GOLD FIELDS LTD
Form 20-F
December 22, 2005

As filed with the Securities and Exchange Commission on December 22, 2005

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

(Mark One)

o **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
or
ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended June 30, 2005
or
o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
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)

24 St Andrews Road,

Parktown, 2193

South Africa

011-27-11-644-2400

(Address of principal executive offices)

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:

Ordinary shares of par value Rand 0.50 each 492,294,226

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 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 ý No o

Indicate by check mark which financial statement item the registrant has elected to follow: Item 17 o Item 18 ý

Presentation of Financial Information

Gold Fields is a South African company and the majority 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 significant 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 of the balance sheet (Rand 6.67 per $1.00 as of June 30, 2005), except for specific items included within shareholders equity that are translated at the rate prevailing on the date the relevant transaction was entered into, and statement of operations item amounts are translated from Rand to U.S. dollars at the weighted average exchange rate for each period (Rand 6.20 per $1.00 for the year ended June 30, 2005).

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. An investor should not consider these items in isolation or as alternatives to production costs, net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. While the Gold Institute has provided 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.

Defined Terms and Conventions

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 Finland are to the Republic of Finland and all references to Peru are to the Republic of Peru.

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, R and Rand refer to the South African Rand, cents and Rand cents refer to subunits of the South African Rand, GHC ar Cedi refer to Ghanaian Cedi, $ and U.S. dollars refer to United States dollars, U.S. cents refers to subunits of the U.S. dollar, A$ and Austr dollars refer to Australian dollars and C$ refers to Canadian dollars.

In this annual report, gold production figures are provided in troy ounces, which are referred to as ounces, or oz, and ore grades are provided in grams per metric tonne, which are referred to as grams per tonne or g/t. All references to tonnes or t in this annual report are to metric tonnes. 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.

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 which is attributable to the minority shareholders in those mines.

For the convenience of the reader, 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 6.46 per $1.00 and A$1.00 per $0.74 , which were the noon buying rates on November 30, 2005. By including convenience currency translations, Gold Fields is not representing that the Rand and 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.

Forward-Looking Statements

This annual report contains forward-looking statements 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 and elsewhere;
- the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions;
- the success of exploration and development activities;
- decreases in the market price of gold;
- the occurrence of hazards associated with underground and surface gold mining;
- the occurrence of labor disruptions;
- availability, terms and deployment of capital;
- changes in relevant government regulations, particularly environmental 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 and regionally.

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 the three years ended June 30, 2005, and as of June 30, 2005, 2004 and 2003 have been extracted from the more detailed information, including Gold Fields audited consolidated financial statements for those years and as of those dates and the related notes, which appear elsewhere in this annual report. The selected historical consolidated financial data for the two years ended June 30, 2002, and as of June 30, 2002 and 2001 have been derived from Gold Fields audited consolidated financial statements as of that date, which are not included in this annual report. The selected historical consolidated financial data presented below have been prepared in accordance with U.S. GAAP.

	Year ended June 30,				
	2001	2002	2003	2004	2005
	(in $millions, except where otherwise noted)				
Statement of Operations Data					
Revenues(1)	1,006.6	1,210.0	1,538.2	1,706.2	1,893.1
Production costs (exclusive of depreciation and amortization)	743.4	710.0	1,015.0	1,355.2	1,500.6
Depreciation and amortization	99.8	113.3	188.1	198.6	274.5
Corporate expenditure	16.0	12.3	16.6	20.3	22.5
Employment termination costs	5.0	6.4	3.8	10.5	13.7
Exploration expenditure	17.7	16.5	29.6	39.9	46.0
Impairment of assets	112.1		29.6	72.7	233.1
Impairment of critical spares					2.8
(Decrease)/increase in post-retirement healthcare provision	8.8	6.6	(5.0)	(5.1)	(4.2)
Accretion expense on environmental rehabilitation	12.2	4.7	5.3	8.4	11.5

Share-based compensation		4.8			2.1
Harmony hostile bid costs					50.8
IAMGold transaction costs					9.3
Franco-Nevada merger costs	2.5				
Settlement costs of Oberholzer irrigation water dispute	1.2	1.0			
Interest and dividends	(9.0)	(8.9)	21.3	(19.4)	(29.2)
Finance (income)/expense	1.9	(8.3)	(4.2)	12.2	54.9
Unrealized gain on financial instruments	(0.8)	(45.9)	(35.7)	(39.2)	(4.9)
Realized (gain)/loss on financial instruments	(7.4)	(4.7)	(15.1)	8.7	(2.1)
Gain on disposal of St. Helena mine			(13.4)		
New York Stock Exchange listing and associated costs		4.3			
Profit on disposal of listed investments			(57.2)	(13.9)	(8.1)
Profit on disposal of exploration rights					(7.5)
Profit on disposal of mineral rights				(27.1)	

	Year ended June 30,				
	2001	2002	2003	2004	2005
	(in $millions, except where otherwise noted)				
Statement of Operations Data					
Write-down of investments	2.0				7.7
Write-down of mineral rights				3.6	
Other expenses/(income)	(11.8)	(0.5)	(3.4)	(2.1)	5.2
(Loss)/income before tax, share of equity investees (losses) profits, minority interests and cumulative effect of change in accounting principles	13.0	398.4	405.5	82.9	(285.6)
Income and mining tax benefit/(expense)	(21.6)	(147.1)	(133.8)	(11.8)	100.4
(Loss)/income before, share of equity investees (losses) profits, minority interests and cumulative effect of change in accounting principles	(8.6)	251.3	271.7	71.1	(185.2)
Share of equity investee s (loss)/profits after taxation				1.0	(0.4)
Minority interests	(8.8)	(12.2)	(14.4)	(21.8)	(20.6)
(Loss)/income before cumulative effect of changes in accounting principles	(17.4)	239.1	258.3	48.9	(206.2)
Cumulative effect of changes in accounting principles, net of tax	(0.6)		(1.3)		
Net (loss)/income	(18.0)	239.1	257.0	48.9	(206.2)
Other Financial and Operating Data					
Basic (loss)/earnings per share before cumulative effect of changes in accounting principles ($)	(0.04)	0.52	0.55	0.10	(0.42)
Diluted (loss)/earnings per share before cumulative effect of changes in accounting principles ($)	(0.04)	0.51	0.54	0.10	(0.42)
Basic (loss)/earnings per share ($)	(0.04)	0.52	0.54	0.10	(0.42)
Diluted (loss)/earnings per share ($)	(0.04)	0.51	0.54	0.10	(0.42)
Dividend per share (Rand)	1.05	1.30	3.70	1.40	0.70
Dividend per share ($)	0.13	0.13	0.39	0.19	0.11
Total cash costs per ounce of gold produced($/oz)(2)	194	170	212	302	331
Total production costs per ounce of gold produced ($/oz)(3)	224	198	254	349	393

Notes:

(1) Revenues comprise only product (gold) sales. See note 2(w) to Gold Fields audited consolidated financial statements which appear elsewhere in this annual report.

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

under the guidance provided by the Gold Institute. Furthermore, while the Gold Institute has provided a definition for the calculation of total cash costs, the calculation of total cash costs per ounce may vary significantly among gold mining companies, and by itself does not necessarily provide a basis for comparison with other gold mining companies. See Information on the Company Glossary of Mining Terms Total cash costs per ounce. For a reconciliation of Gold Fields production costs to its total cash costs for fiscal 2005, 2004 and 2003, see Operating and Financial Review and Prospects Results of Operations Years Ended June 30, 2004 and 2005 and Years Ended June 30, 2003 and 2004.

(3) 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 Australian dollar and the U.S. dollar. Management, however, believes that total production costs per ounce provides a measure for comparing Gold Fields operational performance against that of its peer group, both for Gold Fields as a whole, and for its individual operations. Total production costs per ounce is not a U.S. GAAP measure. An investor should not consider total production costs per ounce in isolation or as an alternative to net income/(loss), income before tax, operating cash flows or any other measure of financial performance presented in accordance with U.S. GAAP. While the Gold Institute has provided a definition for the calculation of total production costs, the calculation of total production costs per ounce may vary significantly among gold mining companies, and by itself does not necessarily provide a basis for comparison with other gold mining companies. See Information on the Company Glossary of Mining Terms Total production costs per ounce. For a reconciliation of Gold Fields production costs to its total production costs for fiscal 2005, 2004 and 2003, see Operational and Financial Review and Prospects Results of Operations Years Ended June 30, 2004 and 2005 and Years Ended June 30, 2003 and 2004.

	Year ended June 30, (in $millions, except where otherwise noted)				
	2001	**2002**	**2003**	**2004**	**2005**
Balance Sheet Data					
Cash and cash equivalents	23.6	195.1	133.6	656.3	503.7
Financial instruments				37.0	46.8
Receivables	50.5	56.2	74.9	116.4	119.9
Inventories	21.1	68.5	76.8	63.9	77.4
Material contained on heap leach pads	31.3	45.0	41.8	42.5	55.1
Total current assets	126.5	364.8	327.1	916.1	802.9
Property, plant and equipment, net (1)	1,798.7	1,726.9	2,231.0	2,805.5	2,554.1
Financial instruments		46.2	67.7	70.3	32.4
Non-current investments	42.2	73.3	101.0	179.8	203.5
Total assets	1,967.4	2,211.2	2,726.8	3,971.7	3,592.9
Accounts payable and provisions	127.4	153.3	184.7	290.6	274.5
Income and mining taxes payable	1.2	44.5	52.0	14.2	18.0
Current portion of long-term loans		37.0	20.5		
Total current liabilities	128.6	234.8	257.2	304.8	292.5
Long term loans		145.0	21.1	643.2	653.1
Deferred income and mining taxes	506.9	448.2	647.3	769.0	596.2
Provision for environmental rehabilitation	47.5	58.8	99.2	116.0	134.6

Provision for post-retirement health care costs	51.0	44.7	23.9	18.9	9.0
Minority interests	39.0	52.8	58.8	102.7	118.4
Share capital	41.3	42.1	42.2	43.6	43.7
Additional paid-in capital	1,498.1	1,560.8	1,565.2	1,792.3	1,797.9
Retained earnings	2.7	182.6	255.3	211.6	(49.1)
Accumulated other comprehensive loss	(347.7)	(556.8)	(243.4)	(30.4)	(3.4)

Total shareholders equity	1,194.4	1,226.9	1,619.3	2,017.1	1,789.1
Total liabilities and shareholders equity	1,967.4	2,211.2	2,726.8	3,971.7	3,592.9
Other Data					
Number of ordinary shares as adjusted to reflect changes in capital structure	455,836,608	470,522,224	472,364,872	491,492,520	492,294,226
Net assets	1,194.4	1,226.9	1,619.3	2,017.1	1,789.1

Note:

(1) As discussed in Note 2 to the audited consolidated financial statements which appear elsewhere in this annual report, Gold Fields changed its method of accounting for mineral and surface use rights during the 2004 fiscal year in accordance with FASB Staff Position FAS 141-1, which required the balance of the mineral interests and other intangible assets in 2002 and 2003 to be restated and included as part of Property, plant and equipment, net.

Exchange Rates

The following tables set forth, for the periods indicated, the average, high, low and period-end noon buying rates in New York City for cable transfers in Rand as certified for customs purposes by the Federal Reserve Bank of New York expressed in Rand per $1.00:

	Year ended June 30,			
	Average(1)	**High**	**Low**	**Period end**
2001	7.64	8.16	6.79	8.05
2002	10.20	13.60	8.01	10.39
2003	9.12	10.90	7.18	7.51
2004	6.82	7.80	6.17	6.23
2005	6.20	6.92	5.62	6.67
2006 (through November 30, 2005)	6.50	6.90	6.35	6.46

Note:

(1) The average of the noon buying rates on the last day of each full month during the relevant period.

	Month ended		
	High	**Low**	**Period end**
June 30, 2005	6.92	6.63	6.67
July 31, 2005	6.90	6.53	6.56
August 31, 2005	6.55	6.35	6.40
September 30, 2005	6.45	6.26	6.35
October 31, 2005	6.72	6.44	6.71
November 30, 2005	6.79	6.46	6.46

The noon buying rate for the Rand on November 30, 2005 was Rand 6.46 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 JSE, which may affect the market price of the ADSs on the New York Stock Exchange. These fluctuations will also affect the dollar amounts received by owners of ADSs on the conversion of any dividends paid in Rand on the ordinary shares.

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, which in the past has fluctuated widely, affect the profitability of Gold Fields operations and the cash flows generated by those operations.

Substantially all 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;
- actual, expected or rumored purchases and sales of gold bullion holdings by central banks or other large gold bullion holders or dealers;
- 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 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.

On March 8, 2004, fifteen European central banks entered into a new gold sales agreement effective September 27, 2004, pursuant to which they restrict their annual sales of gold to specified limits. This agreement will be reviewed in five years. Although the new agreement calls for an increase in the amount of gold that can be sold by individual banks to 500 tonnes per year, the effect on the market in terms of total gold sales is unclear.

While the aggregate effect of these factors is impossible for Gold Fields to predict, if gold prices should fall below Gold Fields cost of production 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 operations. In addition, Gold Fields might not be able to recover any losses it may incur during that period.

Because Gold Fields does not use commodity or derivative instruments to protect against low gold prices with respect to its production, Gold Fields is exposed to the impact of any significant drop in the gold price.

Unlike many other gold producers, 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 a future price for hedged gold that generally is higher than the then current spot price. To the extent that it does not generally use commodity or derivative instruments, Gold Fields will not be protected against decreases in the gold price, and if the gold price decreases significantly, Gold Fields runs the risk of reduced revenues in respect of gold production that is not hedged. See Quantitative and Qualitative Disclosures About Market Risk.

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

The ore reserves stated in this annual report represent the amount of gold that Gold Fields calculated, as of June 30, 2005, 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, many of which are beyond Gold Fields control. In the event that Gold Fields revises any of these assumptions in an adverse manner, Gold Fields may need to revise its ore reserves downwards. In particular, if Gold Fields production costs or capital expenditures increase or if gold prices decrease or the Rand or Australian dollar strengthens against the U.S. dollar, a portion of Gold Fields ore reserves may become uneconomical to recover, forcing Gold Fields to lower its estimated reserves. Gold Fields reported attributable gold ore reserves were 75.6 million ounces for fiscal 2004 as compared to 62.8 million ounces for fiscal 2005 (including 2.4 million ounces of proven and probable gold reserves for the Cerro Corona Project that will be attributable to Gold Fields upon completion of its acquisition of an 80.7% economic interest in the Cerro Corona Project; see Information on the Company Exploration Gold Fields

Exploration Projects Cerro Corona Project), a decrease of 12.8 million ounces, resulting primarily from a decrease in below infrastructure reserves at Kloof where new geological modeling indicated that the ore body is more challenging than originally anticipated. See Information on the Company Reserves at Gold Fields as of June 30, 2005 and Information on the Company Exploration Gold Fields Exploration Projects Cerro Corona Project.

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 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 to be acquired;
- obtaining approval from regulatory authorities in South Africa and the jurisdiction of the business to be acquired;
- 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 uniform standards, controls, procedures and policies at the acquired business; and
- to the extent that Gold Fields makes an acquisition outside of markets in which it has previously operated, conducting and managing operations in a new operating environment.

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 platinum group metals and its ability to develop mining projects. Exploration for gold and other precious metals is speculative in nature, involves many risks and frequently is unsuccessful. Any exploration program entails risks relating to the location of economic orebodies, the development of appropriate metallurgical 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 platinum group metal mineralization and any mineralization discovered may not result in an increase of Gold Fields reserves. If orebodies 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. Also, to the extent Gold Fields participates in the development of a project through a joint venture there could be disagreements or divergent interests or goals among the joint venture parties, which could jeopardize the success of the project.

In addition, 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 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 accidents. In particular, hazards associated with Gold Fields underground mining operations include:

rock bursts;

seismic events, particularly at the Driefontein and Kloof operations;

underground fires and explosions, including those caused by flammable gas;

cave-ins or falls of ground;

discharges of gases and toxic substances;

releases of radioactivity;

flooding;

sinkhole formation and ground subsidence; and

other accidents and conditions resulting from drilling, blasting and removing and processing material from an underground mine.

Hazards associated with Gold Fields open pit mining operations include:

flooding of the open pit;

collapses of the open pit walls;

accidents associated with the operation of large open pit mining and rock transportation equipment;

accidents associated with the preparation and ignition of large scale open pit blasting operations;

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;
- production disruptions due to weather;
- collapses of tailings dams; and
- ground and surface water pollution, on and off site.

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 production, increase production costs and result in liability for Gold Fields.

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

Gold Fields may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities. Gold Fields existing property and liability insurance contains exclusions and limitations on coverage. In fiscal 2003, in an effort to reduce costs, Gold Fields changed from business interruption insurance cover based on gross profit to cover based on fixed operating costs or standing charges only. 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 or pollution.

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

Gold is sold throughout the world principally in U.S. dollars, but Gold Fields operating costs are incurred principally in Rand and Australian dollars. As a result, any significant and sustained appreciation of either of these currencies against the U.S. dollar may materially increase Gold Fields costs and reduce its net revenue.

The Rand and the Australian dollar each appreciated against the U.S. dollar during calendar years 2002, 2003 and 2004, with the Rand appreciating by approximately 28.4%, 22.9% and 17.0% in 2002, 2003 and 2004, respectively, and the Australian dollar appreciating by approximately 10.0%, 24.6% and 4.1% in 2002, 2003 and 2004, respectively. More recently however, the Rand and the Australian dollar have experienced a period of depreciation against the U.S. dollar. As of November 30, 2005, the Rand had depreciated by 12.5%, and the Australian dollar had depreciated by 4.7%, against the U.S. dollar since January 1, 2005. An appreciation trend for either of these currencies could have a material adverse effect on Gold Fields operating results or financial condition as the appreciation results in an increase to Gold Fields costs in U.S. dollar terms. See Quantitative and Qualitative Disclosures About Market Risk Foreign Currency Sensitivity.

Political or economic instability in South Africa or regionally may have an adverse effect on Gold Fields operations and profits.

Gold Fields is incorporated and owns significant operations in South Africa. As a result, political and economic risks relating to South Africa could affect an investment in Gold Fields. Large parts of the South African population do not have access to adequate education, health care, housing and other services, including water and electricity. Government policies aimed at alleviating and redressing the disadvantages suffered by the majority of citizens under previous governments may have an adverse impact on Gold Fields operations and profits. In recent years, South Africa has experienced high levels of crime and unemployment. These problems have impeded 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.

Recently, the South African economy has been growing at a relatively slow rate, inflation and unemployment have been high by comparison with developed countries and foreign reserves have been relatively low. GDP (based on 1990 prices given by Statistics South Africa) growth was 3.4% for 2000, 2.7% for 2001, 3.6% for 2002, 1.9% for 2003 and 3.4% for 2004. Corresponding inflation rates (as given by reference to the consumer price index used by the South African government) were 5.3% in 2000, 5.7% in 2001, 9.2% in 2002, 5.8% in 2003 and 1.4% in 2004, while corresponding unemployment rates were 26.7%, 26.9%, 30.5%, 28.4% and 26.5% as of December 31, 2000, 2001, 2002, 2003 and 2004, respectively. Gross foreign exchange reserves stood at approximately $20.1 billion as of November 30, 2005. The depreciation of the Rand in 1997 and 1998 resulted in an increase in the South African prime lending rate, which peaked at approximately 25.5% during 1998, although rates have since decreased substantially. On November 30, 2005, the rate was 10.5%. Consequently, Gold Fields could face a high cost of capital should it need to borrow in South Africa.

In the late 1980s and early 1990s, inflation in South Africa reached record highs. This increase in inflation resulted in considerable year over year increases in operational costs. In recent years, the inflation rate has decreased to single-digit figures. A return to significant inflation in South Africa, without a concurrent devaluation of the Rand or an increase in the price of gold, could have a material adverse effect on Gold Fields operating results and financial condition.

There has been regional political and economic instability in 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.

Political or economic instability in Ghana may have an adverse effect on Gold Fields operations and profits.

A significant portion of Gold Fields production takes place in Ghana at the Tarkwa and Damang mines. As a result, political and economic risks relating to Ghana could affect an investment in Gold Fields.

Ghana has had periods of political instability, and could be subject to instability again in the future. Presidential and parliamentary elections were conducted under the present Ghanaian constitution in 1992, 1996, 2000 and 2004. The 2000 elections resulted in the principal opposition party winning the elections and forming the present government, which was re-elected in 2004. Since the present government came into power it has passed legislation imposing a tax and import duty which have affected the mining industry. The Ghana Chamber of Mines, of which Gold Fields Ghana Limited and Abosso Goldfields Limited, subsidiaries of Gold Fields, are members, has expressed its concern to the government that these legislative measures have eroded the competitiveness of the fiscal regime affecting mining companies in Ghana. The current government or a future government might adopt additional changes to policies in the future, which could: (1) modify the regulatory or fiscal regime governing mining companies in Ghana, such as increasing the proportion of foreign currency earnings that mining companies are required to repatriate to Ghana or (2) otherwise make investments or foreign-owned operations in Ghana less attractive. Any departure from current policies by the government of Ghana could have a material adverse effect on Gold Fields business, operating results and financial condition.

In addition, it is possible that in the future Ghana will experience adverse economic conditions or disruptions which may negatively impact Gold Fields Ghana operations.

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. Transactions between South African residents (including companies) and non-residents of the Common Monetary Area 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 Common Monetary Area 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. For example, 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. 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 Regulatory and Environmental 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. In 2000, the South African Treasury, or the Treasury, refused to approve an acquisition of Gold Fields by Franco-Nevada Mining Corporation Limited, a Canadian mining company. The Treasury may refuse to approve similar proposed acquisitions of Gold Fields 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 Regulatory and Environmental Matters South Africa Exchange Controls.

Gold Fields operations and financial condition may be adversely affected by labor disputes or changes in South African, Ghanaian or Australian labor laws.

As of June 30, 2005, approximately 79% of Gold Fields employees belonged to unions. Accordingly, Gold Fields is at risk of having its production stopped for sustained periods due to strikes called by unions and other labor disputes. In August 2005, Gold Fields experienced a 48-hour unexpected strike by approximately half the employees of the Tarkwa mine in Ghana. In South Africa, Gold Fields also experienced a one day illegal strike on March 30, 2005, and an industry wide gold mining labor strike in August 2005. See Directors, Senior Management and Employees Labor Relations South Africa and Ghana. In South Africa, in addition to strikes, on occasion Gold Fields experiences work stoppages based on national trade union stay away days regardless of the state of its relations with its workforce. Significant labor disruptions at any of Gold Fields operations could have a material adverse effect on Gold Fields business, operating results and financial condition.

Gold Fields production may also be materially affected by relatively new labor laws. Since 1995, South African laws relating to labor have changed significantly in ways that affect Gold Fields operations. In particular, laws enacted since then that impose large monetary penalties for non-compliance with the administrative and the reporting requirements in respect of affirmative action policies could result in significant costs to Gold Fields. There may continue to be significant and adverse changes in labor law in South Africa over the next several years.

Ghanaian law contains broad provisions requiring mining companies to recruit and train Ghanaian personnel and to use the services of Ghanaian companies. Any expansion of these provisions or new labor legislation which increases labor costs in Ghana could have a material adverse effect on Gold Fields mining operations in Ghana and, accordingly, on Gold Fields business, operating results and financial condition.

The Labor Relations Reform Act of Western Australia was passed by Parliament in July 2002. This law reduces the availability of state workplace agreements and is designed to promote collective bargaining and union access to the workplace. This law could strengthen the role of unions in Western Australia s mining industry, which could have a material adverse effect on labor costs at Gold Fields mining operations in Australia and, accordingly, on Gold Fields business, operating results and financial condition. See Directors, Senior Management and Employees Employees Labor Relations Australia.

Gold Fields may suffer adverse consequences as a result of its reliance on outside contractors to conduct its operations in Ghana and Australia.

A significant portion of Gold Fields operations at the Damang mine in Ghana and in Australia 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 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 Labor Relations Ghana and Australia.

Gold Fields South African operations may be adversely affected by increased labor costs at its mining operations in South Africa.

Wages and related labor costs accounted for approximately 50% of Gold Fields total production costs in fiscal 2005. Accordingly, Gold Fields costs may be materially affected by increases in wages and related labor costs, particularly with respect to Gold Fields South African employees, who are unionized. Negotiations with South African unions concluded in August 2005 resulted in above inflation wage increases ranging from 6% to 7%, depending upon the category of employees. Under the agreement, wage increases for South African employees will be linked to inflation with a minimum increase of 5.5% or 6.0%, depending upon the category of employees. The next round of negotiation with the South African unions is expected to take place prior to June 2007, when the current agreement expires. See Directors, Senior Management and Employees Labor Relations South Africa. If Gold Fields is unable to increase production levels or implement cost cutting measures to offset these increased wages and labor costs, these costs could have a material adverse effect on Gold Fields mining operations in South Africa and, accordingly, on Gold Fields business, operating results and financial condition. See Directors, Senior Management and Employees Employees Labor Relations South Africa.

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

The incidence of HIV/AIDS in South Africa, which is forecast to increase over the next decade, poses risks to Gold Fields in terms of potentially reduced productivity and increased medical and other costs. Gold Fields current estimate of the potential impact of HIV/AIDS on its operations and financial condition is based on a variety of existing data and certain assumptions, including the incidence of HIV infection among its employees, the progressive impact of HIV/AIDS on infected employees health, and the medical and other costs associated with the infection, most of which involve factors beyond Gold Fields control. Should Gold Fields actual experience significantly differ from the assumptions on which its current estimate is based, the actual impact of HIV/AIDS on its business, operating results and financial condition could be significantly worse than Gold Fields expects. See Directors, Senior Management and Employees Employees Health and Safety HIV/AIDS Program.

Gold Fields operations in South Africa are subject to environmental regulations which could impose significant costs and burdens.

Gold Fields South African operations are subject to various environmental laws and regulations including, for example, those relating to waste treatment, emissions and disposal, and must comply with permits or standards governing, among other things, tailings dams and waste disposal areas, water consumption, air emissions and water discharges. 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. Also, Gold Fields may 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 rights. These costs could have a material adverse effect on Gold Fields business, operating results and financial condition.

South African mining companies are required by law to undertake rehabilitation works as part of their ongoing operations. In addition, during the operational life of their mines, they must make arrangements to fund the cost of mine closure and post-closure rehabilitation and monitoring once mining operations cease. Gold Fields fully provides for these environmental rehabilitation costs in its financial statements based on the present value of future costs and funds these costs by making contributions into an environmental trust fund, with amounts approved by the authorities. As of September 30, 2005, Gold Fields had contributed a total of approximately Rand 401.2 million, including accrued interest, to the fund. Changes in legislation or regulations (or the approach to enforcement of them) or other unforeseen circumstances may materially and adversely affect Gold Fields future environmental expenditures or the level and timing of Gold Fields provisioning for these expenditures. See Information on the Company Regulatory and Environmental Matters South Africa Environmental.

Gold Fields operations in South Africa are subject to health and safety regulations which could impose significant costs and burdens.

The present Mine Health and Safety Act 29 of 1996, or the Mine Health and Safety Act, came into effect in January 1997. The principal objective of the Mine Health and Safety Act is to improve health and safety at South African mines and, to this end, the Mine Health and Safety Act imposes various duties on Gold Fields at its mines, and grants the authorities broad powers to, among other things, close unsafe mines and order corrective action relating to health and safety matters.

The Occupational Diseases in Mines and Works Act 78 of 1973, or the Occupational Diseases Act, governs the payment of compensation and medical costs related to certain illnesses contracted by persons employed in mines or at sites where activities ancillary to mining are conducted. Occupational health care services are made available by Gold Fields to employees from its existing facilities. Pursuant to changes in the Occupational Diseases Act, Gold Fields may experience an increase in the cost of these services, which could have an adverse effect on Gold Fields business, operating results and financial condition. This increased cost, should it transpire, is currently indeterminate. See Information on the Company Regulatory and Environmental Matters South Africa Health and Safety.

Gold Fields mineral rights in South Africa have become subject to new legislation which could impose significant costs and burdens.

The New Minerals Act

The Mineral and Petroleum Resources Development Act 2002, or the New Minerals Act, came into effect on May 1, 2004.

Among other things, the New Minerals Act: (1) vests the right to prospect and mine in the state without the automatic payment of compensation, (2) makes provision for a transitional period for the phasing out of privately held mineral rights, prospecting permits and mining authorizations held under the old regime and (3) requires that new applications be made in respect of those rights and new rights to be granted pursuant to the New Minerals Act. Consistent with international practice, the New Minerals Act provides that a mining or prospecting right granted under the New Minerals Act could be cancelled if the mineral to which the right relates is not mined at an optimal rate. There is no guarantee that Gold Fields will be able to successfully apply for any or all of its existing mining rights under the New Minerals Act or that the terms on which they will be granted will not be significantly less favorable to Gold Fields than the current terms. The requirements of the New Minerals Act could have a material adverse effect on Gold Fields mining and exploration activities in South Africa and, as a result, on Gold Fields business, operating results and financial condition. See Information on the Company Regulatory and Environmental Matters South Africa Mineral Rights The New Minerals Act.

The Mining Titles Registration Amendment Act, or the Mining Titles Act, came into force on May 1, 2004. The Mining Titles Act provides for the registration of rights granted under the New Minerals Act. The Mining Titles Act repeals certain sections of the former legislation dealing with the registration of mineral rights, subject to the transitional provisions of the New Minerals Act. Until rights held under the previous regime are converted to rights under the New Minerals Act, rights held under the previous regime that become subject to a change in ownership during the transition period will not be able to be registered under the name of the new owner.

The New Minerals Act contains a provision requiring the Minister of Minerals and Energy, or the Minister, within six months of the relevant provision becoming operational, to develop a broad-based socio-economic empowerment charter for effecting entry of historically disadvantaged South Africans, or HDSAs, into the mining industry. The South African government appointed a task team which included representatives from mining companies, including Gold Fields, to develop a charter. On October 11, 2002, the Minister and representatives of certain mining companies and the National Union of Mineworkers signed a charter that reflects the consultation process called for by the New Minerals Act. The Mining Charter became effective on May 1, 2004.

The charter s stated objectives are to:

promote equitable access to South Africa s mineral resources for all the people of South Africa;

substantially and meaningfully expand opportunities for HDSAs, including women, to enter the mining and minerals industry and to benefit from the exploitation of South Africa s mineral resources;

utilize the existing skills base for the empowerment of HDSAs;

expand the skills base of HDSAs in order to serve the community;

promote employment and advance the social and economic welfare of mining communities and areas supplying mining labor; and

promote beneficiation of South Africa s mineral commodities beyond mining and processing, including the production of consumer products.

To achieve these objectives, the charter requires that mining companies achieve a 15% HDSA ownership of mining assets within five years and a 26% HDSA ownership of mining assets within 10 years by each mining company. Under the charter, the mining industry as a whole agrees to assist HDSA companies in securing finance to fund participation in an amount of Rand 100 billion over the first five years. Beyond the Rand 100 billion commitment, HDSA participation will be increased on a willing seller-willing buyer basis, at fair market value, where the mining companies are not at risk. In addition, the charter requires, among other things, that mining companies 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. When considering applications for the conversion of existing licenses, the government will take a scorecard approach, evaluating the commitments of stakeholders to the different facets of promoting the objectives of the charter. See Information on the Company Regulatory and Environmental Matters South Africa Mineral Rights The New Minerals Act.

In order to comply with the terms of the charter, Gold Fields has adjusted the ownership structure of its South African mining assets. On March 8, 2004, the shareholders of Gold Fields approved a series of transactions, referred to in this discussion as the Mvelaphanda Transaction, involving the acquisition by Mvelaphanda Resources Limited of a 15% beneficial interest in the South African gold mining assets of Gold Fields for cash consideration of R4,139 million. See Operating and Financial Review and Prospects Overview General Mvelaphanda Transaction. The Mvelaphanda Transaction is intended to meet the charter s requirement that mining companies achieve a 15% HDSA ownership within five years of the charter coming into effect. See Information on the Company Regulatory and Environmental Matters South Africa Mineral Rights The New Minerals Act. There is no guarantee, however, that the Mvelaphanda Transaction will not have a negative effect on the value of Gold Fields ordinary shares. In addition, any further adjustment to the ownership structure of Gold Fields South African mining assets in order to meet the mining charter s 10 year HDSA ownership requirement of 26% could have a material adverse effect on the value of Gold Fields ordinary shares and failing to comply with the charter s requirements could subject Gold Fields to negative consequences, the scope of which has not yet been fully determined. Gold Fields may also incur expenses to give effect to the charter s other requirements, and may need to incur additional indebtedness in order to comply with the industry-wide commitment to assist HDSAs in securing Rand 100 billion of financing during the first five years of the mining charter s effectiveness. Moreover, there is no guarantee that any steps Gold Fields has already taken or might take in the future will ensure the successful conversion of any or all of its existing mining rights or for the grant of new mining rights or that the terms of any conversion or grant would not be significantly less favorable to Gold Fields than the terms of its current rights.

The Royalty Bill

On March 20, 2003 the draft Mineral and Petroleum Royalty Bill, or the Royalty Bill, was released for public comment. The South African National Treasury subsequently missed an August 1, 2003 deadline for submitting a revised draft to the South African Parliament and, as yet, no revised draft has been submitted or published.

The Royalty Bill proposes to impose a 3% revenue based royalty on the South African gold mining sector payable to the South African government. Under the terms of the proposed Royalty Bill, the royalty is to take effect when companies convert to new order mining rights in accordance with the New Minerals Act, although the Minister has indicated that the royalty is not expected to take effect until the transitional period for the conversion of mining rights under the New Minerals Act expires. The Minister of Finance in his Budget Speech in February 2004 indicated that the royalty will be based on revenues and will take effect in 2009. The Royalty Bill is in the process of being redrafted and is expected to contain a royalty consisting of a percentage of gross sales. There is uncertainty as to what further amendments will be made to the Royalty Bill. If adopted, in either its current or a revised form, the Royalty Bill could have a negative impact on Gold Fields South African operations and therefore an adverse effect on its business, operating results and financial condition. See Information on the Company Regulatory and Environmental Matters South Africa Mineral Rights The Royalty Bill.

Gold Fields land and mineral rights in South Africa could be subject to land restitution claims which could impose significant costs and burdens.

Gold Fields privately held land and mineral rights could be subject to land restitution claims under the Restitution of Land Rights Act 1994, or the Land Claims Act. Under this Act, any person who was dispossessed of rights in land in South Africa as a result of past racially discriminatory laws or practices without payment of just and equitable compensation is granted certain remedies, including the restoration of the land. Under the Land Claims Act, persons entitled to institute a land claim were required to lodge their claims by December 31, 1998. Gold Fields has not been notified of any land claims, but any claims of which it is notified in the future could have a material adverse effect on Gold Fields right to the properties to which the claims relate and, as a result, on Gold Fields business, operating results and financial condition. See Information on the Company Regulatory and Environmental Matters South Africa Land Claims.

The Restitution of Land Rights Amendment Act, or the Amendment Act, became law on February 4, 2004. Under the Land Claims Act, the Minister for Agriculture and Land Affairs, or the Land Minister, may not acquire ownership of land for restitution purposes without a court order unless an agreement has been reached between the affected parties. The Amendment Act, however, entitles the Land Minister to acquire ownership of land by way of expropriation in certain limited circumstances. Expropriation would be subject to provisions of legislation and the South African Constitution which provides, in general, for just and equitable compensation. There is, however, no guarantee that any of Gold Fields privately held land rights could not become subject to acquisition by the state without Gold Fields agreement, or that Gold Fields would be adequately compensated for the loss of its land rights, which could have a negative impact on Gold Fields South African operations and therefore an adverse effect on its business, operating results and financial condition. See Information on the Company Regulatory and Environmental Matters South Africa Land Claims.

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

Gold Fields Ghana operation is subject to extensive 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 operation.

Ghanaian mining companies are required by law to rehabilitate land disturbed as a result of their mining operations pursuant to an environmental reclamation plan agreed with the Ghanaian environmental authorities. Gold Fields funds these environmental rehabilitation costs in part by posting a reclamation bond to secure estimated costs of rehabilitation. Changes in the required method of calculation for these bonds or an unforeseen circumstance which produces unexpected costs may materially and adversely affect Gold Fields future environmental expenditures. See Information on the Company Regulatory and Environmental Matters Ghana Environmental.

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

The 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. The regulations prescribe the measures to be taken to ensure the safety and health 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 shut down 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 Regulatory and Environmental 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 which may arise upon any future health and safety claims.

Gold Fields mineral rights in Ghana are currently subject to regulations, and will 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. Gold Fields mining leases for the Tarkwa property have not yet been ratified by the Ghanaian Parliament, as required by law. To the extent that failure to ratify these leases adversely affects their validity, there may be a material adverse effect on Gold Fields business, operating results and financial condition. In addition, a new Minerals and Mining Bill, or the Minerals Bill, was laid before the Ghanaian Parliament in fiscal 2005. If the Minerals Bill is passed it will repeal the current Minerals and Mining Law in Ghana. Although the current draft of the Minerals Bill would not appear to have a substantial effect on Gold Fields Ghana operations as currently run, Gold Fields cannot be certain what provisions will be included in the Minerals Bill when approved into law. If, when passed, the Minerals Bill imposes 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, it could have a material adverse effect on Gold Fields business operating results and financial condition. See Information on the Company Regulatory and Environmental Matters Ghana Mineral Rights.

Gold Fields operations in Australia are subject to environmental 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, which are similar in scope to those of South Africa and Ghana. Gold Fields may, in the future, incur significant costs to comply with the 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. Gold Fields makes provisions in its accounts for the estimated cost of environmental rehabilitation for its Australian mining properties. Gold Fields guarantees its environmental obligations by providing the Western Australian government with unconditional bank-guaranteed performance bonds to secure the estimated costs. These bonds do not cover remediation 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 which produces unexpected costs may materially and adversely affect future environmental expenditures. See Information on the Company Regulatory and Environmental Matters Australia Environmental.

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

The Western Australian Mines Safety and Inspection Act 1994 (WA), or the Safety and Inspection Act, imposes a duty on a mine owner to provide and maintain a working environment which is safe for mine workers. The regulations prescribe specific measures to be taken and provide for inspectors to review the work site for hazards and violations of the health and safety laws. The Safety and Inspection Act was amended in April 2005 to provide, among other things, a new regime of penalties, broader powers for inspectors and new duties of care for employers. 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.

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.

Aboriginal heritage sites relate to distinct areas of land which 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 result in a material adverse effect on Gold Fields business, operating results and financial conditions. See Information on the Company Regulatory and Environmental Matters Australia Land Claims.

Investors in the United States 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.

Gold Fields is incorporated in South Africa. The majority of Gold Fields directors and executive officers (and certain experts named herein) 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. 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 United States proceeding 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 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 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.

Because the principal trading market for Gold Fields ordinary shares is the JSE Securities Exchange South Africa, investors face liquidity risk in the market for Gold Fields ordinary shares.

The principal trading market for Gold Fields ordinary shares is the JSE Securities Exchange South Africa, or the JSE. 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 The JSE Securities Exchange South Africa.

Gold Fields may not pay dividends or make similar payments to its shareholders in the future.

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 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 South African Companies Act and Gold Fields Articles of Association. Cash dividends or other similar payments may not be paid in the future.

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 options and the Mvela Gold share exchange option.

As of November 30, 2005, Gold Fields had an aggregate of 1,000,000,000 ordinary shares authorized to be issued and as of that date an aggregate of 492,114,739 ordinary shares were issued 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 25,071,013 ordinary shares. At their annual general meeting on November 17, 2005, Gold Fields shareholders approved two new securities option plans which will replace the outstanding plans. However, these plans have not yet been implemented. Gold Fields had outstanding as of November 30, 2005, options to purchase a total of 10,002,222 ordinary shares at exercise prices of between Rand 13.55 and Rand 154.65 that expire between June 30, 2006 and November 1, 2012 under the GF Management Incentive Scheme and 335,400 ordinary shares at exercise prices of between Rand 43.70 and 110.03 that expire between October 31, 2006 and February 18, 2010 under the GF Non-Executive Director Share Plan. Shareholders equity interests in Gold Fields will be diluted to the extent of future exercises of these options and any additional options. See Directors, Senior Management and Employees The GF Management Incentive Scheme, and Directors, Senior Management and Employees The GF Non-Executive Director Share Plan.

As part of the Mvelaphanda Transaction, Mvela Gold is obliged to subscribe for 15% of the share capital of GFI Mining South Africa (Proprietary) Ltd, or GFIMSA, a wholly owned subsidiary of Gold Fields, upon repayment of the Mvela Loan. Under the Subscription and Share Exchange Agreement entered into in connection with the Mvelaphanda Transaction, for a period of one year after the subscription of the GFIMSA shares each of Gold Fields and Mvela Gold will be entitled to require the exchange of Mvela Gold s GFIMSA shares for ordinary shares of Gold Fields of an equivalent value, but numbering not less than 45,000,000 and not more than 55,000,000 Gold Fields ordinary shares, adjusted as necessary to reflect changes to Gold Fields capital structure and certain corporate activities of Gold Fields. Shareholders equity interests in Gold Fields will be diluted if Gold Fields or Mvela Gold requires the exchange of GFIMSA shares for Gold Fields shares. See Operating and Financial Review and Prospects Overview General Mvelaphanda Transaction.

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 and Australia. Gold Fields is primarily involved in underground and surface gold mining and related activities, including exploration, extraction, processing and smelting, and also has strategic interests in platinum group metals exploration. Gold Fields is currently the second largest gold producer in South Africa and one of the largest gold producers in the world, on the basis of annual production.

The majority of Gold Fields operations, based on gold production, are located in South Africa. It also owns the St. Ives and Agnew gold mining operations in Australia and has a 71.1% interest in each of the Tarkwa gold mine and the Damang gold mine in Ghana. In addition, Gold Fields has gold and other precious metal exploration activities and interests in Africa, Australasia, China, Europe, North America and South America. Gold Fields owns 100% of the Arctic Platinum Project, or APP, in northern Finland, which is evaluating the economic potential of deposits of open pittable and underground platinum group metal mineralization, although it is in the process of finalizing an arrangement with North American Palladium Ltd., or NAP, whereby NAP may acquire up to 60% of APP. Gold Fields is in the process of acquiring 92% of the voting shares (which is effectively 80.7% of the economic interest) of Sociedad Minera La Cima S.A., the owner of the Cerro Corona Project in Peru which is evaluating the economic potential of deposits of open pittable gold and copper mineralization, and has entered into an agreement providing for Gold Fields to acquire all of the outstanding securities not currently held by Gold Fields of Bolivar Gold Corp., which operates the Choco 10 open pit gold mine in the El Callao gold district in the Bolivar State, Venezuela. See Exploration Gold Fields Exploration Projects Cerro Corona Project and Recent Developments Acquisition of Bolivar Gold Corp.

Gold Fields operations include:

Driefontein Operation. This operation consists of seven shaft systems and three gold plants in South Africa s Gauteng Province near Carletonville. Driefontein produced 1.2 million ounces of gold during the year ended June 30, 2005, accounting for approximately 29% of attributable gold production for Gold Fields in fiscal 2005. The operation employed approximately 17,200 people as of June 30, 2005 including a limited number working for outside contractors at the site. The Driefontein operation includes both underground mining and surface rock dump processing.

Kloof Operation. This operation consists of five shaft systems and two gold plants in South Africa s Gauteng Province near Carletonville. Kloof produced 1.0 million ounces of gold during the year ended June 30, 2005, accounting for approximately 24% of attributable gold production for Gold Fields in fiscal 2005. The operation employed approximately 15,400 people as of June 30, 2005 including a limited number working for outside contractors at the site. The Kloof operation includes both underground mining and some surface rock dump processing.

Beatrix Operation. This operation consists of four shaft systems and two gold plants in South Africa s Free State Province near Welkom and Virginia. The Beatrix operation produced 0.6 million ounces of gold during the year ended June 30, 2005, accounting for approximately 15% of attributable gold production for Gold Fields in fiscal 2005. The operation employed approximately 12,300 people as of June 30, 2005 including a limited number working for outside contractors at the site. The Beatrix operation consists of both underground mining and some limited surface rock dump processing.

Ghana Operation. This operation consists of: (1) the Tarkwa mine, which comprises several open pit operations with two heap leach recovery facilities and a SAG mill and CIL plant and (2) the Damang mine, which consists of a number of open pit operations with a CIL plant. Both mines are located in southwestern Ghana, about 300 and 360 kilometers by road west of Accra, respectively. During the year ended June 30, 2005, the Ghana operation produced 0.9 million ounces of gold (of which 0.6 million ounces of gold were attributable to Gold Fields and the remainder to minority shareholders in the Ghana operation), accounting for approximately 15% of attributable gold production for Gold Fields in fiscal 2005. The operation had approximately 4,200 employees as of June 30, 2005, including those working for the outside contractor at Damang.

Australia Operation. This operation consists of the St. Ives and Agnew mines. Both mines are located in the state of Western Australia, with St. Ives situated near Kambalda, straddling Lake Lefroy, and Agnew situated near Leinster. These two mines together produced 0.7 million ounces of gold during the year ended June 30, 2005, accounting for approximately 17% of attributable gold production for Gold Fields in fiscal 2005. St. Ives and Agnew had approximately 1,400 employees as of June 30, 2005, including those working for outside contractors at the sites. St. Ives and Agnew conduct both underground and surface operations.

Based on the figures reported by Gold Fields mining operations, as of June 30, 2005, Gold Fields reported attributable proven and probable reserves of approximately 62.8 million ounces of gold (including 2.4 million ounces of proven and probable gold reserves for the Cerro Corona Project that will be attributable to Gold Fields upon completion of its acquisition of an 80.7% economic interest in the Cerro Corona Project; see Exploration Gold Fields Exploration Projects Cerro Corona Project). In the year ended June 30, 2005, Gold Fields processed 47.9 million tonnes of ore and produced 4.5 million ounces of gold, of which 4.2 million ounces were attributable to Gold Fields.

History

The company that is today Gold Fields was originally incorporated as East Driefontein Gold Mining Company Limited on May 3, 1968, and subsequently changed its name to Driefontein Consolidated Limited. The Gold Fields group holdings evolved through a series of transactions, principally in 1998 and 1999.

With effect from January 1, 1998, a company formed on November 21, 1997 and, referred to in this discussion as Original Gold Fields, acquired substantially all of the gold mining assets and interests previously held by Gencor Limited, Gold Fields of South Africa Limited and New Wits Limited and certain other shareholders in the companies owning the assets and interests including:

a 100% interest in Beatrix Mines Limited, or Beatrix, which in turn owned a 100% interest in Beatrix Mining Company Limited, or BMC, BMC owned the Beatrix mine;

a 37.3% interest in Driefontein Consolidated Limited, which owned the Driefontein operation;

a 100% interest in Kloof Gold Mining Company Limited, or Kloof, which owned the Kloof operation;

a 54.2% interest in St. Helena Gold Mines Limited, or St. Helena, which owned the St. Helena and Oryx mines;

a 100% interest in Gold Fields Guernsey Limited, or Gold Fields Guernsey, which indirectly owned a 70% interest in the Tarkwa mine (which was later increased to 71.1% due to the dilution of the other shareholders);