder of fiscal year 2005. Gold Fields incurred costs of $50.8 million in defending against the Harmony offer which was expensed.

IAMGold transaction costs

On September 30, 2004, Gold Fields, Gold Fields Ghana Holdings Limited, Gold Fields Guernsey and IAMGold, signed a definitive agreement which would have resulted in Gold Fields combining its assets situated outside the Southern African Development Community with those of IAMGold by means of a reverse takeover. On December 7, 2004 this proposed transaction did not receive the required majority approval by shareholders and it was therefore not completed. Gold Fields incurred costs of $9.3 million relating to the failed IAMGold deal during fiscal 2005 which was expensed.

Interest and dividends

Interest and dividends increased by $9.8 million or 50.5%, from $19.4 million in fiscal 2004 to $29.2 million in fiscal 2005. Interest received on cash and cash equivalents was $26.4 million in fiscal 2005 as compared to $17.1 million in fiscal 2004, primarily due to higher average cash balances during fiscal 2005 compared to fiscal 2004. Dividends received were $2.8 million in fiscal 2005 as compared to $2.3 million in fiscal 2004.

Finance (expense)/income

Gold Fields recognized net finance expense of $54.9 million in fiscal 2005 as compared to $12.2 million in fiscal 2004. The main reason for the increase in fiscal 2005 was due to the Mvela Loan being in place for the entire period of fiscal 2005, whereas in fiscal 2004 it was only in place for three months. Net finance expense in fiscal 2005 consisted of interest payments of $57.6 million, comprising $56.9 million on the Mvela Loan and $0.7 million of miscellaneous interest payments. This was offset in part by a $2.7 million realized exchange gain on funds held in Euros.

Net finance expense in fiscal 2004 consisted of interest payments of $27.2 million, comprising $18.2 million on the Mvela Loan and $9.0 million on the loans used to acquire St. Ives, Agnew and Damang, offset in part by a $3.6 million unrealized exchange gain on certain offshore funds held in Euros and a $11.4 million realized exchange gain on the Australian loan.

Unrealized gain on financial instruments

Gold Fields recognized an unrealized gain of $4.9 million in fiscal 2005 compared to an unrealized gain of $39.2 million in fiscal 2004 relating to financial instruments.

The unrealized gain of $4.9 million in fiscal 2005 consisted of a $5.3 million unrealized gain on the Australian dollar/US dollar currency financial instruments Gold Fields holds to allow it to participate in appreciation of the Australian dollar against the U.S. dollar and a $0.3 million unrealized gain on the International Petroleum Exchange Gasoil call options Gold Fields entered into during fiscal 2005, offset in part by a $0.7 million negative mark-to-market valuation as at June 30, 2005 in respect of the $30.0 million U.S. dollar/Rand currency financial instruments Gold Fields holds to cover any U.S. dollar commitments payable from South Africa. See “Quantitative and Qualitative Disclosures About Market Risk—Foreign Currency Sensitivity—Foreign Currency Hedging Experience.”

Of the $39.2 million unrealized gain in fiscal 2004, $40.2 million related to an unrealized gain on the Australian dollar/U.S. dollar currency financial instruments, offset by a $1.0 million negative mark-to-market valuation as at June 30, 2004 of the $50.0 million U.S. dollar/Rand currency financial instruments

held at that time which were purchased to protect the Group’s commitment in respect of the Tarkwa mill project and the shift to owner mining projects of $159.0 million.

Realized gain on financial instruments

Gold Fields recognized a realized gain of $2.1 million in fiscal 2005 compared to a realized loss of $8.7 million in fiscal 2004 relating to financial instruments.

Of the $2.1 million realized gain in fiscal 2005, a $1.3 million gain was realized on the settlement of the $50.0 million U.S. dollar/Rand currency financial instruments and $0.8 million related to the interest rate swap Gold Fields had entered into in connection with the Mvela Loan.

Of the $8.7 million realized loss in fiscal 2004, a loss of $13.0 million was realized on the settlement of the U.S. dollar/Rand forward purchases offset by a $4.3 million gain on the U.S. dollar/Australian dollar financial instruments.

Profit on disposal of listed investments

During fiscal 2005, Gold Fields continued to liquidate certain non-current investments. The profit on the sale of these investments amounted to $8.1 million resulting from the following sales:

- $6.2 million from the sale of 36.0 million shares in Zijin Mining Group Company Limited;
- $1.6 million from the sale of 8.5 million shares in African Eagle Resources Plc; and
- $0.3 million from the sale of 1.3 million shares in Radius Gold Incorporated.

During fiscal 2004, Gold Fields liquidated certain non-current investments in order to fund foreign debt repayments. The profit on the sale of these investments amounted to $13.9 million resulting from the following sales:

- $7.7 million from the sale of 1.2 million shares in Harmony Gold Mining Company Limited/African Rainbow Minerals Limited;
- $2.1 million from the sale of 0.9 million shares in Chesapeake Gold Corporation;
- $1.0 million from the sale of 0.1 million shares in Glamis Gold Limited;
- $1.5 million from the sale of 2.5 million shares in Orozone Resources Inc.; and

· $1.6 million from the sale of 1.3 million shares in Committee Bay.

Profit on disposal of exploration rights

During fiscal 2005 Gold Fields sold its interest in the Angelina Project in Chile to its joint venture partner Meridian for $7.5 million plus a 2% net smelter royalty on the majority of land within the joint venture. As the interest had a nil cost, the proceeds of $7.5 million was also the profit.

Profit on disposal of property, plant and equipment

During fiscal 2005, Gold Fields realised a net profit of $0.8 million profit from sales of surplus property, plant and equipment by the operating mines of the Group.

During fiscal 2004, Gold Fields disposed of certain property, plant and equipment. The profit on the sale of this property, plant and equipment amounted to $0.3 million. This comprises $0.3 million profit from miscellaneous asset sales by the operating mines of the Group.

Profit on disposal of mineral rights

During fiscal 2004, mineral rights and associated assets relating to Driefontein’s block 1C11 were sold for $45.7 million to AngloGold Ashanti, realizing a profit of $27.1 million.

Write-down of investments

During fiscal 2005 investments whose market value was lower than their original costs for a period of longer than 12 months were written-down by $7.7 million.

The $7.7 million comprised:

· $5.4 million on Mvelaphanda Resources Limited;

· $0.4 million on Conquest Mining Limited;

· $0.3 million on Oil Quest Resources Plc;

· $0.7 million on Lakota Resources; and

· $0.9 million on Ridge Mining Plc.

During fiscal 2004 no write down was required as there were no investments whose market value was lower than their original costs for a period of longer than 12 months.

Write-down of mineral rights

During fiscal 2004, mineral rights held as trading stock to the value of $3.6 million were written-off. This was in line with new regulations in South Africa that will result in mining companies forfeiting those mineral rights not likely to be mined or explored.

Other (expenses)/income

Other (expenses)/income decreased by $7.8 million, from $1.8 million other income in fiscal 2004 to $6.0 million other expenses in fiscal 2005. Other income in fiscal 2005 consisted of $2.9 million in revenues, comprised principally of mineral right sales and rent, which was more than offset by miscellaneous cost items totaling $8.9 million which included:

· auditors fees and other costs relating to Gold Fields becoming compliant with the requirements of the Sarbanes-Oxley Act of 2002;

· costs related to marketing Biox®, which prior to fiscal 2005 were accounted for under exploration expense;

· the cost of cash rewards given to all Gold Fields’ employees for the successful defense of the Harmony hostile bid; and

· additional sundry professional fees incurred.

Other income in fiscal 2004 consisted of $6.8 million in revenues, comprised principally of mineral right sales, rent and a rebate received from JP Morgan net of $4.7 million in other expenses comprised principally of payments to The Business Trust, an initiative involving a large number of companies in South Africa undertaking targeted job creation and capacity building programs, and sundry professional fees. There were no stock compensation charges in fiscal 2004.

Income and mining tax benefit/(expense)

The table below sets forth Gold Fields’ effective tax rate for fiscal 2004 and fiscal 2005, including normal and deferred tax.

	Year ended June 20,	
	2005	2004
Effective tax benefit/(expense) rate	35.1%	(14.3)%

In fiscal 2005, the effective tax benefit rate of 35.1% differed from the maximum mining statutory tax rate of 45% for Gold Fields and its subsidiaries as a whole, primarily due to the effect of the mining tax formula of $11.5 million (representing the tax-free status of the first 5% of mining revenue) on the South African mining operations’ taxable income, a $26.8 million credit due to an increase in the tax values of the Australian operations following the consolidation of St. Ives and Agnew for tax purposes and $8.4 million due to the reduction in fiscal 2005 of the Ghanaian tax rates from 32.5% to 28.0%. The Australian tax legislation makes provision for companies that consolidate for tax purposes to recalculate their tax values based on a market value calculation. The effect of these items was offset by an amount of $40.0 million relating to the non-deductibility of certain exceptional items, namely the Harmony hostile bid costs, the IAMGold transaction costs and exploration costs and by an amount of $21.8 million relating to foreign levies and royalties, which is included in the tax charge.

Minority interests

Minority interests represented an expense of $20.6 million in fiscal 2005, compared to an expense of $21.8 million in fiscal 2004. These amounts reflect the portion of the net income of Gold Fields Ghana, Abosso and Living Gold attributable to their minority shareholders. The minority shareholders' interest was 28.9% in Gold Fields Ghana and Abosso in fiscal 2005 and 2004, and 40% in Living Gold in fiscal 2005 and 2004. Higher amounts due to the minority shareholders of Gold Fields Ghana and Abosso were more than offset by the minority shareholders' share of the higher net loss of Living Gold in fiscal 2005 compared to fiscal 2004.

Net (loss)/income

As a result of the factors discussed above, Gold Fields' net loss was $206.2 million in fiscal 2005 compared with net income of $48.9 million in fiscal 2004.

Liquidity and Capital Resources

Cash resources

Operations

Net cash provided by operations in fiscal 2006 was $465.4 million compared to $181.9 million in fiscal 2005. In fiscal 2006, Gold Fields' realized gold price increased to an average of $524 per ounce compared to $422 per ounce in fiscal 2005. The increase in the realized price more than offset the decline in ounces of gold sold and resulted in revenues from product sales increasing by $388.9 million from $1,893.1 million in fiscal 2005 to $2,282.0 million in fiscal 2006.

The increased revenues were offset in part by a $121.0 million increase in production costs, which increased from $1,500.6 million in fiscal 2005 to $1,621.6 million in fiscal 2006. Also, in fiscal 2005, Gold Fields incurred costs of $50.8 million and $9.3 million on the Harmony hostile bid and the IAMGold transaction, respectively which did not recur in fiscal 2006. The net effect was a $361.9 million increase in cash flow provided by operations before taxation and working capital changes. This increase in cash

provided by operations was partly offset by an increase in taxes paid of $16.4 million and a decrease in working capital changes of $35.5 million.

Net cash provided by operations in fiscal 2005 was $181.9 million compared to $198.4 million in fiscal 2004. In fiscal 2005, Gold Fields' realized gold price increased to an average of $422 per ounce compared to $387 per ounce in fiscal 2004. In addition, sales in fiscal 2005 increased by 0.082 million ounces, which together with the increase in the realized price, resulted in revenues from product sales increasing by $186.9 million from $1,706.2 million in fiscal 2004 to $1,893.1 million in fiscal 2005.

The increased revenues were offset in part by a $145.4 million increase in production costs, which increased from $1,355.2 million in fiscal 2004 to $1,500.6 million in fiscal 2005. In addition Gold Fields incurred costs of $50.8 million and $9.3 million on the Harmony hostile bid and the IAMGold transaction, respectively. The net effect of this was a $12.0 million increase in cash flow provided by operations before taxation and working capital changes. The decrease in taxes paid of $37.3 million was largely offset by the $29.6 million increase in working capital changes.

Although revenues from Gold Fields' South African operations are denominated in U.S. dollars, Gold Fields receives them in Rand, which are then subject to South African exchange control limitations. See "Information on the Company—Regulatory and Environmental Matters—South Africa—Exchange Controls." As a result, those revenues are generally not available to service Gold Fields' non-Rand debt obligations or to make investments outside South Africa without the approval of the South African Reserve Bank.

Revenues from Gold Fields' Ghanaian and Australian operations are also denominated in U.S. dollars, but unlike in South Africa, Gold Fields receives them in U.S. dollars or is freely able to convert them into U.S. dollars. These U.S. dollar amounts can be used by Gold Fields to service its U.S. dollar-denominated debt and to make investments in its non-South African operations.

Gold Fields receives revenues from its Venezuelan operations either in Bolivars, or U.S. dollars, depending on whether the sales are made locally or exported. To the extent Gold Fields receives U.S. dollars, it must repatriate them to Venezuela and convert them to Bolivars at the official exchange rate. In certain circumstances, Gold Fields may be able to convert, or reconvert, as the case may be, Bolivars to U.S. dollars, but there are restrictions on the uses for which such funds may be applied and any conversion at the official exchange rate is subject to approval by the relevant authorities. See "Information on the Company—Regulatory and Environmental Matters—Venezuela—Exchange Controls."

Investing

Net cash utilized in investing activities was $836.4 million in fiscal 2006 compared to $318.3 million in fiscal 2005. The increase in net cash utilized of $518.1 million was primarily due to an increase in acquisition of subsidiaries of $415.6 million and an increase in purchase of listed investments of $133.1 million, offset in part by a decrease in capital expenditure of $37.3 million.

Net cash utilized in investing activities was $318.3 million in fiscal 2005 compared to $400.2 million in fiscal 2004. The decrease in net cash utilized of $81.9 million was primarily due to a decrease in capital expenditure of $60.2 million and a decrease in purchases of investments of $49.0 million. In addition, proceeds on disposal of property, plant and equipment were lower by $46.6 million in fiscal 2005 and $23.0 million was spent on the acquisition of subsidiaries in fiscal 2004.

Capital expenditure decreased by $62.3 million to $255.4 million in fiscal 2006 compared to $317.7 million in fiscal 2005. Capital expenditure was $377.9 million in fiscal 2004. In Rand terms, capital expenditure decreased to R1,794.8 million in fiscal 2006 from R1,973.6 million in fiscal 2005 and R2,607.6 million in fiscal 2004. The decrease in capital expenditure was mainly due to the lower spending on growth projects at

Tarkwa in Ghana and St. Ives in Australia due to most of these projects having been completed in fiscal 2005.

Expenditure on Gold Fields' major capital projects in fiscal 2006 included:

- $17.5 million on the Beatrix Shaft No. 3 expansion project, as compared to $21.7 million in fiscal 2005 and $24.7 million in fiscal 2004;
- $16.9 million on the Shaft No. 1 and Shaft No. 5 projects at Driefontein, as compared to $19.1 million in fiscal 2005 and $20.1 million in fiscal 2004;
- $6.6 million on the Shaft No. 4 project at Kloof as compared to $16.9 million in fiscal 2005 and $25.0 million in fiscal 2004;
- $6.3 million on the Kloof Shaft No. 1 pillar extraction, as compared to $1.7 million in fiscal 2005 and $nil in fiscal 2004;

- $14.1 million on the new heap leach pads at Tarkwa, as compared to $10.9 million in fiscal 2005 and $4.4 in fiscal 2004; and
- $0.4 million on the Songvang open pit at Agnew, as compared to $11.8 million in fiscal 2005 and $nil in fiscal 2004.

There was no expenditure on the St Ives mill expansion project (compared to $46.6 million in fiscal 2005 and $45.7 million in fiscal 2004), the Tarkwa CIL process plant (as compared to $25.7 million in fiscal 2005 and $75.9 million in fiscal 2004) or the Tarkwa owner mining project (as compared to $16.1 million in fiscal 2005 and $55.3 million in fiscal 2004) as each of these projects was completed during fiscal 2005.

Proceeds on the disposal of property, plant and equipment decreased from $10.2 million in fiscal 2005 to $6.3 million in fiscal 2006. In both years this related to the disposal of various mining assets by the South African and Australian mining operations. Proceeds on the disposal of property, plant and equipment was $56.8 million in fiscal 2004, consisting primarily of $45.7 million received from the sale of Driefontein Block 1C11 to AngloGold.

Purchase of listed investments increased from $30.4 million in fiscal 2005 to $163.5 million in fiscal 2006.

The $163.5 million spent on the purchase of listed investments in fiscal 2006 was made up of:

- $133.5 million invested in Western Areas Gold Mining Company Limited;
- $24.5 million invested in Sino Gold Limited;
- $3.0 million invested in Medoro Resources Limited;
- $0.5 million invested in Avoca Resources Limited;
- $0.5 million invested in Golden Star Resources Limited; and
- $1.5 million advanced to GBF, the open pit mining contractor at St Ives, in terms of the alliance agreement between St Ives and GBF to fund the purchase of mining equipment used on site.

Purchase of listed investments decreased from $79.4 million in fiscal 2004 to $30.4 million in fiscal 2005.

The $30.4 million spent on the purchase of listed investments in fiscal 2005 was made up of:

- $18.7 million invested in Comaplex Corporation:
- $1.5 million invested in Avoca Resources Limited;
- $1.5 million invested in African Eagle Resources Plc on the exercising of warrants held;

- $6.8 million lent to GBF, in terms of the alliance agreement between St. Ives and GBF to fund the purchase of mining equipment used on site; and
- $1.9 million on other investments.

Proceeds from the sale of listed investments decreased from $18.6 million in fiscal 2005 to $2.8 million in fiscal 2006. The investment disposals comprising the $2.8 million in fiscal 2006 were:

- $1.5 million from the sale of African Eagle Resources Plc shares;
- $1.0 million from the sale of TEBA Limited shares and the repayment of a loan previously advanced to TEBA Limited; and
- $0.3 million from the sale of Sanu Resources Limited shares.

Proceeds from the sale of listed investments decreased from $29.3 million in fiscal 2004 to $18.6 million in fiscal 2005. The investment disposals comprising the $18.6 million in fiscal 2005 were:

- $13.9 million from the sale pf Zijin Mining Group Company Limited shares
- $3.2 million from the sale of African Eagle Resources Plc shares; and
- $1.5 million from the sale of Radius Gold Incorporated shares.

During fiscal 2005 Gold Fields received $7.5 million from the disposal of its interest in the Angelina exploration project in Chile to its joint venture partner Meridian Gold Incorporated. The consideration for the sale also includes a 2% net smelter royalty on the majority of land within the joint venture.

During fiscal 2006, Gold Fields acquired two new subsidiaries for a total of $415.6 million.

- On January 11, 2006, Gold Fields acquired an 80.72% interest in La Cima for $40.5 million. La Cima is the holding company for the Cerro Corona Project.
- During fiscal 2006, Gold Fields acquired the remaining shares it did not already own to give it a 100% interest in Bolivar Gold Corporation. During fiscal 2004, Gold Fields acquired a 10.17% interest in Bolivar for $11.9 million. During November and December 2005, Gold Fields acquired another 4.28% interest in Bolivar for $13.2 million. On February 28, 2006, Gold Fields acquired the remaining interest of 85.55% in Bolivar for $289.5 million ($295.4 million paid less cash acquired of $5.9 million). On that date, Gold Fields also made a loan of $72.4 million to Bolivar which was part of the purchase consideration and was subsequently capitalized. The total cash outflow, net of cash acquired, during fiscal 2006 relating to the acquisition of Bolivar was $375.1 million

During fiscal 2004, Gold Fields spent $23.0 million on the acquisition of the minority interest in the Arctic Platinum Project.

For its South African operations, Gold Fields contributes to an environmental trust fund it has established to provide for any environmental rehabilitation obligations and expected closure costs relating to its mining operations. The amounts invested in the trust funds are classified as non-current assets and any income earned on these assets is accounted for as interest income. The amount required to be contributed each year is calculated pursuant to a statutory formula, and can vary depending on how the fund’s investments performed, the lives of mine of the different South African operations and various other factors. During fiscal 2006 Gold Fields South African operations contributed $11.0 million to the environmental trust fund compared to $6.5 million in fiscal 2005 and $6.0 million in fiscal 2004. For the Ghana, Australia and Venezuela operations Gold Fields does not contribute to a trust fund.

Financing

Net cash provided by financing activities was $78.6 million in fiscal 2006 as compared to net cash utilized by financing activities of $11.4 million in fiscal 2005. The main reason for this movement was that fiscal 2006 included the proceeds of the $158.0 million loan raised in connection with the Bolivar acquisition. This was partly offset by a decrease in minority funding of $40.9 million as a result of minority shareholder loans of $23.0 million at Tarkwa being repaid in fiscal 2006 as compared to loans of $17.9 million being received in fiscal 2005.

During fiscal 2005, $36.2 million was received on the close out of the interest rate swap entered into in connection with the Mvela loan.

Dividends paid amounted to $61.8 million in fiscal 2006 compared to $54.5 million in fiscal 2005. The amount of dividends paid was higher than in fiscal 2005 principally due to the higher net income on which the dividend is calculated. Dividend payments in fiscal 2006 amounted to Rand 394.5 million or 80 SA cents per ordinary share as compared to Rand 344.5 million or 70 SA cents per ordinary share in fiscal 2005. During fiscal 2006, Tarkwa and Damang each paid dividends and the minority shareholders' share of these payments was $13.0 million compared to $17.3 million in fiscal 2005.

In fiscal 2006, $30.1 million was received as a result of share options exercised as opposed to $3.6 million in fiscal 2005. This increase was partly offset by the $11.7 million repurchase and cancellation of ordinary shares in fiscal 2006.

Net cash utilized in financing activities was $11.4 million in fiscal 2005 as compared to net cash provided by financing activities of $682.2 million in fiscal 2004. The main reason for the movement was that fiscal 2004 included the proceeds of the $586.7 million loan ($591.3 million less costs of $4.6 million) raised as a result of the Mvelaphanda transaction. See "—Overview—Mvelaphanda Transaction." In addition, in fiscal 2004 Gold Fields raised $215.9 million in an international private placement of Gold Fields shares.

Dividends paid amounted to $54.5 million in fiscal 2005 compared to $92.6 million in fiscal 2004. The amount of dividends paid was lower than in fiscal 2004 principally due to the lower net income on which the dividend is calculated, partly offset by the stronger Rand/US dollar exchange rate. Dividend payments in fiscal 2005 amounted to Rand 344.5 million or 70 SA cents per ordinary share as compared to Rand 669.1 million or 140 SA cents per ordinary share in fiscal 2004. During fiscal 2005, Tarkwa and Damang each paid dividends and the minority shareholders' share of these payments was $17.3 million.

In fiscal 2005, $3.6 million was received as a result of share options exercised, as compared to $3.8 million in fiscal 2004. In fiscal 2004, Gold Fields repaid the remaining balances of $40.7 million of borrowings related to the acquisitions of St. Ives, Agnew and Abosso.

Credit Facilities

As of the date of this annual report, Gold Fields had committed unutilized banking facilities of $92.0 million available under the facility entered into in connection with the acquisition of Bolivar, as discussed below, $150 million under the project finance facility entered into to fund capital costs in connection with the Cerro Corona Project and $1.8 billion available under the facility entered into in connection with the proposed acquisition of South Deep. See "—Recent Developments.'' Substantial contractual arrangements for uncommitted borrowing facilities are maintained with several banking counterparties to meet Gold Fields' normal contingency funding requirements.

Gold Fields may in the future undertake further acquisitions of mining assets. In the event that Gold Fields does undertake any such acquisition, it may need to incur further debt or arrange other financing to fund any costs of the acquisition, which could have an adverse effect on Gold Fields' liquidity, including increasing its level of debt.

Bolivar Acquisition

During fiscal 2006, Gold Fields acquired the remaining shares it did not already own to give it a 100% interest in Bolivar Gold Corporation. During fiscal 2004, Gold Fields had acquired a 10.17% interest in Bolivar for $11.9 million. During November and December 2005, Gold Fields acquired another 4.28% interest in Bolivar for $13.2 million. On February 28, 2006, Gold Fields acquired the remaining interest of 85.55% in Bolivar for $289.5 million ($295.4 million paid less cash acquired of $5.9 million). On that date, Gold Fields also made a loan of $72.4 million to Bolivar which was part of the purchase consideration and was subsequently capitalized.

On March 3, 2006, Orogen a wholly-owned subsidiary of Gold Fields, entered into a US$250.0 million syndicated loan term facility, or the Orogen Facility, with lead lenders Barclays Bank Plc and JP Morgan Europe Limited. The purpose of the facility was to partly finance the acquisition of Bolivar Gold Corporation and to provide funding lines for general corporate purposes. Borrowings under the facility are guaranteed by Gold Fields, GFIMSA and Gold Fields Holdings Company (BVI) Limited. In terms of the facility agreement, Gold Fields must maintain a consolidated EBITDA to consolidated net finance charge ratio of at least 5 to 1 and a consolidated net borrowing to consolidated EBITDA ratio of no more than 2.5 to 1. There are also restrictions on the ability of Gold Fields and certain of its subsidiaries to encumber their assets, dispose of assets or enter into a merger or corporate reconstruction. In connection with this facility Gold Fields paid an arrangement fee of $0.9 million and pays a quarterly commitment fee of 0.105% of any undrawn amounts and an agency fee of US$15,000 per annum. On March 9, 2006, Orogen drew down US$158.0 million. The loan bears interest at LIBOR plus a margin of 0.35% and is repayable on March 9, 2009. In terms of the facility agreement, Gold Fields has the option to repay the loan in whole or part by giving 10 days' prior notice. The loan may not, however, be repaid prior to March 3, 2007. The $92.0 million remaining under the facility is available for borrowing until March 9, 2009.

Mvela Loan

On March 17, 2004, as part of the transaction involving the acquisition by Mvela Resources of a 15% beneficial interest in the South African gold mining assets of Gold Fields, Mvela Gold advanced Rand 4,139 million, or the Mvela Loan, to GFIMSA. The Mvela Loan has a term of five years, bears interest at a rate of 10.57% per annum and is guaranteed by Gold Fields, Gold Fields Australia and Gold Fields Company BVI. GFIMSA may elect to repay the Mvela Loan (together with the present value of the then outstanding interest payment obligations and the tax payable by Mvela Gold as a result of such repayment) at any time starting 12 months after the Mvela Loan was advanced. While the Mvela Loan is outstanding, Gold Fields and any of its material subsidiaries, which is defined as any subsidiary whose gross turnover in the most recently ended financial year represents more than 5% of the consolidated gross turnover of Gold Fields and its subsidiaries may not, subject to certain exceptions, (i) sell, lease, transfer or otherwise dispose of any assets, (ii) enter into any merger or similar transaction, or (iii) encumber its assets. The Mvela Loan will become immediately due and payable upon the occurrence of an event of default. See "—Overview—Mvelaphanda Transaction."

The Mvela Loan was funded by way of commercial bank debt of approximately Rand 1,300 million and mezzanine finance of approximately Rand 1,100 million, with the balance of approximately Rand 1,700 million being raised by way of an international private placement of shares of Mvela Resources. In connection with the mezzanine finance, Gold Fields subscribed for preference shares in an amount of Rand 200 million in Micawber. Further, Gold Fields subscribed for Rand 100 million of the shares issued by Mvela Resources in the private placement. In addition, pursuant to the PIC Agreement, Gold Fields has effectively guaranteed the PIC Loan. Interest on the PIC loan accrues at the rate of 14.25%, is compounded semi-annually and is payable in one lump sum at the end of the term of the loan. Under the terms of the PIC Agreement, the PIC has the right to require Gold Fields to assume all its rights and obligations under the PIC Loan, together with its underlying security, which consists of the PIC's proportionate share of Mvela Gold's rights under the Subscription and Share Exchange Agreement and a guarantee of Rand 200 million from Mvela Resources, at a price equal to the value of the principal and interest of the PIC Loan, if, at the time the PIC Loan is due for repayment, Micawber does not repay the loan in full. Whether or not the PIC requires Gold Fields to assume its rights and obligations under the PIC loan, the PIC is obligated to pay a guarantee fee to Gold Fields equal to 3.75% per annum of the value of the principal and interest payable under the PIC Loan on the date on which the PIC Loan is repaid to the PIC.

GFIMSA applied the net proceeds of the Mvela Loan of $586.7 million (R4,139 million less R32 million of costs at an exchange rate of R7.00 to $1.00) toward funding its acquisition of Gold Fields' South African mining operations and certain ancillary assets and operations as part of an internal restructuring of Gold Fields. In connection with the Mvela Loan, GFIMSA entered into two interest rate swaps, both of which were designated as fair value hedges and which were accounted for as a single swap. The fixed rate receivable on the interest rate swap was equal to the interest rate payable on the loan from Mvela Gold and the floating rate payable was the three month Johannesburg Inter-Bank Acceptance Rate, or JIBAR, plus a margin of 1.025%. The interest rate swap was closed out on June 3, 2005 with the loan reverting to the fixed interest rate mentioned above. Gold Fields realized mark-to-market gains on the swap of $36.2 million and interest rate credits of $14.8 million, giving a total gain of $51.0 million. Of the $36.2 million realized mark-to-market gain, $0.8 million was accounted for in fiscal 2005 and $9.2 million in fiscal 2006 with the balance of $26.2 million to be accounted for in fiscal 2007 to fiscal 2009. Of the $14.8 million interest credits, $12.9 million was accounted for in fiscal 2005 and the balance of $1.9 million was accounted for in fiscal 2004. See "Quantitative and Qualitative Disclosures about Market Risk—Interest Rate Sensitivity—Interest Rate Hedging Experience."

Living Gold Facility

On May 28, 2004, Living Gold (Pty) Limited, or Living Gold, a subsidiary of GFIMSA, entered into a R16.6 million ($2.5 million at an exchange rate of R6.5150, the noon buying rate on May 28, 2004) loan facility with the Industrial Development Corporation of South Africa, or the IDC. On November 24, 2004, Living Gold drew down the full amount of the facility. The facility bears interest at the prime overdraft rate of First National Bank of Southern Africa Limited. On June 30, 2006, that rate was 11.0%. The loan is repayable in 96 monthly installments beginning on July 1, 2006.

Australia Acquisitions

On November 26, 2001, Gold Fields and several of its subsidiaries, including two newly-established Australian subsidiaries, entered into a $250.0 million syndicated credit facility. Barclays Capital, the investment banking division of Barclays Bank plc, or Barclays, and Citibank, NA., or Citibank, acted as arrangers of the facility. The credit facility was used to fund Gold Fields' acquisition of St. Ives and Agnew from WMC with the balance to be used for general corporate purposes. The facility bore interest at LIBOR plus 1.15% per year and was subject to a commitment fee equal to 0.575% per year payable quarterly on all undrawn amounts under the facility.

The terms of the credit facility also required Gold Fields to maintain a foreign exchange hedging strategy over the life of the loan to reduce the impact of fluctuations in the Australian dollar/U.S. dollar exchange rate on the cash flow from St. Ives and Agnew. See "Quantitative and Qualitative Disclosure About Market Risk—Foreign Currency Sensitivity." The facility consisted of a $160.0 million term loan facility and a $90.0 million revolving credit facility. The principal of the term loan facility was repayable in ten equal semi-annual installments over five years, with the first repayment of $16.0 million paid in May 2002. During fiscal 2003, Gold Fields repaid $114.5 million of the $160.0 million term loan facility and repaid the full $5.0 million drawn down on the revolving credit facility. The repayments of $114.5 million included prepayments of $82.5 million, which was funded in part from the proceeds on the sale of non-current investments and dividends received from the Ghana operation. In January 2004, Gold Fields repaid the

balance owing on the term loan facility. The $90 million revolving credit facility was cancelled with effect from October 20, 2004.

Damang Acquisition

On January 23, 2002, in connection with the purchase of Abosso, Gold Fields utilized the full amount of $35.0 million available under a bilateral two-year term loan and letter of credit facility dated December 31, 2001 between Gold Fields and several of its subsidiaries and Barclays and Barclays Capital. During fiscal 2003, Gold Fields made prepayments of $20.9 million on the $33.0 million bilateral two-year term loan and the balance of $12.1 million was fully repaid by December 31, 2003.

Capital expenditure

Capital expenditure was $280.4 million in fiscal 2006, compared to $317.7 million in fiscal 2005. See "—Liquidity and Capital Resources—Cash Resources—Investing." Gold Fields expects to incur approximately Rand 4.3 billion ($685.7 million) in capital expenditure in fiscal 2007, which it expects to finance from internal sources and, to the extent required, credit facilities. Details regarding the specific capital expenditure for each operation are found in the individual operation sections under "Information on the Company—Gold Fields' Mining Operations."

Contractual obligations and commitments as at June 30, 2006

	Payments due by period				
	Total	Less 12 months	12-36 months	36-60 months	After 60 months
	($ millions)				
Long-term debt(1)					
Mvelaphanda Gold (Proprietary) Limited(2)					
Capital	578.8	—	578.8	—	—
Interest	188.9	58.9	130.0	—	—
Industrial Development Corporation of South Africa Limited(3)					
Capital	2.4	0.3	0.6	0.6	0.9
Interest	1.2	0.3	0.4	0.3	0.2
Syndicated term loan(4)					
Capital	158.0	—	158.0		
Interest	22.5	7.5	19.0		
Capital lease obligations—building	2.5	0.7	1.4	0.5	—
Other long-term obligations					
Post-retirement healthcare(5)	7.4	0.3	0.6	0.6	5.9
Environmental obligations(6)	146.4	3.5	7.0	7.0	128.9
Total contractual cash obligations	1,108.1	71.5	895.8	9.0	135.9

Notes: