GOLD FIELDS LTD
Form 20-F
April 23, 2012
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As filed with the Securities and Exchange Commission on April 23, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

(Mark One)

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

or

¨ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

For the transition period from to

Commission file number: 1-31318

Gold Fields Limited

(Exact name of registrant as specified in its charter)

Republic of South Africa

(Jurisdiction of incorporation or organization)

150 Helen Road

Sandown, Sandton, 2196

South Africa

011-27-11-562-9700

(Address of principal executive offices)

with a copy to:

Michael Fleischer

Executive Vice President General Counsel

Tel: 011-27-11-562-9724

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150 Helen Road

Sandown, Sandton, 2196

South Africa

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act

Title of Each Class	**Name of Each Exchange on Which Registered**
Ordinary shares of par value Rand 0.50 each	**New York Stock Exchange***
American Depositary Shares, each representing one ordinary share	**New York Stock Exchange**

* Not for trading, but only in connection with the registration of the American Depositary Shares pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or

common stock as of the close of the period covered by the Annual Report

725,133,015 ordinary shares of par value Rand 0.50 each

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act: Yes x No ¨

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ¨ No x

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP x International Financial Reporting Standards as issued by the International Accounting Standards Board ¨ Other ¨

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Item 17 ¨ Item 18 ¨

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ¨ No ¨

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The Worldwide Locations of Gold Fields Operations

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Presentation of Financial Information

In 2010, Gold Fields changed its fiscal year end from June 30 to December 31 to align with the Company s peers in the gold mining industry. This annual report contains audited consolidated financial statements of Gold Fields as at and for the fiscal year ended December 31, 2011. This annual report also contains the audited consolidated financial statements of Gold Fields as at and for the six month period ended December 31, 2010 and for fiscal years ended June 30, 2010 and 2009. It may not be possible to directly compare the audited consolidated financial statements as at and for the fiscal year ended December 31, 2011 with the audited consolidated financial statements as at and for the six month period ended December 31, 2010, as these relate to different financial periods, and it may not be possible to compare audited consolidated financial statements as at and for the six month period ended December 31, 2010 directly with the audited financial statements as at and for the fiscal years ended June 30, 2010 or 2009, insofar as such financial statements refer to a completed financial year. Investors are advised to use caution in drawing comparisons between these periods.

Gold Fields Limited, or Gold Fields or the Company, is a South African company and about one-half of its operations, based on gold production, are located there. Accordingly, its books of account are maintained in South African Rand and its annual and interim financial statements are prepared in accordance with International Financial Reporting Standards, or IFRS, as prescribed by law. Gold Fields also prepares annual financial statements in accordance with United States Generally Accepted Accounting Principles, or U.S. GAAP, which are translated into U.S. dollars. Except as otherwise noted, the financial information included in this annual report has been prepared in accordance with U.S. GAAP and is presented in U.S. dollars, and descriptions of critical accounting policies refer to accounting policies under U.S. GAAP.

For Gold Fields financial statements, unless otherwise stated, balance sheet item amounts are translated from Rand to U.S. dollars at the exchange rate prevailing on the date that it closed its accounts for fiscal 2011 (Rand 8.13 per $1.00 as of December 31, 2011), except for specific items included within shareholders equity and the statements of cash flows that are translated at the rate prevailing on the date the relevant transaction was entered into, and statements of operations item amounts are translated from Rand to U.S. dollars at the weighted average exchange rate for each period (Rand 7.22 per $1.00 for fiscal 2011).

In this annual report, Gold Fields presents the financial items total cash costs, total cash costs per ounce , total production costs and total production costs per ounce, which have been determined using industry standards promulgated by the Gold Institute and are not U.S. GAAP measures. 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. An investor should not consider these items in isolation or as alternatives to production costs, income before tax, net income, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. While the Gold Institute provided definitions for the calculation of total cash costs and total production costs, the calculation of total cash costs, total cash costs per ounce, total production costs and total production costs per ounce may vary significantly among gold mining companies, and by themselves do not necessarily provide a basis for comparison with other gold mining companies. See Key Information Selected Historical Consolidated Financial Data, Information on the Company Glossary of Mining Terms Total cash costs per ounce and Information on the Company Glossary of Mining Terms Total production costs per ounce .

In this annual report, Gold Fields also presents the financial items operating costs and notional cash expenditure , or NCE. Operating costs and NCE, including operating costs per ounce and NCE per ounce, have been determined by Gold Fields on the basis of internally developed definitions and are not U.S. GAAP measures. Gold Fields defines operating costs as production costs (exclusive of depreciation, amortization and movements in gold-in-process) plus corporate expenditure, employment termination costs and accretion expense on provision for environmental rehabilitation. Gold Fields defines NCE margin as revenue minus NCE, divided by revenue, expressed as a percentage. See Operating and Financial Review and Prospects Notional Cash Expenditure . An investor should not consider these items in isolation or as alternatives to production costs, cash flows from operating activities or any other measure of financial performance presented in accordance with U.S. GAAP. Operating costs, NCE and NCE margin as presented in this annual report may not be comparable to other similarly titled measures of performance of other companies.

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Defined Terms and Conventions

In this annual report, all references to the Group are to Gold Fields and its subsidiaries.

In this annual report, all references to fiscal 2009 are to the 12 month period ended June 30, 2009, fiscal 2010 are to the 12 month period ended June 30, 2010, all references to fiscal 2011 are to the 12 month period ended December 31, 2011 and all references to fiscal 2012 are to the 12 month period ending December 31, 2012. In this annual report, all references to South Africa are to the Republic of South Africa, all references to Ghana are to the Republic of Ghana, all references to Australia are to the Commonwealth of Australia, all references to Venezuela are to the Bolivarian Republic of Venezuela, all references to Finland are to the Republic of Finland, all references to Peru are to the Republic of Peru, all references to China are to the People s Republic of China, all references to Mali are to the Republic of Mali, all references to the Philippines are to the Republic of the Philippines and all references to the United States and U.S. mean the United States of America, its territories and possessions and any state of the United States and the District of Columbia.

In this annual report, all references to the DMR are references to the South African Department of Mineral Resources, the government body responsible for regulating the mining industry in South Africa, or to its predecessor entity, the Department of Minerals and Energy which was split into the Department of Mineral Resources and the Department of Energy in July 2009, as applicable.

This annual report contains descriptions of gold mining and the gold mining industry, including descriptions of geological formations and mining processes. In order to facilitate a better understanding of these descriptions, this annual report contains a glossary defining a number of technical and geological terms. See Information on the Company Glossary of Mining Terms .

In this annual report, gold production figures are provided in troy ounces, which are referred to as ounces or oz, or in kilograms, which are referred as kg . Ore grades are provided in grams per metric ton, which are referred to as grams per ton or g/t. All references to tons , tonnes o in this annual report are to metric tons. All references to gold include gold and gold equivalent ounces, as applicable. See Information on the Company Glossary of Mining Terms for further information regarding units of measurement used in this annual report and a table providing rates of conversion between different units of measurement.

This annual report contains references to the lost time injury frequency rate at each Gold Fields operation. The lost time injury frequency rate at each operation includes any injury occurring in the workplace where, at any subsequent time, the injured employee is unable to attend a full shift due to the injury, or Lost Time Injuries.

In this annual report, R and Rand refer to the South African Rand and Rand cents refers to subunits of the South African Rand, $, U.S.$ and dollars refer to United States dollars, U.S. cents refers to subunits of the U.S. dollar, A$ and Australian dollars refer to Australian dollars and CAD refers to Canadian dollars.

Certain information in this annual report presented in Rand and Australian dollars has been translated into U.S. dollars. Unless otherwise stated, the conversion rates for these translations are Rand 8.13 per $1.00 and A$1.00 per $0.9854, which were the closing rates on December 31, 2011. By including the U.S. dollar equivalents, Gold Fields is not representing that the Rand or Australian dollar amounts actually represent the U.S. dollar amounts shown or that these amounts could be converted into U.S. dollars at the rates indicated.

In this annual report, except where otherwise noted, all production and operating statistics are based on Gold Fields total operations, which include production from the Tarkwa and Damang mines in Ghana and from the Cerro Corona mine in Peru which is attributable to the noncontrolling shareholders in those mines. This annual report contains references to gold equivalent ounces which are quantities of metals (such as copper) expressed as amounts of gold using the prevailing prices of gold and the other metals. To calculate this, the accepted total value of the metal based on its weight and value is divided by the accepted value of one troy ounce of gold.

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Forward-looking Statements

This annual report contains forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, with respect to Gold Fields financial condition, results of operations, business strategies, operating efficiencies, competitive position, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters. Statements in this annual report that are not historical facts are forward-looking statements.

These forward-looking statements, including, among others, those relating to the future business prospects, revenues and income of Gold Fields, wherever they may occur in this annual report and the exhibits to the annual report, are necessarily estimates reflecting the best judgment of the senior management of Gold Fields and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this annual report. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation:

- overall economic and business conditions in South Africa, Ghana, Australia, Peru and elsewhere;
- the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions;
- the ability to achieve anticipated cost savings at existing operations;
- the success of exploration and development activities;
- decreases in the market price of gold or copper;
- the occurrence of hazards associated with underground and surface gold mining;
- the occurrence of work stoppages related to health and safety incidents;
- the occurrence of labor disruptions and industrial actions;
- the ability to manage and maintain access to current and future sources of liquidity, capital and credit, including the terms and conditions of Gold Fields facilities and Gold Fields overall cost of funding;
- the manner, amount and timing of capital expenditures made by Gold Fields on both existing and new mines, mining projects, exploration projects or other initiatives;
- changes in relevant government regulations, particularly environmental, tax, health and safety, regulations and potential new legislation affecting mining and mineral rights;

fluctuations in exchange rates, currency devaluations and other macroeconomic monetary policies; and

political instability in South Africa, Ghana, Peru or regionally in Africa or South America.

Gold Fields undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events.

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PART I

ITEM 1: IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2: OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3: KEY INFORMATION

Selected Historical Consolidated Financial Data

The selected historical consolidated financial data set out below for fiscal 2011, the six month period ended December 31, 2010, fiscal 2010 and 2009 and as of December 31, 2011, 2010 and as of June 30, 2010 have been derived from Gold Fields audited consolidated financial statements for those years and as of those dates and the related notes. The selected historical consolidated financial data for each of the two years ended June 30, 2008 and 2007, and as of June 30, 2009, 2008 and 2007 have been derived from Gold Fields audited consolidated financial statements as of that date, which are not included in this annual report, and adjusted where applicable as described below. The selected historical consolidated financial data presented below have been derived from financial statements which have been prepared in accordance with U.S. GAAP. The other Operating Data presented has been calculated as described in the footnotes to the table below:

	Fiscal Period Ended(1)(2)(3)				Six-Month Period Ended(1)(2)(3)	Fiscal Period Ended(1)(2)(3)
	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	December 31, 2010	December 31, 2011
	($ millions, unless otherwise stated)					
Statement of Operations Data						
Revenues	2,735.2	3,206.2	3,228.3	4,164.3	2,564.2	5,800.1
Production costs (exclusive of depreciation and amortization)	1,707.7	1,996.1	1,998.6	2,544.0	1,435.7	2,948.6
Depreciation and amortization	388.2	400.5	433.5	631.1	389.4	745.3
Corporate expenditure	38.4	41.0	35.5	47.5	20.7	25.9
Employee termination costs	4.9	16.2	21.0	10.3	35.3	32.8
Exploration expenditure	47.4	39.8	58.0	82.4	50.9	120.5
Feasibility and evaluation costs					9.3	95.2
Impairment of assets		11.4				9.5
Shaft closure costs		3.3	(0.2)			
Increase/(decrease) in provision for post-retirement health care costs	1.3	(0.7)	3.4	(9.4)	(0.1)	0.1
Accretion expense on provision for environmental rehabilitation	6.4	12.0	13.9	19.3	10.9	24.9
Share-based compensation	12.5	20.7	33.7	53.9	27.0	66.4
Interest and dividends	26.8	31.2	24.9	40.2	12.9	25.4
Finance expense	(95.2)	(100.4)	(73.9)	(65.2)	(31.7)	(54.3)
Unrealized gain on financial instruments	15.4					
Realized (loss)/gain on financial instruments	(10.7)	19.8	(1.3)	27.7	1.0	4.4
(Loss)/gain on foreign exchange	(15.1)	1.7	10.2	(8.5)	(1.4)	9.1

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	Fiscal Period Ended[(1)(2)(3)]				Six-Month Period Ended[(1)(2)(3)]	Fiscal Period Ended[(1)(2)(3)]
	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010	December 31, 2010	December 31, 2011
	($ millions, unless otherwise stated)					
Profit/(loss) on sale of property, plant and equipment	7.4	4.6	0.5	0.3	0.7	(0.4)
Profit/(loss) on disposal of subsidiaries		208.4	(0.3)			
Profit/(loss) on disposal of listed investments	26.8	3.7	(16.1)	111.7	(0.4)	12.8
Impairment of listed investments			(16.0)	(8.1)		(0.5)
South African Equity Empowerment Transactions					(297.6)	
Other (expenses)/income	(2.2)	5.9	(7.7)	(31.9)	(30.5)	(69.9)
Royalties[(4)]					(43.3)	(149.7)
Income before tax, impairment of investment in equity investee and share of equity investees (losses)/income	481.6	840.8	551.2	851.4	194.8	1,507.8
Income and mining tax expense	(209.3)	(271.2)	(264.6)	(358.4)	(133.8)	(552.0)
Income before impairment of investment in equity investee and share of equity investees (losses)/income	272.3	569.6	286.6	493.0	61.0	955.8
Impairment of investment in equity investee		(61.3)	(87.4)			(6.8)
Share of equity investees (losses)/income	0.3	(16.0)	(3.5)	(22.7)	4.9	4.0
Net income	272.6	492.3	195.7	470.3	65.9	953.0
Less: Net income attributable to non controlling interests	(26.5)	(39.8)	(34.8)	(79.3)	(53.3)	(71.5)
Net income attributable to Gold Fields shareholders	246.1	452.5	160.9	391.0	12.6	881.5
Basic earnings per share attributable to Gold Fields shareholders($)	0.44	0.69	0.24	0.55	0.02	1.22
Diluted earnings per share attributable to Gold Fields shareholders($)	0.44	0.69	0.24	0.55	0.02	1.21
Dividend per share (Rand)	2.00	1.60	1.50	1.30	0.70	1.70
Dividend per share ($)	0.28	0.22	0.17	0.17	0.10	0.24
Other Operating Data						
Total cash costs per equivalent ounce of gold produced ($)[(5)]	394	505	538	670	753	835
Total production costs per equivalent ounce of gold produced ($)[(6)]	482	610	659	837	953	1,039
Notional cash expenditure per equivalent ounce of gold produced ($)[(7)]	596	822	763	928	1,060	1,153

Notes:

(1) On July 1, 2009, Gold Fields adopted updated guidance pertaining to ownership interests in subsidiaries held by parties other than the parent (noncontrolling interests), which requires noncontrolling interests to be classified as a separate component of equity for presentation and disclosure purposes. The data for the years ended June 30, 2007, 2008 and 2009 have been adjusted to conform to the updated guidance.

(2) Under a revised accounting policy adopted in fiscal 2007, all costs associated with the development of a specific underground block or area are capitalized until saleable minerals are extracted from that specific block or area. At Gold Fields underground mines, these costs include the cost of shaft sinking and access, the costs of building access ways, lateral development, drift development, ramps, box cuts and other

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infrastructure development. Previously, at Gold Fields underground mines, costs incurred to develop the property were capitalized only until the reef horizons were intersected. Subsequent mine development costs to access other specific ore blocks or areas of the mine were treated as variable production costs and expensed as incurred.

(3) As a result of the acquisition of Western Areas, Western Areas was fully consolidated with Gold Fields as from December 1, 2006. During the period between December 1, 2006 and March 31, 2007, Gold Fields did not own 100% of Western Areas and therefore did not own 100% of South Deep. The percentages of the results of Western Areas and South Deep that did not accrue to Gold Fields have been accounted for as noncontrolling interests. U.S. GAAP requires that, where a company is acquired through a series of transactions, an investment in that company that was previously accounted for as available for sale be retrospectively accounted for on an equity basis. Since Gold Fields had previously held interests in Western Areas which were accounted for as available for sale, its results for the period July 1, 2006 to November 30, 2006 have been adjusted accordingly to account for the investment in Western Areas using the equity method.

(4) The classification of royalty expense at Gold Fields operations requires judgment, particularly at the Groups South African and Ghanaian operations, where the percentages to be applied in calculating royalties are influenced by the expenses incurred in generating those product sales (and therefore the profitability of the operations). In light of the fact that the calculation of royalties in Ghana, representing the largest component of consolidated royalty expense, was changed as of April 1, 2011 to 5% of revenues earned from minerals obtained (regardless of the operating margin), Gold Fields changed the classification of royalty expense in its consolidated financial statements from a component of income and mining taxes to royalties in its consolidated statements of operations for the six month period ended December 31, 2010. Given the change in circumstances, Gold Fields considers it appropriate to change the presentation for all periods beginning with the six months ended December 31, 2010.

(5) 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 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 performance, as well as changes in the currency exchange rate between the Rand, Australian dollar and the Bolivar, compared with the U.S. dollar). Total cash costs and total cash costs per ounce are not U.S. GAAP measures. 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. 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. See Presentation of Financial Information and Information on the Company Glossary of Mining Terms Total cash costs per ounce . For a reconciliation of Gold Fields production costs to its total cash costs for fiscal 2011, the six month period ended December 31, 2010 and fiscal 2010 and 2009, see Operating and Financial Review and Prospects Results of Operations Years Ended December 31, 2011 and June 30, 2010 Costs and Expenses , Operating and Financial Review and Prospects-Results of Operations Six Months ended December 31, 2010 Costs and Expenses and Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2010 and 2009 Costs and Expenses .

(6) 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, and the Australian dollar compared with the U.S. dollar. Changes in the currency exchange rate between the Bolivar and the U.S. dollar affected changes in total production costs

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per ounce until the sale of the Choco 10 mine on November 30, 2007. Total production costs per ounce is not a U.S. GAAP measure. 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. 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. See Presentation of Financial Information and Information on the Company Glossary of Mining Terms Total production costs per ounce . For a reconciliation of Gold Fields production costs to its total production costs for fiscal 2011, the six month period ended December 31, 2010 and fiscal 2010 and 2009, see Operating and Financial Review and Prospects Results of Operations Years Ended December 31, 2011 and June 30, 2010 Costs and Expenses , Operating and Financial Review and Prospects Results of Operations Six Months Ended December 31, 2010 Costs and Expenses and Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2010 and 2009 Costs and Expenses .

(7) Gold Fields defines notional cash expenditure, or NCE, as operating costs plus additions to property, plant and equipment, and defines operating costs as production costs (exclusive of depreciation and amortization) plus corporate expenditure, employment termination costs and accretion expense on provision for environmental rehabilitation. Gold Fields reports NCE on a per equivalent ounce basis. For a description of NCE and a reconciliation of Gold Fields NCE to its production costs for fiscal 2011, the six month period ended December 31, 2010 and fiscal 2010 and 2009, see Operating and Financial Review and Prospects Notional Cash Expenditure .

	As at(1)(2)(3)					
	June 30, 2007	**June 30, 2008**	**June 30, 2009**	**June 30, 2010**	**December 31, 2010**	**December 31, 2011**
	($ million, unless otherwise stated)					
Balance Sheet Data						
Cash and cash equivalents	326.4	253.7	357.5	500.7	809.5	744.0
Current portion of financial instruments		6.9				
Receivables	297.7	280.1	383.5	305.4	411.4	483.4
Inventories	144.9	152.8	196.0	234.9	256.3	297.7
Material contained on heap leach pads	58.1	74.5	81.3	91.5	111.3	187.9
Total current assets	827.1	768.0	1,018.3	1,132.5	1,588.5	1,713.0
Property, plant and equipment, net	5,576.8	5,423.7	5,756.9	6,639.7	7,482.0	7,016.8
Goodwill	1,222.7	1,092.8	1,084.7	1,154.9	1,295.2	1,075.4
Non-current investments	401.8	737.4	475.2	254.3	344.3	272.2
Total assets	8,028.4	8,021.9	8,335.1	9,181.4	10,710.0	10,077.4
Accounts payable and provisions	463.6	610.3	533.5	551.9	670.6	669.9
Current portion of financial instruments	10.8		1.7			
Interest payable	34.7	29.2	14.4	4.5	4.1	11.2
Income and mining taxes payable	72.2	123.1	98.2	104.3	156.1	264.4
Current portion of long-term loans	227.5	772.9	317.8	691.1	261.7	547.0
Bank overdraft	3.3	2.7	9.7			
Total current liabilities	812.1	1,538.2	975.3	1,351.8	1,092.5	1,492.5
Long-term loans	1,211.8	564.2	785.9	430.0	1,136.6	1,360.7
Deferred income and mining taxes	879.5	719.9	817.7	982.5	1,051.8	1,019.4
Provision for environmental rehabilitation	197.2	216.2	236.9	275.7	324.4	336.9
Provision for post-retirement health care costs	9.5	7.9	11.4	2.8	2.7	2.1
Other non-current liabilities			3.9		19.7	13.5
Total liabilities	3,110.1	3,046.4	2,831.1	3,042.8	3,627.7	4,225.1

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	As at(1)(2)(3)					
	June 30, 2007	**June 30, 2008**	**June 30, 2009**	**June 30, 2010**	**December 31, 2010**	**December 31, 2011**
	($ million, unless otherwise stated)					
Share capital	54.8	54.9	57.7	57.8	58.8	59.0
Additional paid-in capital	4,459.8	4,490.4	4,944.2	5,005.4	5,313.2	5,374.6
Retained earnings	211.8	521.8	561.5	834.4	779.6	772.5
Accumulated other comprehensive (loss)/income	64.8	(243.0)	(338.9)	(96.5)	562.4	(423.3)
Total equity attributable to Gold Fields shareholders	4,791.2	4,824.1	5,224.5	5,801.1	6,714.0	5,782.8
Noncontrolling interests	127.1	151.4	279.5	337.5	368.3	69.5
Total equity	4,918.3	4,975.5	5,504.0	6,138.6	7,082.3	5,852.3
Total liabilities and equity	8,028.4	8,021.9	8,335.1	9,181.4	10,710.0	10,077.4

	As at(1)(2)(3)					
	June 30, 2007	**June 30, 2008**	**June 30, 2009**	**June 30, 2010**	**December 31, 2010**	**December 31, 2011**
	($ million, unless otherwise stated)					
Other Financial Data						
Number of ordinary shares as adjusted to reflect changes in capital structure	652,158,066	653,200,682	704,749,849	705,903,511	720,796,887	724,591,516
Net Assets	4,791.2	4,824.1	5,224.5	5,801.1	6,714.0	5,782.8

Notes:

(1) On July 1, 2009, Gold Fields adopted updated guidance pertaining to ownership interests in subsidiaries held by parties other than the parent (noncontrolling interests), which requires noncontrolling interests to be classified as a separate component of equity for presentation and disclosure purposes. The data as at June 30, 2007, 2008 and 2009 have been adjusted to conform to the updated guidance.

(2) Under a revised accounting principle adopted in fiscal 2007, all costs associated with the development of a specific underground block or area are capitalized until saleable minerals are extracted from that specific block or area. At Gold Fields underground mines, these costs include the cost of shaft sinking and access, the costs of building access ways, lateral development, drift development, ramps, box cuts and other infrastructure development. Previously, at Gold Fields underground mines, costs incurred to develop the property were capitalized only until the reef horizons were intersected. Subsequent mine development costs to access other specific ore blocks or areas of the mine were treated as variable production costs and expensed as incurred.

(3) As a result of the acquisition of Western Areas, Western Areas was fully consolidated with Gold Fields as from December 1, 2006. During the period between December 1, 2006 and March 31, 2007, Gold Fields did not own 100% of Western Areas and therefore did not own 100% of South Deep. The percentages of the results of Western Areas and South Deep that did not accrue to Gold Fields have been accounted for as noncontrolling interests. U.S. GAAP requires that, where a company is acquired through a series of transactions, an investment in that company that was previously accounted for as available for sale be retrospectively accounted for on an equity basis. Since Gold Fields had previously held interests in Western Areas which were accounted for as available for sale, its results for prior years and the period July 1, 2006 to November 30, 2006 have been adjusted accordingly to account for the investment in Western Areas using the equity method.

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Exchange Rates

The following tables set forth, for the periods indicated, the average, high and low exchange rates of Rand for U.S. Dollars, expressed in Rand per $1.00. For periods prior to December 31, 2008, the following tables express the exchange rates in terms of the noon buying rate in New York City for cable transfers in Rand as certified for customs purposes by the Federal Reserve Bank of New York. As of December 31, 2008, the Federal Reserve Bank ceased publication of the noon buying rate and, as such, the exchange rates for fiscal 2009 are sourced from I-Net Bridge, being the closing rate at period end.

Year ended	Average[1]
June 30, 2007	7.20[1]
June 30, 2008	7.30[1]
June 30, 2009	9.01[2]
June 30, 2010	7.58[2]
December 31, 2010	7.32[2]
December 31, 2011	7.22[2]
through March 23, 2012	7.75

Notes:

(1) The average of the noon buying rates on the last day of each full month during the relevant period as certified for customs purposes by the Federal Reserve Bank of New York.

(2) The daily average of the closing rate during the relevant period as reported by I-Net Bridge.

Month ended	High	Low
September 30, 2011	8.40	7.00
October 31, 2011	8.28	7.71
November 30, 2011	8.56	7.85
December 31, 2011	8.42	8.01
January 31, 2012	8.18	7.74
February 28, 2012	7.77	7.47

The closing rate for the Rand on March 23, 2012 as reported by I-Net Bridge was Rand 7.67 per $1.00. Fluctuations in the exchange rate between the Rand and the U.S. dollar will affect the dollar equivalent of the price of the ordinary shares on the JSE, which may affect the market price of the American Depositary Shares, or ADSs, on the New York Stock Exchange. These fluctuations will also affect the U.S. dollar amounts received by owners of ADSs on the conversion of any dividends paid in Rand on the ordinary shares.

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RISK FACTORS

In addition to the other information included in this annual report, the considerations listed below could have a material adverse effect on Gold Fields business, financial condition or results of operations, resulting in a decline in the trading price of Gold Fields ordinary shares or ADSs. The risks set forth below comprise all material risks currently known to Gold Fields. However, there may be additional risks that Gold Fields does not currently know of or that Gold Fields currently deems immaterial based on the information available to it. These factors should be considered carefully, together with the information and financial data set forth in this document.

Changes in the market price for gold, and to a lesser extent copper, which in the past have fluctuated widely, affect the profitability of Gold Fields operations and the cash flows generated by those operations.

Most of Gold Fields revenues are derived from the sale of gold. Historically, the market price for gold has fluctuated widely and has been affected by numerous factors over which Gold Fields has no control, including:

- the demand for gold for industrial uses and for use in jewelry;
- demand for gold from relatively new emerging markets, particularly Brazil, Russia, India and China, and the emerging middle class in these markets;
- actual, expected or rumored purchases and sales of gold bullion holdings by central banks or other large gold bullion holders or dealers;
- demand for exchange traded funds which replicate the exact performance of gold;
- demand for gold for investment purposes;
- speculative trading activities in gold;
- the overall level of forward sales by other gold producers;
- the overall level and cost of production by other gold producers;
- international or regional political and economic events or trends;
- the strength or weakness of the U.S. dollar (the currency in which gold prices generally are quoted) and of other currencies;
- financial market expectations regarding the rate of inflation; and
- interest rates.

In addition, the current demand for and supply of gold affects the price of gold, but not necessarily in the same manner as current demand and supply affect the prices of other commodities. Since the potential supply of gold is large relative to mine production in any given year, normal variations in current production will not necessarily have a significant effect on the supply of gold or the gold price. Central banks, financial institutions and individuals historically have held large amounts of gold as a store of value, and production in any given year historically has constituted a small portion of the total potential supply of gold. Historically, gold has tended to retain its value in relative terms against basic goods in times of inflation and monetary crisis. Pursuant to a gold sales agreement entered into by 15 European central banks, individual banks may sell up to 400 tons of gold per year. However, the effect on the market of these or any other gold sales is unclear.

Due to the credit crisis in the Euro zone countries and other factors, the market price of gold has experienced significant volatility. In fiscal 2011, the average London afternoon fixing price for gold was U.S.$1,571 per ounce. For the same period, the high was U.S.$1,895 per ounce and the low was U.S.$1,319 per ounce. On March 23, 2012, the London afternoon fixing price for gold was U.S.$1,664 per ounce. A sustained period of significant gold price volatility may adversely affect Gold Fields ability to evaluate the feasibility of undertaking new capital projects or continuing existing operations or to make other long-term strategic decisions.

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While the aggregate effect of these factors is impossible for Gold Fields to predict, if gold prices fall below the amount it costs Gold Fields to produce gold and remain at such levels for any sustained period, Gold Fields may experience losses and may be forced to curtail or suspend some or all of its exploration projects, growth projects, operations and/or reduce operational capital expenditures. In addition, Gold Fields might not be able to recover any losses it may incur during that period.

Copper accounts for a significant proportion of the revenues at Gold Fields Cerro Corona mine, although copper is not a major element of Gold Fields overall revenues. A variety of factors may depress global copper prices, including slowing growth rates in Brazil, Russia, China and India. A decline in copper prices, which have also fluctuated widely, could adversely affect the revenues and cash flows from the Cerro Corona mine.

Because Gold Fields does not use commodity or derivative instruments to protect against low gold prices with respect to its production, Gold Fields may be impacted by any significant decline in the price of gold.

As a general rule, Gold Fields sells its gold production at market prices. Gold Fields generally does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for the sale of its future gold production. In general, hedging reduces the risk of exposure to volatility in the gold price. Hedging also enables a gold producer to fix the price that it receives for gold which generally is higher than the then current spot price. To the extent that Gold Fields does not generally use commodity or derivative instruments, it will not be protected against declines in the gold price, which could lead to reduced revenue in respect of gold production that is not hedged. See Quantitative and Qualitative Disclosures About Market Risk .

Gold Fields mineral reserves are estimates based on a number of assumptions, any changes to which may require Gold Fields to lower its estimated mineral reserves.

The mineral reserves stated in this annual report represent the amount of gold and copper that Gold Fields estimated, as of December 31, 2011, could be mined, processed and sold at prices sufficient to recover Gold Fields estimated future total costs of production, remaining investment and anticipated additional capital expenditures. Ore reserves are estimates based on assumptions regarding, among other things, Gold Fields costs, expenditures, prices and exchange rates, which may prove inaccurate due to a number of factors, many of which are beyond Gold Fields control.

In 2010, Gold Fields changed its fiscal year-end from June 30 to December 31 to align with the company s peers in the gold mining industry. The mineral reserves as at December 31, 2011 have been prepared in accordance with the SAMREC Code. Therefore, the information regarding the Group s mineral reserves as at December 31, 2011 and December 31, 2010 has been prepared at a different point in the year than the reserves information as at June 30, 2009. As a result, the mineral reserve information prepared as at December 31, 2011 and December 31, 2010 may not be directly comparable to that reported by the Group in prior years.

In the event that Gold Fields revises any of its assumptions that underlie its mineral reserves reporting in an adverse manner, Gold Fields may need to revise its mineral reserves downwards. In particular, if Gold Fields production costs or capital expenditures increase, if gold or copper prices decrease or if the Rand or Australian dollar strengthens against the U.S. dollar, a portion of Gold Fields mineral reserves may become uneconomical to recover, forcing Gold Fields to lower its estimated reserves. See Information on the Company Reserves of Gold Fields as of December 31, 2011 .

To the extent that Gold Fields seeks to expand through acquisitions, it may experience problems in executing acquisitions or managing and integrating the acquisitions with its existing operations.

In order to expand its operations and reserve base, Gold Fields may seek to make acquisitions of selected precious metal producing and/or exploration companies or assets. Gold Fields success at making any acquisitions will depend on a number of factors, including, but not limited to:

- negotiating acceptable terms with the seller of the business or equities to be acquired;

- obtaining approval from regulatory authorities;

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- assimilating the operations of an acquired business in a timely and efficient manner;
- maintaining Gold Fields financial and strategic focus while integrating the acquired business;
- implementing Gold Fields standards, controls, procedures and policies at the acquired business;
- operating in a new environment to the extent that Gold Fields makes an acquisition outside of markets in which it has previously operated; and
- legal, regulatory or other changes in any jurisdiction that may affect the success of an acquisition.

There can be no assurance that any acquisition will achieve the results intended. Any problems experienced by Gold Fields in connection with an acquisition as a result of one or more of these factors could have a material adverse effect on Gold Fields business, operating results and financial condition.

To the extent that Gold Fields seeks to expand through its exploration program, it may experience problems associated with mineral exploration or developing mining projects.

In order to expand its operations and reserve base, Gold Fields may rely on its exploration program for gold and other metals associated with gold as well as its ability to develop mining projects. Exploration for gold and other metals associated with gold is speculative in nature, involves many risks and is frequently unsuccessful. Any exploration program entails risks relating to the location of economic ore bodies, the development of appropriate extractive processes, the receipt of necessary governmental permits and regulatory approvals and the construction of mining and processing facilities at the mining site. Gold Fields exploration efforts may not result in the discovery of gold or other metals associated with gold and any mineralization discovered may not result in an increase of Gold Fields reserves. If ore bodies are developed, it can take a number of years and substantial expenditures from the initial phases of drilling until production commences, during which time the economic feasibility of production may change. Gold Fields exploration program may not result in the replacement of current production with new reserves or result in any new commercial mining operations. In addition, to the extent Gold Fields participates in the development of a project through a joint venture or any other multi-party commercial structure, there could be disagreements, legal or otherwise, or divergent interests or goals amongst the parties, which could jeopardize the success of the project.

Furthermore, significant capital investment is required to achieve commercial production from exploration efforts. There is no assurance that Gold Fields will have, or be able to raise, the required funds to engage in these activities or to meet its obligations with respect to the exploration properties in which it has or may acquire an interest.

Due to the nature of mining and the type of gold mines it operates, Gold Fields faces a material risk of liability, delays, mine stoppages and increased production costs from environmental and industrial accidents and pollution.

The business of gold mining by its nature involves significant risks and hazards, including environmental hazards and industrial and mining accidents. In particular, hazards associated with Gold Fields underground mining operations include:

- rock bursts;
- seismic events, particularly at the KDC and South Deep operations;
- extreme ambient operating temperature

underground fires and explosions, including those caused by flammable gas or in connection with blasting;

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- cave-ins or gravity falls of ground;
- discharges of gases and toxic substances;
- releases of radioactivity;
- flooding;
- electrocution;
- falling from height;
- accidents related to the presence of mobile machinery, including locomotives, shaft conveyances and elevators;
- ground and surface water pollution, including as a result of potential spillage or seepage from tailings dams;
- sinkhole formation and ground subsidence;
- human error; and
- other accidents and conditions resulting from drilling, blasting and removing and processing material from an underground mine.

Gold Fields South African operations may be more susceptible to certain of these risks due to mining at deep levels.

Hazards associated with Gold Fields open pit mining operations include:

- flooding of the open pit;
- extreme ambient operating temperatures;
- collapses of the open pit walls;
- electrocution;
- accidents associated with the operation of large open pit mining and rock transportation equipment;

- accidents related to the presence of other mobile machinery;
- accidents associated with the preparation and ignition of large-scale open pit blasting operations;
- ground and surface water pollution, including as a result of potential spillage or seepage from tailings dams;
- production disruptions due to weather; and
- hazards associated with heap leach processing, such as groundwater and waterway contamination.

Hazards associated with Gold Fields rock dump and production stockpile mining and tailings disposal include:

- accidents associated with operating a rock dump and production stockpile and rock transportation equipment;
- production disruptions due to weather;
- sinkhole formation and ground subsidence;
- collapses of rock dumps or tailings dams; and
- ground and surface water pollution, on and off site.

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Gold Fields is at risk of experiencing any and all of these environmental or other industrial hazards. The occurrence of any of these hazards could delay or halt production, increase production costs and result in liability for Gold Fields.

Gold Fields may also be subject to actions by labor groups or other interested parties who object to perceived or actual conditions and policies at the mines or to the perceived or actual environmental impact of the mines. These actions may delay or halt production, increase production costs, result in liability for the Group or may create negative publicity related to Gold Fields.

Ageing infrastructure may cause breakdowns and unplanned stoppages, which may result in production delays, increased costs and industrial accidents.

Deep level gold mining shafts and processing plants are usually designed with a lifespan of 25 to 30 years. Vertical shafts consist of large quantities of infrastructure steelwork for guiding conveyances and services such as high and low tension electric cables, air and water pipe columns. Maintaining this infrastructure requires skilled human resources, capital allocation, management and planned maintenance.

Once a shaft or a processing plant has reached the end of its intended lifespan, more than normal maintenance and care is required to maintain it. Some of Gold Fields South African operating shafts and Gold Fields processing plants are more than 30 years old. Although Gold Fields has a comprehensive maintenance strategy in place, incidents resulting in production delays, increased costs or industrial accidents may occur. Such incidents may have a material adverse effect on the company s results of operations and financial position.

If Gold Fields experiences losses of senior management or is unable to hire and retain sufficient technically skilled employees, its business may be materially adversely affected.

Gold Fields ability to operate or expand effectively depends largely on the experience, skills and performance of its senior management team and technically skilled employees. There can be no certainty that the services of its senior management will continue to be available to Gold Fields. Any senior management departures could adversely affect Gold Fields efficiency, control over operations and results of operations.

During fiscal 2009, Gold Fields restructured its operations into four regions: South Africa, West Africa, South America and Australasia. See Information on the Company Strategy Regional Delivery Model . An important element of this restructuring was bolstering the technical skills base of each of the four regional management teams to provide additional resources and to provide for succession planning. The mining industry, including Gold Fields, continues to experience a global shortage of technically skilled employees. Gold Fields may be unable to hire or retain appropriate technically skilled employees or other management personnel, or may have to pay higher levels of remuneration than it currently intends in order to do so. If Gold Fields is not able to hire and retain appropriate management and technically skilled personnel, or if there are not sufficient succession plans in place, Gold Fields may not achieve the intended benefits of its regional restructuring, which could have a material adverse effect on its business, results of operations and financial position.

Because gold is generally sold in U.S. dollars, while most of Gold Fields production costs are in Rand, Australian dollars and other non-U.S. dollar currencies, Gold Fields operating results and financial condition could be materially harmed by an appreciation in the value of these non-U.S. dollar currencies.

Gold is sold throughout the world principally in U.S. dollars, but Gold Fields costs of production are incurred principally in Rand, Australian dollars and other non-U.S. dollar currencies. As a result, any significant and sustained appreciation of any of these non-U.S. dollar currencies against the U.S. dollar may materially increase Gold Fields costs in U.S. dollar terms, which could materially adversely affect Gold Fields operating results and financial condition.

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Economic, political or social instability in the countries or regions where Gold Fields operates may have a material adverse effect on Gold Fields operations and profits.

Approximately half of Gold Fields production is in South Africa. Gold Fields also has significant operations in Ghana, Australia and Peru. As a result, changes or instability to the economic, political or social environment in South Africa or in any of these other countries or in neighboring countries could affect an investment in Gold Fields.

In particular, continued or increased inflation in any of the countries where it operates could increase the prices Gold Fields pays for products and services, including wages for its employees and power costs, which if not offset by increased gold prices or currency devaluations could have a material adverse effect on Gold Fields financial condition and results of operations.

In recent years, governments (local and national), communities, non-governmental organizations and trade unions in several jurisdictions have sought and, in some cases, have implemented greater cost imposts on the mining industry, including through the imposition of additional taxes and royalties. These trends are evident in the cost of electricity and other levies imposed by governments in many of the countries in which Gold Fields operates. In South Africa, the African National Congress, or the ANC, is considering a report which, among other things, proposes greater state intervention in the mining industry, including the imposition of new taxes and increasing the state s holdings in mining companies. Moreover, the Ghanaian parliament passed a bill that, effective March 9, 2012, increases taxes on mining companies in order to benefit from the movement in gold prices. These changes included introducing a separate tax category for companies engaged in mining which would raise the applicable corporate tax rate from 25% to 35% as well as introducing a much less favorable capital allowance regime, which may affect Gold Fields future capital expenditure decisions. Further, a draft bill is being prepared proposing a windfall tax on mining activities but it has not yet been released for consent. The impositions of additional operational costs, taxes or royalty payments could have a material adverse effect on Gold Fields business, operating results and financial condition.

Further, the South African government has implemented laws aimed at alleviating and redressing the disadvantages suffered by citizens under previous governments. In the future, the South African government may implement new laws and policies, which in turn may have a material adverse impact on Gold Fields operations and financial results.

In recent years, South Africa has continued to experience high levels of crime and unemployment. These problems may have impacted fixed inward investment into South Africa and have prompted emigration of skilled workers. As a result, Gold Fields may have difficulties attracting and retaining qualified employees.

Numerous public statements have been made about the nationalization of South African mines. While the official policy of the South African government is not to nationalize mines, these comments and any other potential threats of nationalization may negatively affect investors perceptions of South Africa. The ANC set up a committee to investigate greater intervention in the minerals sector. A research report from this committee was recently reviewed at the National Executive Committee of the ANC. The report recommends against full scale nationalization in favor of, among other things, the revision of the existing royalty and tax regimes and will be discussed at the next national policy conference of the ANC to be held in June 2012.

There has been regional political and economic instability in certain of the countries surrounding South Africa. Any similar political or economic instability in South Africa could have a negative impact on Gold Fields ability to manage and operate its South African operations.

In addition, there has also been local opposition to mine development projects in Peru. The Group s operations and other mining operations in Peru have been the subject of local protests in the past, including the illegal blockades of access roads. Such blockades are normally accompanied by demands for increased employment from local communities and increased use of local contractors. In addition, Gold Fields Cerro

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Corona mine is near the planned Newmont-Buenaventura Conga Project which was the subject of local protests. While production at Cerro Corona has not been affected by this opposition, Cerro Corona, along with other mining operations, may be affected by protests or heightened restrictions on mining activities in the future. Cerro Corona shares the same public road as the Conga Project. There have also been protests against the Gold Fields Chucapaca project in Peru. If Gold Fields experiences further opposition in connection with its operations in Peru, or if protests aimed at other mining operations affect operations at Cerro Corona, it could have a material adverse effect on Gold Fields financial condition and results of operations.

Regional and national elections took place in Peru in late 2010 and early 2011 respectively. President Humala took office in late July 2011. Based on the appointments made in key governmental positions and public declarations, management does not expect major changes to Peruvian government policy, other than increased attention given to social inclusion programs. However, as announced during President Humala s campaign, a new special tax regime for mining companies was established in 2011, increasing the tax burden on mining companies. In addition, a new consultation law has been enacted, requiring the government to consult with indigenous or native populations on legislative or administrative proposals that may have an impact on their collective rights. It is not yet certain what, if any, other political or economic impact the policies of the new administration will have on Peru generally, or on Gold Fields specifically.

Power cost increases may adversely affect Gold Fields results of operations.

In South Africa, Gold Fields mining operations depend upon electrical power generated by the State utility, Eskom. Eskom holds a monopoly on power supply in the South African market. Eskom applied to the National Energy Regulator of South Africa, or NERSA, for a 35% average tariff increase on each of April 1, 2010, 2011 and 2012, and NERSA granted average increases of 24.8%, 25.8% and 25.9%, respectively. However, in March 2012, Eskom announced that as of April 1, 2012, the tariff increase will be 16%. Gold Fields expects further significant additional increases during the next several years as Eskom embarks on an electricity generation capacity expansion program. Should Gold Fields experience further power tariff increases, its results of operations may be adversely impacted. In fiscal 2011, power costs made up 14% of the cost of production at the South African operations. See Information on the Company Gold Fields Mining Operations KDC Operation Mining .

Both Gold Fields Ghana Limited, or Gold Fields Ghana, and Abosso Goldfields Limited, or Abosso, have agreed on new tariffs with their respective power suppliers (the state electricity supplier, the Volta River Authority, or VRA, supplies power to Gold Fields Ghana and the Electricity Company of Ghana, or ECG, provides power to Abosso), representing approximately a 54% increase over the previous year. In fiscal 2011, Gold Fields paid $0.157 per kilowatt hour. In the first half of calendar 2010, Gold Fields paid $0.099 per kilowatt hour, while in the second half of calendar 2010, it paid $0.131 per kilowatt hour. Until gas supply to the generating units in Ghana is assured, energy prices will correlate with the crude oil price. In this regard, it is expected that the next tariff review will result in an increase in the tariff. The VRA has provided a revised Power Sales and Purchase Agreement between VRA and Gold Fields Ghana which is expected to be concluded in April 2012. VRA tariffs for the period from January 2011 to December 2011 have been concluded. A tariff has been agreed with the ECG covering the period June 1, 2010 to May 31, 2011. Tariff rates for June 2011 to May 2012 are being negotiated. Any increase in the electricity price could have a material adverse effect on the Group s business and operating results.

Further, Gold Fields contract for the supply of electricity to its Australian operations is due to expire in 2014. Any replacement of this supply may entail a significant increase in costs due to the volatile Western Australian gas market. Any such increase in costs could have a material adverse impact on the Group s business and operating results.

Power stoppages, fluctuations and usage constraints may force Gold Fields to halt or curtail operations.

In 2008, South Africa experienced disruptions in electrical power supply and these disruptions impacted Gold Fields operations. The Department of Energy is in the process of developing a power conservation

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program, including rules regarding baseline adjustments and load growth. However, there can be no assurance that this conservation program will ensure that there is sufficient electricity available for Gold Fields to run its South African operations at full capacity or at all.

Although the VRA has not imposed any power cuts in Ghana since August 2006, frequent power interruptions have occurred. The national utility remains reliant on hydropower for approximately 50% of its generation and there can be no assurance that there will not be new disruptions to the electricity supply in the future. Should Gold Fields experience power outages, fluctuations or usage constraints at any of its operations, then its business and results of operations may be materially adversely impacted.

Actual and potential supply chain shortages and increases in the prices of production inputs may have a material adverse effect on Gold Fields operations and profits.

Gold Fields results of operations may be affected by the availability and pricing of raw materials and other essential production inputs, including fuel, steel and cyanide and other reagents. The price of raw materials may be substantially affected by changes in global supply and demand, along with weather conditions, governmental controls and other factors. A sustained interruption in the supply of any of these materials would require Gold Fields to find acceptable substitute suppliers and could require it to pay higher prices for such materials. Any significant increase in the prices of these materials will increase the Company s operating costs and affect production considerations.

Giant tires, of the type used by Gold Fields for its large earthmoving equipment and trucks, are in short supply, and prices have risen recently and may continue to rise in the future. This shortage of tires for earthmoving vehicles is causing mining companies to review operating practices, to seek additional methods of preserving tire life and to examine alternative sources of tire supply. To the extent that Gold Fields is unable to procure an adequate supply of these tires, it may have to alter its mining plans, especially at its open pit operations, which could reduce its gold production and have a material adverse effect on Gold Fields business, operating results and financial condition.

Gold Fields insurance coverage may prove inadequate to satisfy potential claims.

Gold Fields has an insurance program, however it may become subject to liability for pollution, occupational illnesses or other hazards against which it has not insured, cannot insure or has insufficiently insured, including those in respect of past mining activities. Gold Fields existing property and liability insurance contains exclusions and limitations on coverage. Should Gold Fields suffer a major loss, future earnings could be affected. In addition, insurance may not continue to be available at economically acceptable premiums. As a result, in the future, Gold Fields insurance coverage may not cover the extent of claims against Gold Fields, including, but not limited to, claims for environmental or industrial accidents, occupational illnesses or pollution.

Gold Fields financial flexibility could be materially constrained by South African exchange control regulations.

South Africa s exchange control regulations restrict the export of capital from South Africa, the Republic of Namibia, and the Kingdoms of Lesotho and Swaziland, known collectively as the Common Monetary Area, or the CMA. Transactions between South African residents (including companies) and non-residents of the CMA are subject to exchange controls enforced by the South African Reserve Bank, or SARB. As a result, Gold Fields ability to raise and deploy capital outside the CMA is restricted.

Under South African exchange control regulations, Gold Fields must obtain approval from the SARB regarding any capital raising involving a currency other than the Rand. In connection with its approval, it is possible that the SARB may impose conditions on Gold Fields use of the proceeds of any such capital raising, such as limits on Gold Fields ability to retain the proceeds of the capital raising outside South Africa or requirements that Gold Fields seek further SARB approval prior to applying any such funds to a specific use.

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These restrictions could hinder Gold Fields financial and strategic flexibility, particularly its ability to fund acquisitions, capital expenditures and exploration projects outside South Africa. See Information on the Company Environmental and Regulatory Matters South Africa Exchange Controls .

An acquisition of shares in or assets of a South African company by a non-South African purchaser that is subject to exchange control regulations may not be granted regulatory approval.

In some circumstances, potential acquisitions of shares in or assets of South African companies by non-South African resident purchasers are subject to review by the SARB pursuant to South African exchange control regulations. As a result, the Treasury may refuse to approve any proposed acquisitions of Gold Fields or its South African assets in the future. As a result, Gold Fields management may be limited in its ability to consider strategic options and Gold Fields shareholders may not be able to realize the premium over the current trading price of Gold Fields ordinary shares which they might otherwise receive upon such an acquisition. See Information on the Company Environmental and Regulatory Matters South Africa Exchange Controls .

Gold Fields operations and profits may be adversely affected by union activity and new and existing labor laws.

There has been an increase in union activity in many of the countries in which Gold Fields operates, including South Africa and, in recent years, there have been new labor laws introduced or amendments to existing labor laws that impose additional obligations on Gold Fields or grant additional rights to workers.

Greater union activity has resulted in more frequent industrial action and has impacted labor negotiations. A number of unions in various industries have threatened to or have recently gone on strike in South Africa, causing work stoppages and production losses. Negotiations with the South African mining unions in 2011 resulted in above-inflation wage increases between 8.0% to 10.0%, depending upon the category of employee. This is a two year wage agreement. Other South African mining industry participants are undergoing negotiations with labor unions and the results of these negotiations may have an effect on future negotiations by Gold Fields. Wages and related labor costs accounted for 43% of Gold Fields total cost of sales in South Africa in fiscal 2011. The unions representing Gold Fields employees have indicated that they may continue to take industrial action to protest a variety of issues, including the issues raised during the strike at South Deep in fiscal 2010 relating to the relationship between the union s and management, greater union involvement in human resource and other management decision-making processes at the mine (which issues, amongst others, remain unresolved). For example, the unions representing gold mining workers in South Africa went on strike starting from July 28, 2011 until August 2, 2011 over wage negotiations. Gold Fields is currently in discussions with its unions at South Deep regarding a number of operational and employee matters and is endeavouring to seek agreement on the unresolved issues.

Gold Fields operations in Peru and Ghana have recently been and may in the future be impacted by increased union activities. For example, the operational employees at Cerro Corona formed a labor union and negotiated a five-year collective bargaining agreement with Gold Fields. In Ghana, Gold Fields entered into a three year wage agreement with the labor unions in October 2010, but there can be no guarantee that the labor unions will not undertake strikes and go slow actions against the Group s operations or other mining companies.

In the event that Gold Fields experiences work stoppages, delays, sabotage, go-slow actions, lower productivity levels than envisaged or any other industrial relations related interruptions at any of its operations or increased employment-related costs due to union or employee activity, these may have a material adverse effect on its business, production levels, production targets, results of operations, financial condition and reputation.

Gold Fields may also be affected by certain labor laws that impose obligations regarding worker rights. For example, laws in South Africa impose monetary penalties for non-compliance with the administrative and the reporting requirements in respect of affirmative action policies, while Ghanaian law contains broad provisions requiring mining companies to recruit and train Ghanaian personnel and to use the services of Ghanaian companies. In addition, the Australian federal government has recently introduced a new industrial relations system that includes good faith bargaining obligations for employers, fewer restrictions on the content of collective agreements and an enhanced role for union officials as bargaining representatives, parties to agreements and participants in dispute resolution. Existing labor laws and any new or amended labor laws may increase Gold Fields labor costs and have a material adverse effect on Gold Fields business, operating results and financial condition.

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If Gold Fields is unable to implement cost cutting measures or increase production levels to offset any increases in labor costs or production losses, these costs and losses could have a material adverse effect on Gold Fields business, operating results and financial condition.

Gold Fields may suffer adverse consequences as a result of its reliance on outside contractors to conduct some of its operations.

A portion of Gold Fields operations in Australia and Peru are currently conducted by outside contractors. As a result, Gold Fields operations at those sites are subject to a number of risks, some of which are outside Gold Fields control, including:

- negotiating agreements with contractors on acceptable terms;
- the inability to replace a contractor and its operating equipment in the event that either party terminates the agreement;
- reduced control over those aspects of operations which are the responsibility of the contractor;
- failure of a contractor to perform under its agreement with Gold Fields;
- interruption of operations or increased costs in the event that a contractor ceases its business due to insolvency or other unforeseen events;
- failure of a contractor to comply with applicable legal and regulatory requirements, to the extent it is responsible for such compliance; and
- problems of a contractor with managing its workforce, labor unrest or other employment issues.

In addition, Gold Fields may incur liability to third parties as a result of the actions of its contractors. The occurrence of one or more of these risks could have a material adverse effect on Gold Fields business, results of operations and financial condition. See Directors, Senior Management and Employees Employees Labor Relations Ghana , Directors, Senior Management and Employees Employees Labor Relations Australia and Directors, Senior Management and Employees Employees Labor Relations Peru .

Regulation of greenhouse gas emissions and climate change issues may adversely affect Gold Fields operations.

Energy is a significant input to Gold Fields mining and processing operations, with its principal energy sources being electricity, purchased petroleum products, natural gas and coal. There is a substantial weight of scientific evidence concluding that carbon emissions from fossil fuel-based energy consumption contribute to global warming, greenhouse effects and climate change.

A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impacts of climate change that may restrict emissions of greenhouse gases in areas in which Gold Fields operates.

In Australia, the Australian Clean Energy Act 2011 (Cth) and associated legislation establishing a national carbon pricing scheme, or Scheme, passed into law in November 2011. Under the Scheme, entities that have operational control over facilities (i.e. activities) that emit more than 25,000 tons CO_2-e per annum in greenhouse gas emissions covered by the Scheme, will be directly regulated and will be required to acquire and surrender carbon units to cover those emissions.

The Scheme will operate in two phases: a fixed price phase commencing July 1, 2012, followed by a floating price phase commencing on July 1, 2015. Members of Gold Fields Australian group are likely to be indirectly affected by the Scheme. While emissions from the Australian operations are unlikely to be directly regulated, the price of diesel fuel paid by Gold Fields operations is likely to rise due to changes in fuel subsidy

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levels. Gold Fields expects this to introduce additional costs of between A$6 and A$8 million (U.S.$6 and U.S.$8 million) a year at current levels of fuel consumption. See Information on the Company Environmental and Regulatory Matters Australia Environmental .

The South African government is considering the introduction of a carbon tax in 2013 to reduce greenhouse gas emissions. The proposed carbon tax is Rand 120 per ton CO_2-e, however, 60% of emissions would initially be tax exempt. The 60% discount will continue to apply until 2020. The net carbon tax will therefore only be R48 per ton. The R48 per ton will be escalated by 10% per annum until 2020. The 60% discount will be scaled back gradually from 2020 until 2025 and may be replaced by absolute emissions thresholds thereafter. If the proposed carbon tax had been in effect in fiscal 2011, management estimates this would have introduced an additional cost of R223 million (after taking the 60% discount into consideration). A revised policy paper which discusses the proposed carbon tax and the possibility of introducing a trading scheme for greenhouse gases is expected to be released by the South African government for public comment later this year. See Information on the Company Environmental and Regulatory Matters South Africa Environmental.

From a medium- and long-term perspective, Gold Fields is likely to see an increase in costs relating to its energy-intensive assets and assets that emit significant amounts of greenhouse gases as a result of regulatory initiatives in countries in which it operates. These regulatory initiatives will be either voluntary or mandatory and may impact Gold Fields operations directly or by affecting its suppliers or customers. These costs may include, among other things, emission measurement and reduction, audit processes and human resource costs. Non-compliance with statutory initiatives may result in monetary liabilities. Insurance premiums may increase and the Company s position relative to industry competitors may change. Inconsistency of regulations particularly between developed and developing countries may affect Gold Fields decision to pursue opportunities in certain countries and also may affect its costs of operations. Assessments of the potential impact of future climate change regulation are uncertain, given the wide scope of potential regulatory change in countries in which Gold Fields operates.

Furthermore, the potential physical impacts of climate change on Gold Fields operations are highly uncertain and may differ across geographies. They may include changes in rainfall patterns and intensities, water shortages, extreme weather conditions and changing temperatures. Flooding could disrupt mining, processing and transportation, and result in increased health and safety risks. Reduced rainfall could result in electricity supply shortages in certain countries where Gold Fields operates and extreme weather conditions may negatively impact Gold Fields workforce. These effects may adversely impact the cost, production and financial performance of Gold Fields operations.

Theft of gold and copper as well as illegal mining occur on Gold Fields properties, are difficult to control, can disrupt Gold Fields business and can expose Gold Fields to liability.

A number of Gold Fields properties have experienced illegal mining activities and theft of gold bearing materials and copper (which may be by employees or third parties). The activities of the illegal miners could cause pollution or other damage to Gold Fields properties, including underground fires, or personal injury or death, for which Gold Fields could potentially be held responsible. An increase in illegal mining activities could result in depletion of mineral deposits, potentially making the future mining of such deposits uneconomic. The presence of illegal miners could lead to project delays and disputes regarding the development or operation of commercial gold deposits, particularly in Ghana. An increase in the theft of gold and copper may reduce the amount of these metals that Gold Fields is able to recover from its operations. Rising gold and copper prices may increase the likelihood of such thefts occurring. Illegal mining and theft could also result in lost gold reserves, mine stoppages, and have a material adverse effect on Gold Fields financial condition or results of operations.

HIV/AIDS and tuberculosis pose risks to Gold Fields in terms of lost productivity and increased costs.

The prevalence of HIV/AIDS in South Africa poses risks to Gold Fields in terms of potentially reduced productivity and increased medical and other costs. Management has recently estimated that approximately 18%

of Gold Fields workforce in South Africa is infected with HIV. Increasingly, Gold Fields is seeing an adverse impact of HIV/AIDS on its affected employees similar to that experienced by other companies in the South African mining sector, evidenced by increased absenteeism and reduced productivity. Compounding this is the concomitant infections with tuberculosis that can accompany HIV illness, particularly the end stages, and causes additional healthcare-related costs. In South Africa, the incidence of tuberculosis in mine workers is aggravated by exposure to crystalline silica dust and by compromised immunity due to HIV infection. Exposure of HIV-positive individuals to silica dust can significantly increase the risk of contracting tuberculosis, HIV/AIDS remains an important focus for Gold Fields and Gold Fields will continue its extensive intervention campaigns. However, the potential impact of HIV/AIDS on Gold Fields South African operations and financial condition is large. Factors influencing the impact of HIV/AIDS include the incidence of HIV infection among Gold Fields employees and the surrounding community, the impact on employees productivity, treatment costs and other costs. Most of these factors are beyond Gold Fields control. See Directors, Senior Management and Employees Employees Health and Safety Health HIV/AIDS Program .

Gold Fields operations in South Africa are subject to environmental and health and safety regulations, which could impose significant costs and burdens and Gold Fields may face claims and liability for breaches, or alleged breaches, of such regulations and other applicable laws.

Gold Fields South African operations are subject to various environmental laws and regulations including, for example, those relating to waste treatment and disposal, emissions and water management, and must comply with permits or standards governing, among other things, tailings dams and waste disposal areas, water consumption, air emissions, water discharges, and naturally occurring radioactive material. Gold Fields may in the future incur significant costs to comply with the South African environmental requirements imposed under existing or new legislation, regulations or permit requirements or to comply with changes in existing laws and regulations or the manner in which they are applied. Gold Fields may also be subject to litigation and other costs as a result of environmental rights granted to individuals under South Africa s Constitution or other sources of environmental rights. These costs could have a material adverse effect on Gold Fields business, operating results and financial condition. See Information on the Company Environmental and Regulatory Matters South Africa Environmental . Additionally, the proliferation of social media and other internet technologies may contribute to negative publicity relating to any actual or perceived environmental, labor or other issues at Gold Fields operations.

Gold Fields South African operations are also subject to various health and safety laws and regulations that impose various duties on Gold Fields mines while granting the authorities broad powers to, among other things, close or suspend operations at unsafe mines and order corrective action relating to health and safety matters. Under these health and safety laws and regulations, the Group may also be subject to prosecution for industrial accidents as well as significant penalties and fines for non-compliance. Further, certain targets were set by the Mine Health and Safety Council, a body consisting of representatives from the government, mining companies and unions, for the reduction of accidents, noise and silicosis to be achieved by 2013. If a mine fails to achieve these targets, the Mine Health and Safety Inspectorate, or the MHSI, could potentially order that operations be halted due to overexposure of employees to unsafe or unhealthy working conditions.

The principal health risks associated with Gold Fields mining operations in South Africa arise from occupational exposure to silica dust, noise, heat and certain hazardous chemicals. The most significant occupational diseases affecting Gold Fields workforce include lung diseases (such as silicosis, tuberculosis, a combination of the two and chronic obstructive airways disease, or COAD) as well as noise-induced hearing loss, or NIHL. The Occupational Diseases in Mines and Works Act 78 of 1973, or ODMWA, governs the payment of compensation and medical costs for certain illnesses, such as silicosis, contracted by those employed in mines or at sites where activities ancillary to mining are conducted. Recently, the South African Constitutional Court ruled that a claim for compensation under ODMWA does not prevent the employee from seeking to recover compensation from the employer concerned in a civil action under common law (either as individuals or as a class). While issues, such as negligence and causation, need to be proved on a case by case basis, it is nevertheless possible that such ruling could expose Gold Fields to claims related to occupational hazards and

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diseases (including silicosis), which may be in the form of a class action or similar group action. If Gold Fields were threatened with or faced a significant number of such claims and the claims were suitably established against it, the payment of compensation for the claims could have a material adverse effect on Gold Fields business, reputation, results of operations and financial condition. In addition, Gold Fields may incur significant additional costs arising out of these issues, including costs relating to the payment of fees, increased levies or other contributions in respect of compensatory or other funds established (if any) and expenditures arising out of its efforts to resolve any outstanding claims or other potential action.

A number of accidents, many of which resulted in fatalities, have recently occurred at various mining operations in South Africa, including at some of Gold Fields operations. There can be no assurance that the unions will not take industrial action in response to such accidents which could lead to losses in Gold Fields production. The DMR can and does issue instructions following safety incidents or accidents to partially or completely halt operations at affected mines. Moreover, it is Gold Fields policy to halt production at its operations when serious accidents occur in order to rectify dangerous situations and, if necessary, retrain workers. Any additional stoppages in production, or increased costs, could have a material adverse effect on Gold Fields business, operating results and financial condition. In April 2009, the Mine Health and Safety Amendment Bill became law. As a result, Gold Fields is now subject to more stringent regulations regarding mine health and safety and may be subject to an increased risk of prosecution for industrial accidents as well as greater penalties and fines for non-compliance. Further, any changes to the health and safety laws which increase the burden of compliance or the penalties for non-compliance may cause Gold Fields to incur further significant costs. See Information on the Company Environmental and Regulatory Matters South Africa Health and Safety .

Gold Fields operations in South Africa are subject to water use licenses, which could impose significant costs and burdens.

Under South African law, Gold Fields South African operations are subject to water use licenses that govern each operation s water usage and that require, among other things, mining operations to achieve and maintain certain water quality limits regarding all water discharges. The Kloof operation (now part of the KDC mine) was issued a water use license in December 2008 that expired in December 2011. The Group applied for renewal of, and amendments to, this license. Pending approval of the Kloof water use license, Gold Fields has obtained a regulatory directive from the Department of Water Affairs, or the DWA, that permits the continuation of water uses at its Kloof operations while its application is being processed. Historically, Gold Fields has been in compliance with the license granted to the Kloof operation in 2008. However, since February 2011, the water discharged from one of the shafts of the KDC mine covered by the Kloof license has exceeded the discharge parameters specified by the license. Gold Fields has informed the DWA and has investigated the cause of the increased discharge. One of the findings of the investigation was that the increased discharge was most likely due to external variables beyond the control of Gold Fields. Based on this information, the directive described above included an increase to the discharge limit. However, there can be no assurance that the Kloof operation will be granted a license or that it will be granted a license that includes this increased discharge limit. The Driefontein operation (now part of the KDC mine) was issued a water use license in October 2010. However, due to certain discrepancies in the information in the water use license, Gold Fields is in discussions with the DWA to rectify and revise the license. In addition, once this process is complete, Gold Fields intends to apply for an amendment to the Driefontein water use license to add certain water uses not previously required. Gold Fields believes that it is discharging water within the parameters of the Driefontein license but there can be no assurance that a revised license will be issued or that the DWA will not determine that Gold Fields is not in compliance with its requirements. While there was a delay in processing the water license application at South Deep, Gold Fields was issued a new water use license for South Deep in December 2011. The DWA advised Beatrix, which had pre-existing water permits of indefinite length, that its current water usage remains authorized and it need not apply for a new license. However, Beatrix has nevertheless submitted a water use license application, which is currently being processed.

Gold Fields has identified a risk of potential long-term acid mine drainage, or AMD, issues which are currently experienced by peer mining groups. AMD relates to the acidification and contamination of naturally

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occurring water resources by pyrite-bearing ore contained in underground mines and in rock dumps, tailings dams and pits on the surface. Gold Fields has commissioned several technical studies to identify the steps required to prevent AMD at its facilities but none of these studies have allowed Gold Fields to generate a reliable estimate of the potential impact of AMD on the Company. If Gold Fields were to experience any AMD issues, it could cause Gold Fields to not be in compliance with its water use license requirements and could expose Gold Fields to potential liabilities.

Gold Fields is reviewing and investigating a water treatment strategy that will, if successfully implemented, position Gold Fields favorably to satisfy conditions of new water use licenses across its South African operations, while also preventing potential AMD issues. However, there can be no assurance that Gold Fields will be in compliance with its licensing agreements within the required timeframe due primarily to the associated regulatory approval processes and commercial agreements that are required for the water treatment strategy. Gold Fields expects to incur significant expenditure to achieve and maintain compliance with the license requirements at each of its South African operations. Any failure on Gold Fields part to achieve or maintain compliance with the requirements of these licenses with respect to any of its operations could result in Gold Fields being subject to substantial claims, penalties, fees and expenses; significant delays in operations; or the loss of the relevant water use license, which could curtail or halt production at the affected operation. Any of the above could have a material adverse effect on Gold Fields business, operating results and financial condition.

Gold Fields mineral rights in South Africa are subject to legislation, which could impose significant costs and burdens.

The Mineral and Petroleum Resources Development Act No. 28 of 2002, or the MPRDA, came into effect on May 1, 2004, together with the implementation of a broad-based socio-economic empowerment charter, or the Mining Charter, for effecting entry of historically disadvantaged South Africans, or HDSAs, into the mining industry. Among other things, the Mining Charter required (i) each mining company to achieve a 15% HDSA ownership of mining assets within five years of the Mining Charter coming into effect and a 26% HDSA ownership of mining assets within 10 years of the Mining Charter coming into effect, (ii) the mining industry as a whole to agree to assist HDSA companies in securing finance to fund participation in an amount of Rand 100 billion over the first five years and (iii) mining companies to spell out plans for achieving employment equity at management level with a view to achieving a baseline of 40% HDSA participation in management and achieving a baseline of 10% participation by women in the mining industry, in each case within five years.

Following a review and as anticipated, the DMR released the Amended Mining Charter on September 13, 2010. The requirement under the Mining Charter for mining entities to achieve a 26% HDSA ownership of mining assets by the year 2014 was retained. Amendments to the Mining Charter in the Amended Mining Charter include, *inter alia*, the requirement by mining companies to (i) facilitate local beneficiation of mineral commodities; (ii) procure a minimum of 40% of capital goods, 70% of services and 50% of consumer goods from HDSA suppliers (i.e. suppliers of which a minimum of 25% + 1 vote of their share capital must be owned by HDSAs) by 2014 (exclusive of non-discretionary procurement expenditure); (iii) ensure that multinational suppliers of capital goods contribute a minimum of 0.5% of their annual income generated from South African mining companies towards the socio-economic development of South African communities into a social development fund from 2010; (iv) achieve a minimum of 40% HDSA demographic representation by 2014 at executive management (board) level, senior management (EXCO) level, core and critical skills, middle management level and junior management level; (v) invest up to 5% of annual payroll in essential skills development activities; and (vi) implement measures to improve the standards of housing and living conditions for mineworkers by converting or upgrading mineworkers hostels into family units, attaining an occupancy rate of one person per room and facilitating home ownership options for all mineworkers in consultation with organized labor. (i) to (vi) must be achieved by 2014. In addition, mining companies are required to monitor and evaluate their compliance to the Amended Mining Charter, and must submit annual compliance reports to the DMR. The Scorecard for the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry attached to the Amended Mining Charter, or the Scorecard, makes provision for a phased-in approach for compliance with the above targets over the five year period ending in 2014. For measurement purposes, the

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Scorecard allocates various weightings to the different elements of the Amended Mining Charter. Failure to comply with the provisions of the Amended Mining Charter will amount to a breach of the MPRDA and may result in the cancellation or suspension of a mining company s existing mining rights.

In accordance with the MPRDA, the DMR on April 29, 2009 published a Code of Good Practice for the Minerals Industry and the Housing and Living Condition Standard for the Mining Industry, or the Code, relating to the socio-economic transformation of the mining industry. However, certain provisions of the Code appeared to be inconsistent with the Mining Charter, or to go beyond the scope envisaged in the MPRDA. Various industry participants have been in discussions with the DMR regarding the scope and applicability of the Code. It is anticipated that the contents of the Code will ultimately be amended to be made consistent with the Amended Mining Charter. Details of when this will happen and the contents of the final Code are currently uncertain. See Information on the Company Environmental and Regulatory Matters South Africa Mineral Rights The MPRDA .

The acquisition by Mvelaphanda Resources Limited, or Mvela Resources, of a 15% beneficial interest in GFI Mining South Africa (Proprietary) Limited, or GFIMSA, for a cash consideration of Rand 4,139 million was effected in March 2009 to meet the requirement for a 15% HDSA ownership within five years of the Mining Charter coming into effect. See Operating and Financial Review and Prospects Overview General Mvelaphanda Transaction . During the six month period ended December 31, 2010, Gold Fields completed three further empowerment transactions which ensured Gold Fields compliance with the 2014 Black Economic Empowerment, or BEE, equity ownership targets. These transactions included an Employee Share Option Plan, or ESOP, housed through the Thusano Share Trust for 10.75% of GFIMSA (represented by 13.5 million unencumbered Gold Fields Limited shares with full voting rights); a broad-based BEE transaction for 10% of South Deep with a phased in participation over 20 years; and a broad-based BEE transaction for a further 1% of GFIMSA, excluding South Deep. The three transactions had a combined value of approximately R2.4 billion. See Additional Information Material Contracts Black Economic Empowerment Transactions .

Moreover, there is no guarantee that any steps Gold Fields has already taken or might take in the future will ensure the successful renewal of its existing mining rights, the retaining of new mining rights, the granting of further new mining rights or that the terms of renewals of its rights would not be significantly less favorable to Gold Fields than the terms of its current rights. Any further adjustment to the ownership structure of Gold Fields South African mining assets in order to meet the Amended Mining Charter s requirements could have a material adverse effect on the value of Gold Fields ordinary shares or debt and failing to comply with the Amended Mining Charter s requirements could subject Gold Fields to negative consequences, the scope of which have not yet been fully determined. As noted, the ANC is considering a report which, among other things, proposes greater state intervention in the mining industry, including the imposition of new taxes and increasing the state s holdings in mining companies.

Failure by the Group s South African operations to comply with the 26% HDSA ownership requirements as set out in the MPRDA and the Amended Mining Charter amounts to breach of the MPRDA and may result in the cancellation or suspension of the company s existing mining rights and may prevent the Group s South African operations from obtaining any new mining rights.

The Broad-Based Black Economic Empowerment Act, 2003, or the BBBEE Act, established a national policy on broad-based black economic empowerment with the objective of increasing the participation of black South Africans in the economy. The BBBEE Act provides for various measures to promote black economic empowerment, including empowering the Minister of Trade and Industry to issue Codes of Good Practice, or Codes, with which organs of state and public entities and parties interacting with them or obtaining rights and licenses from them would be required to comply. There has been some debate as to whether or to what extent the mining industry was subject to the BBBEE Act and the policies and Codes provided for thereunder. In December 2011, the Minister of Trade and Industry, published for public comment by the 9th of February 2012 a draft BBBEE Amendment bill, which has the effect of expanding and strengthening the black economic empowerment provisions of the BBBEE Act. It was expected that the draft bill would have clarified the extent, if any, of the

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application of the BBBEE Act to the mining industry, but such clarification has not been provided for in the draft bill. While it is anticipated that the draft bill will undergo various amendments before it becomes law, it should be appreciated that a risk exists that the companies in the mining industry may become subject to another layer of black economic empowerment regulation.

Gold Fields may, in the future, incur significant costs as a result of changes in the interpretation of existing laws, or the imposition of new laws, which may have a material adverse effect on Gold Fields business, operating results and financial condition.

Gold Fields operations in Ghana are subject to environmental and health and safety laws and regulations, which could impose significant costs and burdens.

Gold Fields Ghana operations are subject to various environmental laws and regulations. The Ghanaian environmental protection laws require, among other things, that Gold Fields register with the Ghanaian environmental authorities, and obtain environmental permits and certificates for the Ghana operations, as well as to rehabilitate land disturbed by mining operations. Gold Fields is required to secure estimated environmental rehabilitation costs in part by posting a reclamation bond. Gold Fields Ghana is required to post a reclamation bond and deposit a cash amount sufficient to cover 50% of the estimated rehabilitation costs. While there are indications that the regulator may demand the posting of a bond covering a greater percentage of the estimated rehabilitation costs during future negotiations and is also trying to establish a standard for calculating rehabilitation cost across all mines, there have been no changes requested. Changes in the required method of calculation for these bonds or an unforeseen circumstance that produces unexpected costs may materially and adversely affect Gold Fields future environmental expenditures. See Information on the Company Environmental and Regulatory Matters Ghana Environmental .

Ghanaian health and safety regulations impose statutory duties on an owner of a mine to, among other things, take steps to ensure that the mine is managed and worked in a manner which provides for the safety and proper discipline of the mine workers. Additionally, Gold Fields is required, under the terms of its mining leases, to comply with the reasonable instructions of the relevant authorities for securing the health and safety of persons working in or connected with the mine. A violation of the health and safety regulations or a failure to comply with the reasonable instructions of the relevant authorities could lead to, among other things, a temporary shutdown of all or a portion of the mine, a loss of the right to mine or the imposition of costly compliance procedures and, in the case of a violation of the regulations relating to health and safety, constitutes an offense under Ghanaian law. If Ghanaian health and safety authorities require Gold Fields to shut down all or a portion of its mines or to implement costly compliance measures, whether pursuant to existing or new health and safety laws and regulations, such measures could have a material adverse effect on Gold Fields business, operating results and financial condition. See Information on the Company Environmental and Regulatory Matters Ghana Health and Safety .

Gold Fields, as the holder of the mining lease, has potential liability arising from injuries to, or deaths of, workers, including, in some cases, workers employed by its contractors. In Ghana, statutory workers compensation is not the exclusive means for workers to claim compensation. Gold Fields insurance for health and safety claims or the relevant workers compensation arrangements may not be adequate to meet the costs that may arise upon any future health and safety claims.

Gold Fields mineral rights in Ghana are currently subject to regulations, and may become subject to new regulations, which could impose significant costs and burdens.

In Ghana, the ownership of land on which there are mineral deposits is separate from the ownership of the minerals. All minerals in their natural state in or upon any land or water are, under Ghanaian law, the property of Ghana and vested in the President on behalf of the people of Ghana. The Minerals and Mining Act, 2006 (Act 703), or the Minerals and Mining Act, was passed by the Ghanaian Parliament in fiscal 2006.

The Minerals and Mining Act repealed the Minerals and Mining Law, 1986 (PNDCL 153), as amended, or the Minerals and Mining Law, although, as regards existing mineral rights, the Minerals and Mining Law continues to apply to Gold Fields Ghana and Abosso Goldfields Limited, or Abosso, unless the Minister responsible for mines provides otherwise by legislative instrument. Under the Minerals and Mining Law, mining companies must pay royalties of 5% of the total revenue earned from minerals. Companies must also pay corporate taxes and the government has a right to obtain a 10% free-carried interest in mining leases.

Moreover, the Ghanaian parliament has passed a bill that, effective March 9, 2012 increases taxes on mining companies in order to benefit from the movement in gold prices. These changes included introducing a separate tax category for companies engaged in mining which would raise the applicable corporate tax rate from 25% to 35% as well as introducing a much less favorable capital allowance regime, which may affect Gold Fields future capital expenditure decisions. Further, a draft bill is being prepared proposing a windfall tax on mining activities but it has not yet been released for comment.

If new amendments or provisions are passed under the Minerals and Mining Act or new laws are passed which impose significant new costs or burdens on Gold Fields abilities to mine in Ghana or to obtain new mining leases for properties on which deposits are identified, this could have a material adverse effect on Gold Fields business, operating results and financial condition. See Information on the Company Environmental and Regulatory Matters Ghana Mineral Rights .

Gold Fields operations in Australia are subject to environmental and health and safety laws and regulations, which could impose significant costs and burdens.

Gold Fields Australian operations are subject to various laws and regulations relating to the protection of the environment. Gold Fields may incur significant costs to comply with Australian environmental requirements imposed under existing or new legislation, regulations or permit requirements or to comply with changes in existing laws and regulations or the manner in which they are applied. These costs may have a material adverse effect on Gold Fields business, operating results and financial condition.

Australian mining companies are required by law to undertake rehabilitation works as part of their ongoing operation and the Gold Fields subsidiaries that hold its Australian operations provide unconditional bank- guaranteed performance bonds to the Western Australian government as security for the estimated costs. These bonds would not necessarily cover the actual cost of rehabilitation for events that were unforeseen at the time the bond was taken. Changes in the required method of calculation for these bond amounts, or an unforeseen circumstance that produces unexpected costs, may materially and adversely affect future environmental expenditures. See Information on the Company Environmental and Regulatory Matters Australia Environmental .

Gold Fields is obligated to provide and maintain a working environment that is safe for mine workers. A violation of the health and safety laws or a failure to comply with the instructions of the relevant health and safety authorities could lead to, among other things, a temporary shutdown of all or a portion of the mine, a loss of the right to mine or the imposition of costly compliance procedures and penalties (including imprisonment). If health and safety authorities require Gold Fields to shut down all or a portion of the mine or to implement costly compliance measures, whether pursuant to existing or new health and safety laws and regulations, such measures could have a material adverse effect on Gold Fields business, operating results and financial condition. See Information on the Company Environmental and Regulatory Matters Australia Health and Safety .

Some of Gold Fields tenements in Australia are subject to native title claims and include Aboriginal heritage sites, which could impose significant costs and burdens.

Certain of Gold Fields tenements are subject to native title claims, and there are Aboriginal heritage sites located on certain of Gold Fields tenements. Native title and Aboriginal legislation protects the rights of Aboriginals in relation to the land in certain circumstances. Other tenements may become subject to native title claims if Gold Fields seeks to expand or otherwise change its interest in rights to those tenements. Native title claims could require costly negotiations with the claimants or could affect Gold Fields access to or use of its tenements, and, as a result, have a material adverse effect on Gold Fields business, operating results and financial condition.

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Aboriginal heritage sites relate to distinct areas of land that have either ongoing ethnographic, archaeological or historic significance. Aboriginal heritage sites have been identified with respect to portions of some of Gold Fields Australian mining tenements. Additional Aboriginal heritage sites may be identified on the same or additional tenements. Gold Fields may, in the future, incur significant costs as a result of changes in the interpretation of, or new laws regarding, native title and Aboriginal heritage, which may have a material adverse affect on Gold Fields business, operating results and financial condition. See Information on the Company Environmental and Regulatory Matters Australia Land Claims .

Gold Fields mineral rights in Peru are currently subject to regulations that may be subject to change, and may become subject to new regulations, which could impose significant costs and burdens.

Gold Fields operations in Peru depend on mining concessions for exploration and exploitation works, obtained from the Geologic, Mining and Metallurgic Institute (*Instituto Geológico Minero Metalúrgico*), or the INGEMMET. In addition, Gold Fields operations in Peru depend on obtaining other administrative rights, such as provisional permits, from the Ministry of Energy and Mines, or the MEM, for exploration rights on the area of a claim, and beneficiation or processing concessions, obtained from the MEM, for treatment of mining ores.

Under Peru s current regulatory regime, mining concessions for the exploration and exploitation of minerals have an indefinite term, subject to compliance by the titleholder with the obligations set forth by the General Mining Act (*Ley General de Minería*), or the LGM. Compliance with such obligations is required to maintain the mining concessions in good standing. Among such obligations are the payment of an Annual Concession Fee (equivalent to U.S.$3.00 per hectare) and compliance with a minimum annual production target. Gold Fields processing concession at Cerro Corona also has an indefinite term, subject to compliance with the obligations established by the LGM. Payment of an Annual Concession Fee (calculated on the production capacity of the processing plant) is also required to maintain the processing concession in good standing.

If the INGEMMET or the MEM revoke or cancel any of Gold Fields concessions, Gold Fields financial condition and results of operations could be adversely affected. See Information on the Company Environmental and Regulatory Matters Peru Concessions .

In addition to general taxation, mining companies in Peru are subject to a royalty and a special tax regime established in September 2011. Any additional mining royalties, taxes, charges or payments could have an adverse effect on Gold Fields results of operations or financial condition. See Information on the Company Environmental and Regulatory Matters Peru Mining Royalty and Other Special Mining Taxes and Charges and Operating and Financial Review and Prospects Costs Income and Mining Taxes Peru .

Gold Fields operations in Peru are subject to environmental laws, health and safety laws, labor laws and other regulations, which could impose significant costs and burdens.

Gold Fields exploration, mining and milling activities in Cerro Corona are subject to a number of Peruvian laws and regulations, including environmental and health and safety laws and regulations. All mines, including Cerro Corona, must obtain environmental permits from the government and have an Environmental Impact Assessment approved. Other matters subject to regulation include, but are not limited to, transportation of ore or hazardous substances, water use and discharges, power use and generation, use and storage of explosives, housing and other facilities for workers, reclamation, labor standards and mine safety and occupational health. Moreover, recent legislation requires the government to consult with indigenous or tribal communities on legislative or administrative measures that may directly affect their collective rights.

Gold Fields may in the future incur significant costs to comply with Peruvian environmental and health and safety requirements imposed under existing or new legislation, regulations or permit requirements. For example, as part of Cerro Corona s mine closure plan review, Gold Fields recently concluded a set of studies that were required by the MEM to analyze post-closure water treatment requirements. The conclusion of these studies was that Cerro Corona will require post-closure water treatment, which represents a change with respect to Cerro Corona s previous closure plan. Gold Fields is in the process of conferring with the MEM regarding its

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post-closure plans and cannot provide a precise estimate of the cost impact of these water treatment requirements at this stage. While the cost of these water treatment requirements is not expected to be material, future costs of compliance could have a material adverse effect on Gold Fields business, operating results and financial condition.

There can be no assurance that current environmental laws, health and safety laws, labor laws and other regulations that may have an impact on Gold Fields operations will not be replaced or modified in the future, or that Gold Fields will not become subject to new more stringent regulations, which could impose significant costs and burdens on its operations. For instance, the development of more stringent environmental protection programs in Peru could impose constraints and additional costs on Gold Fields operations in Peru. Likewise, existing or new health and safety laws and regulations could cause health and safety authorities to require Gold Fields to shut down all or a portion of the mine or to implement costly compliance measures. Further, changes to existing or new labor laws could raise benefit requirements or strengthen unions. Any of these events could have a material adverse effect on Gold Fields business, operating results and financial condition. See Information on the Company Environmental and Regulatory Matters Peru Environmental .

The acquisition of Western Areas, BGSA and South Deep may expose Gold Fields to unknown liabilities and risks.

Prior to acquiring a 100% interest in South Deep in 2007 from GFI Joint Venture Holdings (Proprietary) Limited (previously known as Barrick Gold South Africa (Pty) Limited, or BGSA), a subsidiary of Barrick Gold Corporation, or Barrick, and Gold Fields Operations Limited (previously known as Western Areas Limited, or Western Areas), Gold Fields was able to conduct only limited due diligence on South Deep, Western Areas and BGSA. There can be no assurance that Gold Fields identified all the liabilities of, and risks associated with, South Deep, BGSA or Western Areas prior to acquiring them or that it will not be subject to unknown liabilities of, and risks associated with, South Deep, Western Areas or BGSA, including liabilities and risks that may become evident only after Gold Fields has been involved in the operational management of South Deep for a longer period of time. On August 21, 2008, Western Areas received a summons from Randgold and Exploration Company Limited, or R&E, and African Strategic Investment (Holdings) Limited. The summons claims that, under prior ownership, Western Areas was part of a fraud whereby JCI Limited unlawfully disposed of shares owned by R&E in Randgold Resources Limited and Afrikander Lease Limited, now known as Uranium One. The action currently remains in abeyance. See Information on the Company Legal Proceedings .

Gold Fields relies on information technology and communications systems, the failure of which could significantly impact its operations and business

Gold Fields relies on its information technology and communications systems, in particular its SAP, payroll and time and attendance applications. Gold Fields information technology and communications systems could be exposed to, among other things, damage or interruption from telecommunications failure, unauthorized entry and malicious computer code, fire, natural disaster, power loss, industrial action and human error. While Gold Fields has offsite backup systems in place, the occurrence of any of the above may also disrupt Gold Fields information technology and communications systems and may lead to important data (including the geophysical and geological data) being irretrievably lost or damaged. Such damage or interruption may adversely affect Gold Fields business, prospects and results of operations.

Shareholders outside South Africa may not be able to participate in future issues of securities (including ordinary shares) carried out by or on behalf of Gold Fields.

Securities laws of certain jurisdictions may restrict Gold Fields ability to allow participation by certain shareholders in future issues of securities (including ordinary shares) carried out by or on behalf of Gold Fields. In particular, holders of Gold Fields securities who are located in the United States (including those who hold ordinary shares or ADSs) may not be able to participate in securities offerings by or on behalf of Gold Fields unless a registration statement under the Securities Act is effective with respect to such securities or an exemption from the registration requirements of the Securities Act is available thereunder.

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Securities laws of certain other jurisdictions may also restrict Gold Fields ability to allow the participation of all holders in such jurisdictions in future issues of securities carried out by Gold Fields. Holders who have a registered address or are resident in, or who are citizens of, countries other than South Africa should consult their professional advisors as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in any offering of Gold Fields securities.

Investors in the United States and other jurisdictions outside South Africa may have difficulty bringing actions, and enforcing judgments, against Gold Fields, its directors and its executive officers based on the civil liabilities provisions of the federal securities laws or other laws of the United States or any state thereof or under the laws of other jurisdictions outside South Africa.

Gold Fields is incorporated in South Africa. All of Gold Fields directors and executive officers (as well as Gold Fields independent registered public accounting firm) reside outside of the United States. Substantially all of the assets of these persons and substantially all of the assets of Gold Fields are located outside the United States. As a result, it may not be possible for investors to enforce against these persons or Gold Fields a judgment obtained in a United States court predicated upon the civil liability provisions of the federal securities or other laws of the United States or any state thereof. In addition, investors in other jurisdictions outside South Africa may face similar difficulties. A foreign judgment is not directly enforceable in South Africa, but constitutes a cause of action which will be enforced by South African courts provided that:

- the court which pronounced the judgment had jurisdiction to entertain the case according to the principles recognized by South African law with reference to the jurisdiction of foreign courts;
- the judgment is final and conclusive (that is, it cannot be altered by the court which pronounced it);
- the judgment has not lapsed;
- the recognition and enforcement of the judgment by South African courts would not be contrary to public policy, including observance of the rules of natural justice which require that the documents initiating the proceedings outside South Africa were properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal;
- the judgment was not obtained by fraudulent means;
- the judgment does not involve the enforcement of a penal or revenue law; and
- the enforcement of the judgment is not otherwise precluded by the provisions of the Protection of Businesses Act 99 of 1978, as amended, of the Republic of South Africa.

It is the policy of South African courts to award compensation for the loss or damage actually sustained by the person to whom the compensation is awarded. Although the award of punitive damages is generally unknown to the South African legal system, that does not mean that such awards are necessarily contrary to public policy. Whether a judgment is contrary to public policy depends on the facts of each case. Exorbitant, unconscionable or excessive awards will generally be contrary to public policy. South African courts cannot enter into the merits of a foreign judgment and cannot act as a court of appeal or review over the foreign court. South African courts will usually implement their own procedural laws and, where an original action based on an international contract is brought before a South African court, the capacity of the parties to the contract will usually be determined in accordance with South African law. It is doubtful whether an original action based on United States federal securities laws or the laws of other jurisdictions outside South Africa may be brought before South African courts. A plaintiff who is not resident in South Africa may be required to provide security for costs in the event of proceedings being initiated in South Africa. Furthermore, the Rules of the High Court of South Africa require that documents executed outside South Africa must be authenticated for the purpose of use in South Africa.

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Investors may face liquidity risk in trading Gold Fields ordinary shares on JSE Limited.

Historically, trading volumes and liquidity of shares listed on the JSE have been low in comparison with other major markets. The ability of a holder to sell a substantial number of Gold Fields ordinary shares on the JSE in a timely manner, especially in a large block trade, may be restricted by this limited liquidity. See The Offer and Listing JSE Limited .

Gold Fields may not pay dividends or make similar payments to its shareholders in the future and any dividend payment may be subject to withholding tax.

Gold Fields pays cash dividends only if funds are available for that purpose. Whether funds are available depends on a variety of factors, including the amount of cash available and Gold Fields capital expenditures (on both existing infrastructure as well as on exploration and other projects) and other cash requirements existing at the time. Under South African law, Gold Fields will be entitled to pay a dividend or similar payment to its shareholders only if it meets the solvency and liquidity tests set out in the Companies Act No. 71 of 2008, or the Companies Act, and Gold Fields Memorandum of Incorporation. Given these factors (including the capital and investment needs of the business) and the Board of Directors discretion to declare a dividend (including the amount and timing thereof) cash dividends or other similar payments may not be paid in the future. It should be noted that a 15% withholding tax on dividends declared by South African resident companies to non-resident shareholders or non-resident ADS holders is expected to be introduced with effect from January 1, 2012. See Additional Information Taxation Certain South African Tax Considerations Withholding Tax on Dividends .

Gold Fields non-South African shareholders face additional investment risk from currency exchange rate fluctuations since any dividends will be paid in Rand.

Dividends or distributions with respect to Gold Fields ordinary shares have historically been paid in Rand. The U.S. dollar or other currency equivalent of any dividends or distributions with respect to Gold Fields ordinary shares will be adversely affected by potential future reductions in the value of the Rand against the U.S. dollar or other currencies. In the future, it is possible that there will be changes in South African exchange control regulations, such that dividends paid out of trading profits will no longer be freely transferable outside South Africa to shareholders who are not residents of the Common Monetary Area. See Additional Information South African Exchange Control Limitations Affecting Security Holders .

Gold Fields ordinary shares are subject to dilution upon the exercise of Gold Fields outstanding share options.

As of December 31, 2011, Gold Fields had an aggregate of 1,000,000,000 ordinary shares authorized to be issued and as of that date an aggregate of 723,735,186 ordinary shares were issued, listed and outstanding. Gold Fields currently has two securities option plans which are authorized to grant options in an amount of up to an aggregate of 35,309,563 ordinary shares. As of December 31, 2011, 12,752,380 shares are allocated and outstanding under these plans.

Gold Fields employees and directors had outstanding, as of December 31, 2011, options to purchase a total of 311,225 ordinary shares at exercise prices of between Rand 60.40 and Rand 140.66 that expire between January 3, 2012 and August 18, 2013. Such expiry dates may be extended due to unscheduled closed periods during which certain Gold Fields employees and directors may be prohibited from exercising options. Gold Fields had outstanding, as of December 31, 2011, 5,030,143 share appreciation rights at strike prices of between Rand 69.48 and Rand 136.29, which expire between March 24, 2012 and December 1, 2017, and 7,369,112 performance vesting restricted shares due to be settled between March 1, 2012 and September 1, 2013. As of the same date, Gold Fields had outstanding, 41,900 restricted shares due to be settled in November 2012 under The Gold Fields Limited 2005 Non-Executive Share Plan. Shareholders equity interests in Gold Fields will be diluted to the extent of future exercises or settlements of these rights and any additional rights. See Directors, Senior Management and Employees The GF Management Incentive Scheme, Directors, Senior Management and Employees The Gold Fields Limited 2005 Share Plan, and Directors, Senior Management and Employees The Gold Fields Limited 2005 Non-Executive Share Plan .

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ITEM 4: INFORMATION ON THE COMPANY

Introduction

Gold Fields is a significant producer of gold and major holder of gold reserves in South Africa, Ghana, Australia and Peru. In Peru, Gold Fields also produces copper. Gold Fields is primarily involved in underground and surface gold and copper mining and related activities, including exploration, extraction, processing and smelting. Gold Fields also has an interest in a platinum group metal (and associated by-product metals) exploration project in Finland. Gold Fields is one of the largest gold producers in the world, based on annual production.

Approximately half of Gold Fields operations, based on gold production, are located in South Africa. Its South African operations are KDC, Beatrix and South Deep. Gold Fields also owns the St. Ives and Agnew gold mining operations in Australia and has a 90.0% interest in each of the Tarkwa gold mine and the Damang gold mine in Ghana. Gold Fields also owns a 98.5% economic interest in the Cerro Corona mine, which started producing in the first quarter of fiscal 2009. In addition, Gold Fields has gold and other precious metal exploration activities and interests in Africa, Eurasia, Australasia and the Americas.

As of December 31, 2011, Gold Fields had attributable proven and probable reserves of approximately 80.6 million ounces, including copper expressed as gold equivalent ounces, as compared to the 76.7 million ounces (including copper) reported as of December 31, 2010. See Reserves of Gold Fields as of December 31, 2011 Methodology .

In fiscal 2011, Gold Fields processed 59.4 million tons of ore and produced 3.70 million ounces of gold (including gold equivalent ounces). On an attributable basis, Gold Fields produced 3.49 million ounces of gold (including gold equivalent ounces).

Developments since June 30, 2010

Since the end of fiscal 2010, the following significant events have occurred:

On October 1, 2010, Gold Fields announced an international offering of 10 year, U.S.$1 billion bonds consisting of 4.875% bonds due in 2020. The offering closed on October 7, 2010. See Operating and Financial Review and Prospects Credit Facilities and Other Capital Resources $1 Billion Note Issue .

On November 4, 2010, as a part of the BPR, Gold Fields announced the restructuring of the South Africa Region, and specifically the Driefontein and Kloof mines. The South Africa Region has been reorganized into three operations a combined Driefontein/Kloof, or KDC; Beatrix; and South Deep. The Kloof and Driefontein executive offices and the regional office have been combined into a new management team, whose primary role is to service KDC, but which also has governance oversight across the South Africa Region. The team is based in Libanon and the Regional Office at Constantia was closed in December 2010. A Strategic Management Office has been established to implement the restructuring and to identify future areas for value. Progress in terms of this project will be reported each quarter under the cost and revenue optimization initiatives for the South Africa region.

On March 22, 2011, Gold Fields Corona (BVI) Limited, a wholly owned subsidiary of Gold Fields made a voluntary purchase offer to acquire the outstanding common voting shares and investment shares of Gold Fields La Cima S.A.A., or La Cima, that were not already owned. The offer closed on April 15, 2011. With the closing of the offer and with further purchases of shares after that date, Gold Fields effective economic shareholding in La Cima increased to 98.5% from 80.7% for a total cash consideration of U.S.$382 million. La Cima holds the Cerro Corona mine in Peru.

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On June 22, 2011, Gold Fields acquired the 18.9% minority stake of IAMGold Corporation, or IAMGold, in the Tarkwa and Damang gold mines in Ghana, for a cash consideration of U.S.$667 million, increasing Gold Fields interest in each of the Tarkwa and Damang gold mines from 71.1% to 90.0%, the remaining 10.0% interest being held by the government of Ghana.

On January 24, 2012, Gold Fields entered into a Memorandum of Understanding with Gold One International Limited, or Gold One, to investigate the viability of concurrently retreating their combined surface tailings deposits. The deposits are located in the West Rand region of the Witwatersrand Basin in South Africa. Gold Fields and Gold One currently operate mines in the West Rand region and will consider creating a joint venture consisting of surface assets for retreatment. The included assets are expected to exceed 700 million tons, representing over 60% of the region s total tailings material. The parties intend to complete a detailed scoping study by the middle of 2012 and use the results of that study to determine whether to progress to a feasibility study. If the joint venture proceeds, the parties plan to concurrently reprocess their combined tailings to recover residual gold, uranium and sulphur.

On March 22, 2012, Gold Fields exercised its 40% option in the gold-copper Far Southeast Project, or FSE, in the Philippines after making a $110-million payment. On September 20, 2010 Gold Fields entered into two option agreements with Lepanto Consolidated Mining Company, or Lepanto, the 60% owner of FSE, and Liberty Express Assets, or Liberty, the 40% owner of FSE, granting Gold Fields an option to acquire a 60% interest in FSE for a total consideration of $340-million.

After paying option fees of $10.0 million and making two down-payments of $44 million and $66 million in September 2010 and September 2011 respectively, Gold Fields brought forward half of the remaining $220 million payment to acquire Liberty s 40% interest in FSE. Gold Fields continues to hold its option to acquire an additional 20% stake in FSE from Lepanto for a further US$110 million, which, if exercised, would increase its total interest in FSE to 60%.

The Liberty and Lepanto options were initially granted to Gold Fields for the later of 18 months from signature in September 2010 or the date of receiving a Financial or Technical Assistance Agreement, or FTAA, for the project. A FTAA licence allows a foreign corporation to control a majority interest in a Philippine mining project. Notwithstanding this provision, Gold Fields has the discretion to exercise either option prior to the FTAA being granted. The FTAA application for FSE was filed in November 2011 and based on the date of the filing Gold Fields expects it could be granted in the second half of 2012. Gold Fields also expects to have a maiden resource statement for FSE and commence a pre-feasibility study later this year. See Growth & International Projects International Projects Far Southeast Scoping Study .

In 2010, Gold Fields changed its year end from June 30 to December 31 beginning in 2011 to align with Gold Fields peers in the gold mining industry. Therefore, Gold Fields filed with the SEC a transition report on Form 20-F for the period from June 30, 2010 through December 31, 2010 on March 31, 2011.

Gold Fields is a public company incorporated in South Africa, with a registered office located at 150 Helen Road, Sandown, Sandton, 2196, South Africa, telephone number +27-11-562-9700.

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Organizational Structure

Gold Fields is a holding company with its significant ownership interests organized as set forth below.

Group Structure[1]

Notes:

(1) As of December 31, 2011, unless otherwise stated, all subsidiaries are, directly or indirectly, wholly-owned by Gold Fields Limited.

(2) See Additional Information Material Contracts Additional Black Economic Empowerment Transactions .

(3) Not all other subsidiaries and investments are wholly-owned.

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Strategy

Following the appointment of Nicholas Holland as Chief Executive Officer as of May 1, 2008, Gold Fields undertook a review of the Group strategy which concluded that, while the basic strategy remained robust and appropriate, a number of strategic adjustments needed to be made.

These changes were developed and assimilated into a new Gold Fields franchise which describes who we are , what we do , and how we do it , and is comprised of:

- a new vision statement;
- a new set of core values;
- a new overarching strategic growth target;
- the three long-standing but refocused core pillars of the strategy, namely a) Optimize Our Operations , b) Grow Gold Fields , and c) Secure Our Future ; and
- a new regional operational delivery model.

In addition a number of short- and medium-term strategic priorities were identified and implemented, most notably the elevation of safety as the Group s number one value and strategic priority, which is discussed in the *Secure Our Future* section below.

Vision Statement

During fiscal 2009, Gold Fields developed a simple yet powerful new vision for the Group:

To be the Global Leader in Sustainable Gold Mining.

The purpose was to establish a simple yet compelling new vision that all stakeholders, in particular Gold Fields employees around the globe, could understand and buy into, and which could serve as a common and powerful motivational force across the organization.

The vision statement, which was successfully introduced across the Group during fiscal 2010, reflects Gold Fields desire to be the best at what it does rather than to be the biggest; the imperative to maintain a sustainable business model with particular regard to the social, economic and environmental impacts of the Group and its operations on current and future generations of stakeholders; and the fact that Gold Fields is a focused gold mining company as opposed to a diversified precious or poly metals company.

Overarching Strategic Growth Target

The Group s overarching strategic growth target is to increase its production from the 3.48 million attributable gold equivalent ounces achieved in fiscal 2011, to approximately five million attributable gold equivalent ounces, either in production or in development, by 2015. Towards achieving this goal, the South Africa region is expected to contribute approximately two million ounces per annum, with each of the Group s international regions (the West Africa region, the Australasia region and the South America region) contributing approximately one million attributable gold equivalent ounces by 2015. The majority of this growth is expected to come from improvements at the current operations, described in the *Optimize Our Operation* section below, and from both near mine and greenfields exploration success which is described in the *Grow Gold Fields* section below.

Core Values

Supporting the vision statement and directing the strategy are six core values that every employee is expected to embrace and which define the way in which Gold Fields conducts its business. These values are:

Safety

If we cannot mine safely, we will not mine;

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Responsibility
We act responsibly and care for the environment, each other, and all of our stakeholders our employees, our communities and our shareholders;

Honesty
We act with fairness, integrity, honesty and transparency;

Respect
We treat each other with trust, respect and dignity;

Innovation
We encourage innovation and entrepreneurship; and

Delivery
We do what we say we will do.

Optimize Our Operations

Optimize Our Operations means bringing the Group s attributable mineral reserves of 80.6 million gold equivalent ounces to account in a way that is safe, cost effective and environmentally responsible.

Gold Fields has eight world-class producing mines. Fundamental to the attainment of the Group s vision and overarching strategic goal is for each one of these mines to produce to its real potential, and to maintain stability, predictability and consistency at its steady state level.

The first element of *Optimize Our Operations* is pursuing Zero Harm through the Group s Safe Production philosophy which includes particular focus on the provision of a safe working environment and a transformation in the attitudes, behavior and accountability of its employees, which is discussed in the *Secure Our Future* section below.

The second element of *Optimize Our Operations* involves minimizing the Group s environmental impact, including projects to minimize pollution risks, maximize energy efficiencies, manage its carbon impacts and plan for the eventual closure of mines. This is also discussed further in the *Secure Our Future* section below.

The third element of *Optimize Our Operations* relates to maximizing the operational potential of the Group s mines, through investment in mechanization, infrastructure development, mining flexibility and ore reserve development. With attributable mineral reserves of 80.6 million gold equivalent ounces, it is essential to bring the Group s gold equivalent ounces to account in the most cost effective way and, in doing so, to ensure longevity for each of the mines. Equally important is the need to achieve the required levels of mineral reserve development to create mining flexibility, which is a prerequisite for maintaining stability, predictability and consistency. After safety, mineral reserve development is the most important strategic priority for all of the mines in the Group.

The Group also seeks to proactively manage costs with a view to maintaining a NCE margin of at least 20% in the short-term and 25% in the medium- to long-term at each mine excluding South Deep. To this end, the Group s Business Process Re-engineering program, or BPR, has been implemented at the KDC and Beatrix Mines in the South Africa region as well as at Tarkwa and Damang in Ghana and at St. Ives and Agnew in Australia. This has entailed a significant focus on operating costs, the rationalization of on-mine and regional overhead cost structures and a review of the mine-to-mill processes to reduce inefficiencies and improve productivity. The Group achieved NCE margin of 25% in fiscal 2011 and 15% in fiscal 2010. Although this increase was largely driven by higher gold prices, it also reflected the collective impact of Gold Fields wide range of cost saving initiatives. The Group believes this is a noteworthy achievement considering that the Group s NCE margin includes the costs entailed in the construction and development of its South Deep mine.

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Grow Gold Fields

Grow Gold Fields is about growing the value of the business on a per share basis. It is not purely about size, or the number of ounces produced, but more about the quality of the portfolio and the generation of real value for shareholders, on a per share basis.

In the medium-term, Gold Fields target is to diversify and grow into a global gold producer, with a goal of approximately one million gold equivalent ounces per annum either in production or in development in each of its West Africa, Australasia and South America regions, and approximately two million ounces either in production or in development in the South Africa region by 2015.

The growth and diversification is based on near-mine exploration, the development of the Group s four advanced stage projects in Ghana, Finland, Peru and the Philippines as well as greenfield exploration, both within the Group s established Australasia, South America and West Africa regions, and in highly prospective locations such as those in Canada, Chile, Argentina, the Philippines and Kyrgyzstan.

Gold Fields believes the necessary steps for achieving the Group s strategic targets include:

- building-up South Deep s production to a run rate of 700,000 ounces by the end of 2015;
- maintaining broadly stable production at the mature mines in the South Africa region (KDC and Beatrix) over the next three to five years;
- a wide range of near mine and organic growth opportunities at the Company s existing mines in the West Africa, Australasia, and South America regions with a view to maintaining production in those regions in line with current levels; and
- an advancing exploration pipeline headed by four advanced stage projects that are expected to reach development decisions within the next two to three years.

Gold Fields does not pursue growth simply to add incremental ounces to its portfolio. Hence the philosophy that every incremental ounce should be better than the previous ounce in terms of NCE and, equally important, should offer shareholders growth in ounces per share and enhanced returns on a per share basis.

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

The Company s growth strategy is thus premised on creating high quality growth opportunities mainly through an aggressive focus on near mine exploration at existing assets and an equally aggressive greenfields exploration program in the regions where the Company is based and in a limited number of other highly prospective new frontiers around the world. To be considered by Gold Fields, generally growth projects must have the potential to meet certain target criteria (which vary depending on other strategic objectives and the quality of the project) described as The Rule of Twos : the potential for a minimum of 2,000,000 ounces of reserves; production rates in the range of 200,000 gold equivalent ounces per year; and a positive real internal rate of return of at least 5% for producing assets and brownfields projects, and at least 10% for greenfields projects, adjusted for project-specific and geo-political risks, at a long-term gold price of $1,500 per ounce.

Understanding non-geological aspects of prospective projects, such as social, political, environmental and commercial risks, ensuring that an appropriate risk versus reward trade-off analysis is factored into the decision is critical to the overall assessment and goes beyond a decision on the risk premium to be factored into the

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required return, and often goes to the root of that project decision. Gold Fields is prepared to consider projects with a higher risk profile if it believes they will offer superior returns. The focus will remain on gold and its by-product metals.

In fiscal 2012, Gold Fields plans to spend about $60 million on near mine exploration, and about $110 million on greenfields exploration (excluding the resource development projects), the latter in the three targeted international regions and in new frontier areas.

Outside South Africa, the three key regions of West Africa, Australasia and South America have been identified as containing prospective emerging gold and mineral belts with medium to long-term potential where Gold Fields has existing operational capabilities. Gold Fields objective in each of these regions is to develop one million ounce per annum production profiles. In appropriate circumstances, Gold Fields will also consider opportunities outside its key regions of focus.

During fiscal 2011, Gold Fields made considerable progress on the development of its exploration pipeline. The Company has four advanced stage projects. These include the Chucapaca project in Peru, the expansion of the Damang pit in Ghana, the Arctic Platinum project in Finland and the FSE project in the Philippines. At the Chucapaca project in Peru, a feasibility study is underway with the aim to finalize the study by the second half of fiscal 2012. The Arctic Platinum Project, or APP, in Finland has progressed to a pre-feasibility consolidation study, or preliminary PFS, to review and update the previous feasibility study on this project, completed in 2005. The pilot plant metallurgical test work, which forms part of the preliminary PFS and is critical for success, was completed during the third quarter of 2011 and initial results have been positive. Additional work completed in 2011 included updating of the environmental permitting requirements for the Suhanko Project and potential extensions, and drilling of additional prospects in the immediate Suhanko North area to scope the potential for additional material for the project. Drilling, additional metallurgical testwork, and ongoing mining and project pre-feasibility studies will continue through 2012 with an aim to complete a pre-feasibility study by the end of 2012. In addition, the Company has a large number of exploration projects in earlier stages of development. The objective for fiscal 2012 is to progress all of the advanced stage projects significantly, and to get at least one more earlier stage exploration project to a scoping study stage.

For acquisitions of assets or companies outside South Africa, South African exchange control regulations limit Gold Fields ability to provide guarantees or borrow outside South Africa without express approval from the SARB. However, the government has indicated that its intention is to gradually phase out the remaining exchange controls over time and Gold Fields has a good track record in gaining approval for its offshore acquisitions and in growing its international operations.

Secure Our Future

Secure Our Future is about ensuring the long-term sustainability of the business. It encompasses safety and human resources, as well as a wide range of environmental social and economic parameters that impact on the business today and into the future. It is about acquiring and maintaining a social license to operate in each of the jurisdictions in which the Company operates.

The fact that sustainability was introduced as a specific element in Gold Fields new vision statement, To be the Global Leader in Sustainable Gold Mining, reflects the importance with which this subject is viewed by the Group. Gold Fields views sustainable development as a balance between the optimal financial and operational performance of the Group; maintaining of world-class environmental management standards; and contributing meaningfully to socio-economic benefits for the communities in which it operates.

Gold Fields continues to be an active member of the International Council on Mining and Metals, or ICMM, and is a signatory to the United Nations Global Compact. All mines in the Group, as well as the exploration division, have ISO 14001 certified environmental management systems in place and have retained their certifications during fiscal 2011.

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During fiscal 2010, Gold Fields also became the first mining house to achieve full accreditation for its operations under the International Cyanide Management Code, or the Cyanide Code. The OHSAS 18001 Safety Management System is a company standard and all mines in the company are now OHSAS 18001 certified. Gold Fields Carbon Management Policy was approved by the Board of Directors in November 2010. All operations are also ISO 14001 compliant.

The Company has developed a Sustainable Development Framework that is closely aligned with the sustainable development principles of the ICMM and the United Nations Global Compact, and Gold Fields is a member of both groups. Gold Fields sustainability policy has been informed by the Global Reporting Initiative Sustainable Reporting Framework, which guides reporting on environmental, social and governance issues by companies that subscribe to it. The Sustainable Development Framework consists of a Sustainability Policy, with subsidiary policies, strategies and practice guides in each of the following eight pillars of sustainable development, namely: occupational health and safety; human rights; ethics and corporate governance; risk management, environment; material stewardship and supply chain management, community and indigenous people and stakeholder management.

Safety

Gold Fields health and safety philosophy is premised on our most important value and the overarching moral imperative that *if we cannot mine safely, we will not mine* . This gives rise to the objective of striving towards a zero harm working environment for all its people. During fiscal 2011, 19 employees in South Africa lost their lives compared to 18 during fiscal 2010. In the six months ended December 31, 2010, 12 employees in South Africa lost their lives. Outside South Africa, there was one fatality during fiscal 2011, no fatalities during fiscal 2010 and one fatality during the six month period ended December 31, 2010. The fatal injury frequency rate for the Group showed a 9% deterioration, from 0.11 per million man hours worked in fiscal 2010 to 0.12 per million man hours worked in fiscal 2011. On a calendar year basis, the lost time injury frequency rate showed a 7% deterioration, from 4.39 per million man hours worked in calendar 2010 to 4.69 per million man hours worked in fiscal 2011. Since December 31, 2011, Gold Fields reported four fatalities at its operations in South Africa.

Following three years of consistent and significant improvements in safety at Gold Fields South African operations, the trend has leveled off. Gold Fields remains committed to safety, and the safe operation of its mines continues to be its top strategic priority. The strategy to eliminate fatalities in the Group will focus on engineering out the risk, ensuring compliance to internal standards and bringing about behavioral changes in support of safe working practices by all employees. The experience of employee dynamics over the years has led Gold Fields to adopt a more comprehensive approach to the general well-being, and therefore the productivity, of its staff. To this end Gold Fields pursues a broad range of interventions encapsulated in the *24 Hours in the Life of a Gold Fields Employee* program. This program was first launched in the South Africa region in fiscal 2009 and implemented in three international regions during fiscal 2010. Based on a total well-being philosophy, the program is aimed at improving every facet of the life of each employee and includes interventions in the fields of occupational health and safety, healthcare, living conditions, nutrition, sport and recreation and education.

Carbon and Energy

Addressing energy management is a key deliverable throughout the Company. Rising energy costs and growing concerns about the effect of climate change have elevated the importance of energy efficiency and carbon management on the global agenda. Against this backdrop, Gold Fields has been actively aligning the Company to a carbon-constrained economy. The Company s intention is to reduce carbon emission and improve energy efficiency within the Company. Therefore existing policies and strategies are being reviewed to move the Group closer to the attainment of these goals. Integral to this strategy is energy efficiency amid ever-rising energy costs. Specifically in the South Africa region the target is to deliver an additional 5% reduction in

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electricity consumption in fiscal 2012 (before new loads and growth at South Deep) and to partially offset the 16% per year electricity tariff increase from April 1, 2012 through to March 2013. Savings of 3% in electricity consumption were achieved in South Africa during fiscal 2011.

In line with this new approach to carbon management, Gold Fields has launched a number of initiatives to reduce the greenhouse gases emitted by its operations. In November 2010, the Group adopted a new Carbon Management Policy, which commits the Group to:

- implement strategies to reduce its carbon footprint, improve its energy efficiency, pursue opportunities and use carbon friendly technology where possible;
- identify and mitigate the risks posed by climate change;
- provide comprehensive disclosure around carbon related issues;
- comply with relevant legal requirements and other carbon management requirements; and
- encourage business partners and suppliers to make similar commitments.

In calendar 2010, Gold Fields became the world s first gold mining company to enter into a contract to sell Certified Emissions Reductions, or CERs, the financial securities used to trade carbon emissions. The CERs were derived from the capture of methane gas at the Beatrix mine. The Beatrix Mine Methane Project was registered by the United Nations Framework Convention on Climate Change as a carbon credit project under the Kyoto Protocol on September 7, 2011 and is expected to generate approximately 4MW of electricity per annum once a cogeneration plant has been built using the gas as feedstock. This project could off-set the equivalent of 253,000 tons of CO_2. In December 2011, Gold Fields was ranked first in the JSE s Top 100 Carbon Disclosure Leadership Index. Gold Fields also ranked fourth in the mining sector in the Dow Jones Sustainability Index, which indicates that Gold Fields sustainability practices rank in the top 5% of resource companies worldwide.

Stakeholder Relationship Management

A central pillar of the Gold Fields Sustainable Development Framework is pro-active engagement with and management of the relationships with all stakeholders who have an influence over the affairs of the company or who are impacted by its activities. These include in particular the relationships with the Group s employees and their representative organizations and unions; local, regional and national governments; and the local communities in which Gold Fields operates or that are affected by its operations.

While Gold Fields has achieved significant progress in this respect and all its mines have implemented the AA 1000 Stakeholder Engagement Standard (a principles-based, open source framework for shareholder engagement published by Accountability, the company responsible for development of this standard), a higher level of engagement has become essential to underpin the sustainability of its operations.

This has become evident over the past few years with governments, communities, non-governmental organizations and trade unions in several jurisdictions seeking and, in some cases, implementing greater cost imposts on the mining industry.

Similar trends are evident in the cost of electricity and other levies imposed by governments in many of the countries in which Gold Fields operates. There is a risk that such additional imposts on mining projects will raise input costs to unsustainable levels, which would have negative consequences for the projects and, by implication, for the affected countries. In the near future Gold Fields will directly and through various industry forums continue and escalate its engagement with stakeholders to achieve greater appreciation for the impact these often ill-considered demands are having on the sector.

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Gold Fields recognizes that, by understanding the needs and concerns of various stakeholder groups, it can build constructive and positive relationships that will support the long-term objectives of the business. The Group spends considerable time and resources in building sound stakeholder relations.

Gold Fields begins the engagement process at the exploration stage by talking to community stakeholder groups to understand their needs and to obtain their input on future plans for the prospective development of a new mining operation.

Black Economic Empowerment

In the South African environment, BEE and transformation in terms of the requirements of the MPRDA, and the associated Amended Mining Charter, remains a key business imperative and sustainability issue.

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

Following a review, the DMR amended the Mining Charter and the Amended Mining Charter was released on September 13, 2010. The requirement under the Mining Charter for mining entities to achieve a 26% HDSA ownership of mining assets by the year 2014 has been retained. Amendments to the Mining Charter in the Amended Mining Charter include, *inter alia*, the requirement by mining companies to (i) facilitate local beneficiation of mineral commodities; (ii) procure a minimum of 40% of capital goods, 70% of services and 50% of consumer goods from HDSA suppliers (i.e. suppliers of which a minimum of 25% + 1 vote of their share capital must be owned by HDSAs) by 2014. These targets will however be exclusive of non-discretionary procurement expenditure; (iii) ensure that multinational suppliers of capital goods contribute a minimum of 0.5% of their annual income generated from South African mining companies towards the socio-economic development of South African communities into a social development fund from 2010; (iv) achieve a minimum of 40% HDSA demographic representation by 2014 at executive management (board) level, senior management (EXCO) level, core and critical skills, middle management level and junior management level; (v) invest up to 5% of annual payroll in essential skills development activities; and (vi) implement measures to improve the standards of housing and living conditions for mineworkers by converting or upgrading mineworkers hostels into family units, attaining an occupancy rate of one person per room and facilitating home ownership options for all mineworkers in consultation with organized labor, all of which must be achieved by 2014. In addition, mining companies are required to monitor and evaluate their compliance to the Amended Mining Charter, and must submit annual compliance reports to the DMR. The Scorecard for the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry attached to the Amended Mining Charter, or the Scorecard, makes provision for a phased-in approach for compliance with the above targets over the five year period ending in 2014. For measurement purposes, the Scorecard allocates various weightings to the different elements of the Amended Mining Charter. Failure to comply with the provisions of the Amended Mining Charter will amount to a breach of the MPRDA and may result in the cancellation or suspension of a mining company s existing mining rights.

In 2010, Gold Fields completed three empowerment transactions which, together with previous transactions, enabled Gold Fields to meet its 2014 BEE equity ownership targets. These transactions included an Employee Share Option Plan for 10.75% of GFIMSA; a broad-based BEE transaction for 10% of South Deep; and a broad-based BEE transaction for a further 1% of GFIMSA, excluding South Deep. The three transactions had a combined value of approximately R2.4 billion. See Additional Information Material Contracts Black Economic Empowerment Transactions .

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Regional Delivery Model

Gold Fields views itself as a global mining company, but believes that in some circles it is perceived as predominantly a South African company with some international operations. In order to change this perception and to help achieve its operational and growth aspirations, Gold Fields began restructuring its operations into four regions during fiscal 2009. These regions are: South Africa; West Africa; South America; and Australasia.

This restructuring was largely completed in fiscal 2010. All of the key regional executives have been appointed and good progress has been made in creating strong, entrepreneurial and appropriately resourced and incentivized management teams in each region. These teams are tasked with running the mines safely and efficiently, as well as driving and being significantly involved in the growth of the business within each region.

During fiscal 2009, the corporate office was relocated to new premises separate from the South African regional office. During fiscal 2010, the corporate office was further streamlined, in line with the strategy of relocating personnel to the regions that they service. The corporate office is now a focused business unit engaged in establishing and monitoring operational standards that apply across the regions in areas such as safety, health and environmental issues, finance and human resources, developing Group-wide strategy, and allocating capital. In fiscal 2011, Gold Fields further streamlined its operations in these regions through a series of initiatives as part of the BPR program focusing on operating costs, rationalization of on-mine and regional overhead and a review of the mine-to-mill process.

Hedging

As a general rule, Gold Fields sells the gold it produces at prevailing market prices and does not enter into hedging arrangements such as forward sales or derivatives which establish a price in advance for the sale of its future gold production. At December 31, 2011, Gold Fields had no outstanding hedges. Significant changes in the prices of gold and/or copper over a sustained period of time may lead Gold Fields to increase or decrease its production in the near-term, which could have a material impact on Gold Fields revenues. See Management s Discussion and Analysis of Financial Condition and Results of Operations of the Group Factors Affecting Results of Operations Revenues .

Gold Fields may, from time to time, establish currency and/or interest rate financial instruments to protect underlying cash flows or to take advantage of potential favorable currency movements.

Strategic Goals and Objectives

Progress against Strategic Goals and Objectives for Fiscal 2011

To achieve safe and stable production at the KDC and Beatrix mines in the South Africa region.

During fiscal 2011, overall primary development at the KDC and Beatrix mines decreased by 10.7% from 76,591 meters to 68,382 meters. However, the percentage of flat-end development that was mechanized on the long-life shafts increased from 54.6% in fiscal 2010 to 89.6% in fiscal 2011. This has contributed positively to the health and safety of flat-end development workers and management believes that this increase lays the foundation for achieving reserve flexibility of 24 months developed ore reserves at all the long-life shafts.

During fiscal 2011, Gold Fields saw a leveling off in the overall safety performance of the Group. In particular, the fatal injury frequency rate showed a 9% deterioration, from 0.11 per million man hours worked in fiscal 2010 to 0.12 per million man hours worked in fiscal 2011, with the number of fatal injuries increasing from 18 in fiscal 2010 to 19 in fiscal 2011, while the lost time injury frequency rate rose to 4.68 per million man hours worked from 4.38 per million man hours worked. An external review of the safety culture in the South Africa region indicated a significant improvement in the overall safety culture in the region, which indicates that Gold Fields efforts to boost safety on a sustainable basis are delivering results, and that Gold Fields first value, if we cannot mine safely, we will not mine, has been thoroughly entrenched throughout the company.

To continue the build-up of South Deep in order to achieve run-rate production of approximately 750,000 ounces per annum by the end of 2015.

During fiscal 2011, gold production at South Deep increased by 3% from 265,000 ounces in fiscal 2010 to 273,000 ounces. The South Deep capital infrastructure program continues to meet its key delivery dates. During the year, South Deep completed the commissioning of its new Tailings Storage Facility. The ventilation shaft deepening project remains on track for commissioning in the third quarter of 2012 and the additional rock hoisting is expected to build to a nameplate capacity of 195,000 tons per month by October 2013. The gold plant expansion from 220,000 tons per month to 330,000 tons per month is under construction, with commissioning planned in the third quarter of 2012. Despite, the progress made on the infrastructure projects, South Deep has experienced some challenges around the slow build-up of de-stress cut mining activities. These are being addressed, and South Deep had made some progress in improving the quality of its de-stress mining during the second half of 2011. The growth target for South Deep has been adjusted to a 700,000 ounce run-rate by the end of 2015. Capital expenditure in fiscal 2011 amounted to R1.982 billion (U.S.$274.6 million) which is in line with the operation s five-year plan.

To continue BPR programs across the Company to achieve a sustainable free cash flow and an NCE margin of 20% at each mine in the short-term and 25% in the medium-term, at long-term sustainable gold prices

Management considers NCE and NCE margin to be the most important measures of financial performance, as they drive free cash flow generation. BPR programs are continuing at KDC, Beatrix, St. Ives, Agnew, Damang and Tarkwa. The Company has also completed the transition to owner mining at Damang. The Company has also completed the transition to owner mining for underground production mining at Agnew and St. Ives mines with development and surface mining continuing to be performed by contractors. Continued implementation of the BPR program in the South Africa region is expected to deliver savings of R500 million (U.S.$63 million) over the two year period commencing January 2012 following significant savings already realized in fiscal 2011. This is expected to help the Company absorb some of the inflationary pressures it is facing in terms of input costs. In South Africa, BPR program initiatives delivered savings of R840 million (U.S.$116 million) in fiscal 2011. In West Africa, BPR program initiatives commenced with a diagnostic and analysis phase during the six month period ended December 31, 2010 and delivered savings of U.S.$43 million (R310 million) in fiscal 2011. In Australasia, BPR program initiatives commenced during fiscal 2011.

To maintain and increase the Company s production profile through major near-mine projects

The Group is focused on increasing the production profile of its operations through a series of projects to enhance current operations and to extend operations through near mine opportunities. At St. Ives, the Company is in the process of building up the Athena-Hamlet complex within the Argo-Athena camp. The camp sits within the St. Ives lease area, five kilometers from the central Lefroy mill. Construction at the Athena mine was completed during fiscal 2010 and the mine reached commercial levels of production during fiscal 2011. The first ore extraction from Hamlet occurred in November 2011, with stoping expected to commence in the latter half of 2012. Currently, it is estimated that there are reserves of over one million ounces at the Athena-Hamlet complex.

Further, the Damang mine is engaged in a drilling program with the intention to deliver additional mineable mineral reserves and to substantially increase the life of mine. Based on positive results of the recently completed Phase 1 proof of concept drilling program at Greater Damang, a preliminary PFS commenced in July 2011. This included a Phase 2 resource definition drilling program of 43,000 meters; however, Gold Fields achieved its objectives by drilling out 38,000 meters. Additional work includes detailed evaluation of the open pit cutback potential, geotechnical drilling of the deposit, design and financial evaluation of new processing facilities capable of supporting increased production

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rates, and a full environmental assessment. The project is progressing to schedule to be completed in the first half of 2012 and to potentially move into feasibility, assuming a positive result.

To increase the Company s production profile through major resource development and feasibility projects

During fiscal 2011, the Group made further advancement on its major greenfields projects so that development decisions can be made within the next 2 to 3 years. Specific areas of focus during this period included an intensive drilling program at the FSE gold-copper porphyry, finalization of the project feasibility study at Chucapaca by the second half of fiscal 2012 and at APP, completion of the drilling program at Suhanko North, finalization of the pre-feasibility study by the end of fiscal 2012 and consolidating the results of the pilot-plant testwork of Platsol to improve metal recoveries.

The Group has also continued the development of its greenfields exploration pipeline. During fiscal 2011, Gold Fields spent approximately U.S.$120.5 million on greenfileds exploration projects not adjacent to its mining operations.

To implement a sustainable gold program that addresses both the concerns of stakeholders as well as emerging business and sustainable development risks

During fiscal 2011, a wide range of projects was undertaken across the Company to enhance the sustainability of its operations. For example, Gold Fields participated in the piloting of the World Gold Council Responsible Gold standards relating to chain of custody and conflict free gold. During this period, Gold Fields started the process of compliance by beginning to include warranties on its waybills to refineries stating that the gold dore (gold bars containing approximately 90% gold) had been produced in a responsible manner.

Further, Gold Fields has identified relevant criteria for inclusion in employee balanced scorecards and other business processes, to ensure an integrated approach to sustainability across functional areas. In order to ensure that employees are compensated in accordance with the values of the Company, Gold Fields uses a fully integrated or balanced scorecard approach. This includes traditional measures of performance such as employee productivity, as well as environmental and safety metrics. Using this approach, Gold Fields is ensuring that business sustainability is integral to day-to-day operations and that there is accountability for the long-term performance of the company. All middle- to senior level employees participate in this performance management process, which forms an integral part of the Group s talent management.

Specific Strategic Goals and Objectives for fiscal 2012

The specific strategic goals and objectives for fiscal 2012 flow from the strategy and were designed to consolidate the operational gains made during fiscal 2011. The specific strategic goals and objectives for fiscal 2012 are:

Achieve tangible improvements with respect to all safety and health metrics

Gold Fields plans to continue working towards zero harm through a strategy of engineering-out risk, compliance with safe operating standards, procedures and cultural and behavioural change and improved stakeholder engagement as encapsulated in the 24 Hour in the Life of a Gold Fields Employee wellness initiative. At Gold Fields international operations, the focus will be on reduced lost time injury frequency rates as well as improvements in occupational health performance.

Reduce the rate of production decline at KDC between 3% and 5% against fiscal 2011

Gold Fields intends to increase surface processing capacity at KDC for waste rock and tailings. In addition, Gold Fields expects to maintain its focus on efficiency projects, including improving quality mining volumes at KDC, increased mechanized flat-end development and improved safety performance.

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Regain momentum in the ramping up of production at South Deep

Gold Fields plans to complete several fixed infrastructure projects at South Deep in fiscal 2012 in support of the build-up program, including the Twin Vent Shaft project and the processing plant expansion. Gold Fields also expects to make further progress on the installation of backfill infrastructure. The capital expenditure budget for South Deep is R2.544 billion ($318 million) in fiscal 2012.

In addition, Gold Fields aims to establish a dedicated, on-site mechanized mining training center to support operations at South Deep.

Ensure that every mine (excluding South Deep) achieves an NCE margin of at least 20%

The BPR program is expected to continue excluding South Deep in fiscal 2012. The second phase of the BPR program in South Africa has identified further cost reductions of R500 million (U.S.$62.5 million) over the next two years through the optimization of staff structures, reduction in non-specialized contractors, lower electricity consumption and enhanced supply chain management.

At its Australian and Ghanaian mines, Gold Fields also plans to maximize the benefits realized by the implementation of owner mining, improved utilization and availability of mining equipment as well as the reduction in energy intensity.

Increase momentum on growth projects to achieve the goal of 5 million ounces, in production or in development, by 2015

In fiscal 2012, Gold Fields plans to undertake the following projects at each of its four advanced stage projects:

(i) *Chucapaca, Peru*: Gold Fields expects to complete a feasibility study for the Canahuire deposit and to reach a development decision in the second half of fiscal 2012.

(ii) *Greater Damang Project, Ghana*: Gold Fields expects to complete a pre-feasibility study aiming to develop a large cutback on the existing Huni-Damang-Juno deposits. Gold Fields also plans to update the mineral resource and reserve position of the project.

(iii) *Far Southeast, Philippines*: Gold Fields hopes to complete the Financial or Technical Assistance Agreement licensing process, which allows a foreign corporation to legally own and control a majority stake of any large scale mineral resource in the Philippines. On March 22, 2012, Gold Fields exercised its 40% option in FSE after making a US$110 million payment. Gold Fields continues to hold its option to acquire an additional 20% stake in FSE for a further US$110 million, which, if exercised, would increase its total interest in FSE to 60%. The options were initially granted to Gold Fields for the later of 18 months from signature in September 2010 or the date of receiving a Financial or Technical Assistance Agreement, or FTAA, for the project. A FTAA licence allows a foreign corporation to control a majority interest in a Philippine mining project. Notwithstanding this provision, Gold Fields has the discretion to exercise either option prior to the FTAA being granted and has done so in respect of the 40% option. Gold Fields also expects to have a maiden resource statement for FSE and commence a pre-feasibility study later this year.

(iv) *Arctic Platinum Project, Finland*: Gold Fields expects to complete the drilling program at Suhanko North, test the ore for amenability to the Platsol process and to finalize the pre-feasibility study by the end of fiscal 2012.

Ensure Gold Fields has the financial capacity to fund growth projects in 2012 and beyond

Gold Fields plans to maintain continued focus on strong operational cash flow generation in fiscal 2012. At the same time, Gold Fields intends to explore the potential for securing additional long-term funding for the business and the possibility of extending the maturity profile of its long-term debt.

Ensure that sustainability is fully integrated into the business and is appropriately communicated to all levels of the business

Gold Fields plans to achieve this goal, through initiatives such as ongoing development, implementation and monitoring of sustainability development strategies at the group-, region- and project-levels, additional integration of internal and external reporting and a dedicated sustainable

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development communications program, voluntary adoption of the World Gold Council Conflict and Free Gold Standards. Further, sustainable development measures have been incorporated into the balanced scorecards of key decision-makers across the Company.

Ensure that climate change initiatives, carbon mitigation and adaptation strategies and energy efficiency initiatives are fully incorporated into the business

Gold Fields plans to proceed with a number of climate change and carbon mitigation initiatives, including the implementation of a fully integrated Energy and Carbon Strategy, including the creation of a carbon and energy division, and the development, implementation and monitoring of Carbon Management Plans by all regions. Gold Fields also plans to roll out a number of energy efficiency and carbon emission reduction projects and to continue with the ongoing integration of carbon pricing into its financial planning to induce short-, medium- and long-term adaptation of the business. Gold Fields is also in the process of incorporating energy and carbon measures into the balanced scorecards of key decision-makers across the Company.

Increase focus on the attraction, retention and development of people and skills

Gold Fields will fully implement its new Remuneration Strategy. This strategy focuses on a number of initiatives to attract and retain skilled employees, including enhanced branding, increased talent development, the establishment of an integrated human resources data management system, an ongoing review of base salaries and quality of working life and improvements to internal and external skills pipelines.

Reserves of Gold Fields as of December 31, 2011

Methodology

While there are some differences between the definition of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves, or SAMREC Code, and that of the Securities and Exchange Commission s, or SEC s, industry guide number 7, only the reserves at each of Gold Fields operations and exploration projects as of December 31, 2011 which qualify as reserves for purposes of the SEC s industry guide number 7 are presented in the table below. See Glossary of Mining Terms . In accordance with the requirements imposed by the JSE, Gold Fields reports its reserves using the terms and definitions of the SAMREC Code (2007 edition). Mineral or ore reserves, as defined under the SAMREC Code, are divided into categories of proved and probable reserves and are expressed in terms of tonnes to be processed at mill feed head grades, allowing for estimated mining dilution, recovery and other factors.

Gold Fields reports reserves using cut-off grades (international operations and South Deep) and pay limits (South Africa, excluding South Deep), due to the nature of the deep level underground operations, to ensure the reserves realistically reflect both the cost structures and required margins relevant to each mining operation. Cut-off grade is the grade that distinguishes the material within an ore body that is to be extracted and treated from the remaining material. The pay limit is the grade at which an ore body can be mined without profit or loss, calculated using an appropriate metal price and working costs, plus modifying factors. Modifying factors used to calculate the pay limit grades include adjustments to mill delivered amounts, due to dilution incurred in the course of mining. Modifying factors applied in estimating reserves are primarily historical, but commonly incorporate adjustments for planned operational improvements such as those described below under Description of Mining Business Productivity Initiatives . Tonnage and grade may include some mineralization below the selected pay limit and cut-off grade to ensure that the reserve comprises blocks of adequate size and continuity. Reserves also take into account cost levels at each operation and are supported by mine plans.

The estimation of reserves at the South African underground operations is based on surface drilling, underground drilling, surface three-dimensional reflection seismics, ore body facies modeling, structural modeling, underground mapping channel sampling and geostatistical estimation. The reefs are initially explored by drilling from the surface on an approximately 500 meter to 2,000 meter grid. Once underground access is

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available, drilling is undertaken on an approximately 30 meter to 90 meter grid. Underground channel sampling perpendicular to the reef is undertaken at three-meter intervals in development areas and five-meter intervals at stope faces.

The following sets out the reserve estimation methodologies for the different categories of reserves at the underground operations of each of the South African mines.

KDC

Reserve Classification	Sample Spacing Range Min/Max	Maximum Distance Data is Projected
	(meters)	
Proved	3 to 250	125
Probable (AI)[(1)]	3 to 1,140	570
Probable (BI)[(1)]	3 to 2,840	1,420

Note:

(1) AI is above infrastructure; BI is below infrastructure.

For proved reserves, the ore body is opened up and sampled on a three-meter spacing for development (such as raises), and a five-meter grid for stoping, together with underground borehole spacings ranging from tens to hundreds of meters. Blocks classified as proved are therefore generally adjacent to closely spaced sampling and generally pierced by a relatively dense irregular pattern of boreholes. Estimation is constrained within both geologically homogenous structural and facies zones, and is generally derived from either ordinary or simple kriged small-scale grids, ranging from 10 meter to 50 meter block sizes.

For above infrastructure probable reserves, the estimates are founded on significant numbers of samples on a three-meter spacing for development, and a five-meter grid for stoping bordering these areas. In addition underground borehole spacings ranging from tens to hundreds of meters are used together with surface boreholes and seismic surveys. Blocks classified as probable (AI) are generally adjacent to blocks classified as proved. Estimation is constrained within homogenous structural and facies zones, and is generally derived from either ordinary or simple kriged medium- to macro-scale-sized grids ranging from 50 meters to 420 meters, or through declustered averaging or Sichel t techniques. For planning purposes, these blocks are further evaluated to facilitate the selection of blocks above the pay limit.

For below infrastructure probable reserves, the estimates access the significant numbers of samples on a three-meter spacing for development, and a five-meter grid for stoping above these areas. In addition underground borehole spacings ranging from tens to hundreds of meters are used together with surface boreholes and seismic surveys. Blocks classified as probable (BI) are generally downdip of blocks classified as proved or probable (AI). Estimation is constrained within homogenous structural and facies zones, and is generally derived from either ordinary or simple kriged medium- to macro-scale-sized grids ranging from 50 meters to 420 meters, or through declustered averaging or Sichel t techniques. For planning purposes, these blocks are further evaluated to facilitate the selection of blocks above the pay limit.

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Beatrix

Reserve Classification	Sample Spacing Range Min/Max	Maximum Distance Data is Projected
	(meters)	
Proved	3 to 120	120
Probable (AI)[1]	3 to 820	700
Probable (BI)[1]	3 to 1,500	750

Note:

(1) AI is above infrastructure; BI is below infrastructure.

Estimations for proved reserves are made on the same basis as at KDC but with kriging blocks ranging from 10 meters to 40 meters.

Estimations for above infrastructure probable reserves are made on the same basis as at KDC but with medium-sized kriged blocks of 40 meters, and macro geological zone estimates being made through declustered averaging or Sichel t techniques or macro-scale-sized kriged grids of up to 300 meters. For planning purposes these blocks are further evaluated to facilitate the selection of blocks above the pay limit.

Estimations for below infrastructure probable reserves are made on the same basis as at KDC but with medium-sized kriged blocks being 40 meters, to macro geological zone estimates through declustered averaging or Sichel t techniques or macro scale sized kriged grids of up to 300 meters. The distinction between estimation techniques for above infrastructure and below infrastructure probable reserves is the same as at KDC. For planning purposes, these blocks are further evaluated to facilitate the selection of blocks above the pay limit.

South Deep

Reserve Classification	Sample Spacing Range Min/Max	Maximum Distance Data is Projected
	(meters)	
Proved	0 to 100	220
Probable (AI)[1]	100 to 180	450
Probable (BI)[1]	>180	1,200

Note:

(1) AI is above infrastructure; BI is below infrastructure.

For proved reserves, the ore body must be fully destressed for development (such as access ramps and drives), and similarly for stoping, with drilling planned at an approximate 30 meter by 30 meter grid-spacing. Estimation is constrained within both geologically homogenous structural and facies zones, and is generally derived from either ordinary or simple kriged small-scale grids.

For above infrastructure probable reserves, the estimates access a significant number of samples on spacing greater than the spacing for development and stoping bordering these areas. In addition, borehole spacings ranging from tens to hundreds of meters are used in conjunction with 3D seismic survey results that confirm certain structural elevations and surfaces. Reserves classified as probable above infrastructure are generally adjacent to those classified as proved. Estimation is constrained within homogenous structural and facies zones, and is generally derived from simple and ordinary kriging and through declustered averaging techniques.

For below infrastructure probable reserves, the estimates access a significant number of samples on spacing greater than the spacing for development and stoping bordering these areas. In addition, borehole spacings ranging from tens to hundreds of meters are used in conjunction with 3D seismic survey results that confirm

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certain structural elevations and surfaces. Reserves classified as probable below infrastructure are generally adjacent to those classified as proved or probable above infrastructure. Estimation is constrained within homogeneous structural and facies zones, and is generally derived from simple and ordinary kriging and through declustered averaging techniques.

The primary assumptions of continuity of the geologically homogenous zones are driven by the geological model, which is updated when new information arises. Any changes to the model are subject to peer, internal technical corporate and external independent consultant review. Historically, mining at South African deep-level gold mines has shown significant geological continuity, so that new mines were started based on limited surface borehole information. Customarily, geological models are primarily based on the definition of different facies within each conglomerate horizon. These facies are extrapolated along palaeocurrent and grade trends into new, undeveloped areas taking into account any surface borehole data in those areas. Normally these facies are continuous, supported by extensive historical sample databases, and can be incorporated in the macro kriging of large blocks.

Ghana

For the Tarkwa open pit operation, estimation of reserves is based on a combination of an initial 100- or 200-meter grid of diamond drilling and in certain areas a 12.5 meter to 25.0 meter grid of reverse circulation drilling. For the Damang open pit operation, estimation of reserves is based on a 20 meter to 80 meter grid of combined reverse circulation and diamond drilling and, in certain areas, reverse circulation drilling on an eight-meter by five-meter drill grid.

Diamond drilling provides continuous (solid) core from diamond drill bits, using water and chemicals for lubrication. Consequently, diamond drilling provides greater resolution of geological parameters such as lithologies, alterations, mineralisation and structures.

In surface drilling programs, reverse circulation drilling provides chip samples from percussion hammers powered by compressed air. The chips are transferred to surface up a central tube with the rods to eliminate contamination from the outer hole. Sampling is generally conducted at intervals relevant to the block model and mining dimensions. Reverse circulation drilling is generally quicker and less expensive than diamond drilling. However, there is a depth limitation to reverse circulation drilling and consequently all deep holes are conducted by diamond drilling.

Generally exploration programs will consist of a mix of reverse circulation and diamond drilling in order to provide the necessary geological resolution, as well as bulk analytical data for evaluation purposes. Infill drilling programs are usually conducted by reverse circulation, as are grade control drilling programs.

Australia

At the Australian operations, the estimation of reserves for both underground and open pit operations is based on exploration, sampling and testing information gathered through appropriate techniques, primarily from boreholes and mine development. The locations of sample points are spaced close enough to deduce or confirm geological and grade continuity. Generally, drilling is undertaken on grids, which range between 20 meters by 20 meters to 40 meters by 40 meters, although this may vary depending on the continuity of the ore body. Due to the variety and diversity of mineralization at St. Ives and Agnew, sample spacing may also vary depending on each particular ore type.

Peru

For the Cerro Corona operation, estimation is based on diamond drill and reverse circulation holes. The spacing of holes at Cerro Corona is generally around 50 meters, with some areas approximating a 25 meter grid.

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Reserve Statement

As of December 31, 2011, Gold Fields had aggregate attributable proved and probable gold reserves of approximately 77.6 million ounces as set forth in the following table.

Gold ore reserve statement as of December 31, 2011[(1)]

	Proved reserves			Probable reserves			Total reserves			Attributable gold production in Fiscal 2011[(2)] (M oz)
	Tonnes (million)	Head Grade (g/t)	Gold (M oz)	Tonnes (million)	Head Grade (g/t)	Gold (M oz)	Tonnes (million)	Head Grade (g/t)	Gold (M oz)	
Underground (UG) South Africa										
KDC (UG) (total)	22.90	7.8	5.714	31.40	7.5	7.619	54.30	7.6	13.333	0.968
Above infrastructure[(3)]	22.90	7.8	5.714	31.40	7.5	7.619	54.30	7.6	13.333	0.968
Below infrastructure[(3)]										
South Deep (UG) (total)[(6)]	14.04	6.0	2.706	193.86	5.4	33.869	207.90	5.5	36.576	0.264
Above infrastructure[(3)(6)]	14.04	6.0	2.706	140.82	5.5	25.020	154.86	5.6	27.726	0.264
Below infrastructure[(3)(6)].				53.04	5.2	8.849	53.04	5.2	8.849	
Beatrix (UG) (total)	23.44	4.6	3.437	10.53	4.3	1.465	33.97	4.5	4.901	0.332
Above infrastructure[(3)]	23.44	4.6	3.437	10.53	4.3	1.465	33.97	4.5	4.901	0.332
Below infrastructure[(3)]										
Australia										
St. Ives	0.91	6.0	0.178	8.37	4.6	1.231	9.29	4.7	1.409	0.253
Agnew	1.14	6.2	0.230	5.45	6.0	1.046	6.59	6.0	1.276	0.167
Total Underground	62.44	6.1	12.264	249.60	5.6	45.230	312.04	5.7	57.495	1.984
Total Surface (Rock Dumps & Tailings Storage Facilities, or TSFs)	247.18	0.4	2.916	20.40	0.6	0.384	267.58	0.4	3.300	0.157
KDC										