GOLD FIELDS LTD
Form 20-F
March 31, 2011

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As filed with the Securities and Exchange Commission on March 31, 2011

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

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

or

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

For the transition period from July 1, 2010 to December 31, 2010

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

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(Address of principal executive offices)

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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:

720,796,887 ordinary shares of par value Rand 0.50 each

50 Redeemable Preference Shares of Rand 0.01 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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Presentation of Financial Information

Gold Fields Limited, or Gold Fields or the Company, 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 transition 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 the six month period ended December 31, 2010 (Rand 6.75 per $1.00 as of December 23, 2010), 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 7.14 per $1.00 for the six month period ended December 31, 2010).

In this transition 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 Operating and Financial Review and Prospects Results of Operations Six Months Ended December 31, 2010 and 2009 Costs and Expenses .

In this transition report, Gold Fields also presents the financial items operating costs and notional cash expenditure , or NCE. Operating costs and NCE 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 and restructuring costs and accretion expense on provision for environmental rehabilitation. Gold Fields defines NCE as operating costs plus additions to property plant and equipment. 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 and NCE as presented in this transition 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 transition report, all references to the Group are to Gold Fields and its subsidiaries.

In this transition 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 and all references to Peru are to the Republic of Peru.

In this transition 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.

In this transition 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 ton, which are referred to as grams per ton or g/t. All references to tons or t in this transition report are to metric tons. All references to gold include gold and gold equivalent ounces, as applicable.

In this transition report, R and Rand refer to the South African Rand and Rand cents refers to subunits of the South African Rand, $, U.S.$ a U.S. 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, CAD refers to Canadian dollars and S/. refers to Peruvian Nuevos Soles.

Certain information in this transition 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 6.75 per $1.00 and A$1.00 per $1.00, which were the closing rates on December 23, 2010. 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 transition 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 transition 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.

Information on South Deep, Western Areas and BGSA

This transition report contains certain information relating to Western Areas Limited (now known as Gold Fields Operations Limited), or Western Areas, Barrick Gold South Africa (Pty) Limited, or BGSA (now known as GFI Joint Ventures Holding (Pty) Limited, or GFI Joint Ventures), and the South Deep gold mine, or South Deep, including information contained in Operating and Financial Review and Prospects . This information, as it relates to information regarding South Deep, Western Areas and BGSA in the period before Gold Fields acquisition of these entities, has been compiled from information published by Western Areas, including information filed with JSE Limited, or the JSE, and certain due diligence materials made available to Gold Fields by Western Areas and Barrick Gold Corporation, or Barrick, and has not been commented on by any representative of Western Areas or Barrick. Gold Fields has sought to ensure that the information presented has been accurately reproduced from these sources. However, Gold Fields is otherwise unable to confirm that the information relating to Western Areas, South Deep and BGSA is in accordance with the facts and does not omit anything likely to affect the import of the information.

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South Deep s proven and probable mineral reserves, as at December 31, 2010, are based on new estimation and mine design work completed between July 2009 and December 2010, which has resulted in 100% of proven and probable mineral reserve ounces having been modeled and designed (previously 50%, as at June 30, 2010). The proven and probable mineral reserves at South Deep have increased by 18% primarily due to the inclusion of Uncle Harry s, an area immediately east of the South Deep mine, which has been included in the new South Deep mining right approved in May 2010, and enhanced geological modeling, facilitated by new information from underground and surface drilling programs.

During the transition period, Gold Fields continued with a surface drilling exploration program that is expected to provide additional technical information on the geological structure, sedimentology, facies characteristics and tenor of the Ventersdorp Contact Reef and Upper Elsburg Reefs, in the area below current infrastructure to the southern boundary of the mining area, or Phase 2, and the Uncle Harry s area to the east. The drilling program is 69% complete, and the last hole is expected to be finalized by June 2012. Gold Fields expects that the additional information obtained from the remainder of this program will further enhance the modeling of the Phase 2 ground and will increase confidence levels with regard to in situ facies geometry, reef grades and tonnages.

Forward-looking Statements

This transition report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, 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 transition 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 transition 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 transition 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;

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- 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 and social 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 transition report or to reflect the occurrence of unanticipated events.

Explanatory Note

On August 4, 2010, the Board of Directors of Gold Fields authorized a change of fiscal year end to December 31 from June 30. As a result, Gold Fields is required to file this transition report on Form 20-F for the transition period from July 1, 2010 to December 31, 2010. Gold Fields notes that this transition report on Form 20-F is filed pursuant to Rule 13a-10(g)(4) of the Securities Exchange Act of 1934, as amended, which permits Gold Fields to respond to only Items 5, 8.A.7., 13, 14 and 17 or 18 of Form 20-F. Gold Fields has also included Item 15 of Form 20-F.

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PART I

ITEM 5: OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis together with Gold Fields consolidated financial statements including the notes, appearing elsewhere in this transition report. Certain information contained in the discussion and analysis set forth below and elsewhere in this transition report includes forward-looking statements that involve risks and uncertainties. See Forward-looking Statements and Risk Factors for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in this transition report. The comparison of the fiscal years ended June 30, 2010 and 2009 is incorporated herein by reference to Item 5 of Gold Fields annual report on Form 20-F, filed with the SEC on December 2, 2010.

Overview

General

Gold Fields is a significant producer of gold and a 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 is one of the largest gold producers in the world, based on annual production. In the six months ended December 31, 2010, Gold Fields produced 1.983 million ounces of gold and gold equivalents, 1.806 million ounces of which were attributable to Gold Fields, and the remainder of which were attributable to non-controlling shareholders in Gold Fields Ghana Limited, or Gold Fields Ghana, Abosso Goldfields Limited, or Abosso and Gold Fields La Cima S.A., or La Cima. Gold Fields reported attributable gold reserves, including copper expressed as gold equivalent ounces, of 76.7 million ounces as of December 31, 2010, with attributable gold reserves (excluding copper) of 74.6 million ounces and attributable copper reserves of 779 million pounds. For a description of how gold equivalent ounces are determined, see Defined Terms and Conventions .

Total managed gold production was 1.983 million ounces in the six months ended December 31, 2010 (1.806 million ounces of which were attributable to Gold Fields with the remainder attributable to non-controlling shareholders in Gold Fields Ghana, Abosso and La Cima). Total gold production was 1.970 million ounces in the six months ended December 31, 2009 (1.806 million ounces of which were attributable to Gold Fields with the remainder attributable to non-controlling shareholders in Gold Fields Ghana, Abosso and La Cima).

In the six months ended December 31, 2010 a review of the mines underlying organizational structures resulted in the combining of the Driefontein and Kloof mines to form one management controlled entity referred to as the Kloof-Driefontein complex, or KDC. In the six months ended December 31, 2010, production from the South African operations (including the KDC, Beatrix and South Deep) decreased 6.4% mainly due to lower underground grades. At KDC, production was 8.8% lower due to lower grades mined and processed. Beatrix s production decreased 7.0% mainly due to lower mining volumes. South Deep s production increased 6.8% in line with the anticipated production build-up. Production at the international operations increased 8.7%. In the West Africa region, Tarkwa s production was 4.1% higher due to an increase in mill throughput. Damang s production was 20.9% higher due to a 13 day plant shutdown in December 2009 and the commissioning of the secondary crusher in mid-calendar 2010, which improved throughput and grades. In the Australasia region, St. Ives production increased 23.8% mainly due to an increase in underground tons processed and higher head grades from underground and surface operations. At Agnew, production was 14.2% lower primarily due to restricted underground stope access at the Kim South site. In the South America region, Peru s Cerro Corona s gold production (including gold equivalent ounces) increased 6.7% mainly due to the higher gold grades mined and processed.

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Mvelaphanda Transaction

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, or Mvela Resources, of a 15% beneficial interest in the South African gold mining assets of Gold Fields for cash consideration of Rand 4,139 million.

Sale of Essakane project

On October 11, 2007, Gold Fields reached an agreement to sell its 60% stake in the Essakane exploration project located in Burkina Faso to Orezone for a minimum total consideration of U.S.$200 million. The transaction closed on November 26, 2007. Orezone paid Gold Fields U.S.$152 million in cash and issued 41,666,667 common shares having an aggregate subscription price of U.S.$48 million to its wholly-owned subsidiary, Gold Fields Essakane (BVI) Limited.

Following the acquisition, Gold Fields owned 41,666,667 common shares of Orezone, representing 12.2% of Orezone s issued and outstanding common shares. During the six months ended December 31, 2009, Gold Fields exchanged the Orezone shares for approximately 3.3 million shares of IAMGold Limited, as a result of the acquisition of all the Orezone shares by IAMGold. Gold Fields subsequently disposed of the IAMGold shares for a cash consideration of $33.4 million.

Disposal of Sino Gold shares

During the six months ended December 31, 2009, Gold Fields entered into a sale agreement with Eldorado Gold Corporation, or Eldorado, to exchange its entire holding in Sino Gold (50 million shares) for equivalent shares in Eldorado (28 million). This resulted in a profit of $57.4 million. Subsequent to the share exchange, a further four million top-up shares were issued to Gold Fields by Eldorado. The entire holding in Eldorado was sold during fiscal 2010 resulting in a profit of $99.9 million of which $53.6 million relating to the top-up shares was accounted for as a gain on financial instruments. The total proceeds on disposal of the Eldorado shares were $361.9 million.

St. Ives royalty termination

On August 27, 2009, Gold Fields reached agreement with Morgan Stanley Bank to terminate, for A$308 million ($257.1 million), the royalty agreement between St. Ives Gold Mining Company Pty Limited and Morgan Stanley Bank s subsidiaries. The terminated royalty agreement required St. Ives to pay a 4% net smelter volume royalty on all of its revenues once total gold produced from November 30, 2001 exceeded 3.3 million ounces which was triggered early in the six months ended December 31, 2009, and provided that if the gold price exceeded A$600 per ounce, to pay an additional 10% of the revenue difference between the spot gold price, in Australian dollars per ounce, and the price of A$600 per ounce.

Purchase of Glencar

During the six months ended December 31, 2009, Gold Fields acquired, for cash, 100% of Glencar Mining Plc., a company whose principal asset, and only defined resource, is the Komana project in Southern Mali, West Africa. The cash consideration paid was $43.0 million.

Payment for exploration rights in the Far South East Project

On September 20, 2010, Gold Fields entered into option agreements with Lepanto Consolidated Mining Company, or Lepanto, a company listed in the Philippines, and Liberty Express Assets, or Liberty, a private holding company, to acquire a 60% interest in the undeveloped gold-copper Far Southeast, or FSE, deposit in the Philippines.

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The agreements provide Gold Fields with an 18-month option on FSE, during which time Gold Fields will conduct a major drilling program as part of a feasibility study on FSE. As part of the agreement, Gold Fields was required to pay $10.0 million in option fees to Lepanto and $44.0 million as a non-refundable down-payment to Liberty upon signing of the option agreements, which payments were made during October 2010. After a 12-month period, should Gold Fields decide to proceed with the acquisition of the 60% interest in FSE, a further non-refundable down-payment of $66.0 million will be payable to Liberty, with the final payment of $220.0 million payable at the expiration of the option period. The total pre-agreed acquisition price for a 60% interest in FSE, inclusive of all of the above payments, is $340.0 million.

Revenues

Substantially all of Gold Fields revenues are derived from the sale of gold and copper. As a result, Gold Fields revenues are directly related to the prices of gold and copper. Historically, the prices of gold and copper have fluctuated widely. The gold and copper prices are affected by numerous factors over which Gold Fields does not have control. The volatility of gold and copper prices is illustrated in the following tables, which show the annual high, low and average of the London afternoon fixing price of gold and the London Metal Exchange cash settlement price for copper in U.S. dollars for the past 12 calendar years and to date in calendar year 2011:

Gold	Price per ounce[1]		
	High	Low	Average
		($/oz)	
1999	326	253	279
2000	313	264	282
2001	293	256	270
2002	349	278	310
2003	416	320	363
2004	454	375	409
2005	537	411	445
2006	725	525	604
2007	834	607	687
2008	1,011	713	872
2009	1,213	810	972
2010	1,421	1,058	1,224
2011 (through February 28, 2011)	1,412	1,319	1,365

Source: I net

Note:

(1) Rounded to the nearest U.S. dollar.

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On March 23, 2011, the London afternoon fixing price of gold was U.S.$1,440 per ounce.

Copper	Price per ton[1] High	Low ($/ton)	Average
1999	1,846	1,354	1,574
2000	2,009	1,607	1,814
2001	1,837	1,319	1,577
2002	1,690	1,421	1,558
2003	2,321	1,545	1,780
2004	3,287	2,337	2,867
2005	4,650	3,072	3,687
2006	8,788	4,537	6,728
2007	8,301	5,226	7,128
2008	8,985	2,770	6,952
2009	7,346	3,051	5,164
2010	9,740	6,091	7,539
2011 (through February 28, 2011)	10,148	9,330	9,712

Source: I net

Note:

(1) Rounded to the nearest U.S. dollar.

On March 23, 2011, the London Metal Exchange cash settlement price for copper was U.S.$ 9,704 per ton.

As a general rule, Gold Fields sells the gold it produces at market prices to obtain the maximum benefit from prevailing gold 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, 2010, Gold Fields had no outstanding hedges. Significant changes in the prices of gold and 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.

Sales of copper concentrate are provisionally priced that is the selling price is subject to final adjustment at the end of a period normally ranging from 30 to 90 days after delivery to the customer, based on market prices at the relevant quotation points stipulated in the contract.

Revenue on provisionally priced copper concentrate sales is recorded on the date of shipment, net of refining and treatment charges, using the forward London Metal Exchange price to the estimated final pricing date, adjusted for the specific terms of the agreements. Variations between the price used to recognize revenue and the actual final price received can be caused by changes in prevailing copper and gold prices and result in an embedded derivative.

The host contract is the receivable from the sale of copper concentrate at the forward London Metal Exchange price at the time of sale. The embedded derivative, which does not qualify for hedge accounting, is marked-to-market each period until final settlement occurs, with changes in fair value classified as provisional price adjustments and included as a component of revenue while the contract itself is recorded in accounts receivable.

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Gold Fields Realized Gold and Copper Prices

The following table sets out the average, the high and the low London afternoon fixing price per ounce of gold and Gold Fields average U.S. dollar realized gold price during the past six months ended December 31, 2009 and 2010 and three fiscal years ended June 30, 2008, 2009 and 2010. Gold Fields average realized gold price is calculated using the actual price per ounce of gold received on gold sold and the actual amount of revenue received on sales of copper concentrate, expressed in terms of the price per gold equivalent ounce. For a description of how gold equivalent ounces are determined, see Defined Terms and Conventions.

	Six months ended December 31,		Fiscal year ended June 30,		
	2009	2010	2008	2009	2010
Realized Gold Price[(1) (3)]					
Average	1,028	1,295	821	874	1,089
High	1,213	1,421	1,011	989	1,261
Low	909	1,157	649	713	909
Gold Fields average realized gold price[(2)]	1,026	1,292	819	875	1,085

Notes:

(1) Prices stated per ounce

(2) Gold Fields average realized gold price may differ from the average gold price due to the timing of its sales of gold and gold equivalents (copper) within each period.

(3) Realized gold price relates to the six months ended December 31, 2009 and 2010 and the fiscal years ended June 30, 2008, 2009 and 2010 as opposed to calendar 2008, 2009 and 2010.

The following table sets out the average, the high and the low London Metal Exchange cash settlement price per ton for copper and Gold Fields average U.S. dollar realized copper price for the six months ended December 31, 2009 and 2010, the 10 month period from September 1, 2008 (when the Cerro Corona Mine commenced production) and the fiscal year ended June 30, 2010.

	Six months ended December 31		10 months ended June 30	Year ended June 30
	2009	2010	2009	2010
Realized Copper Price[(1)(3)]				
Average	6,238	7,933	4,322	6,675
High	7,346	9,740	7,420	7,951
Low	4,821	6,354	2,770	4,821
Gold Fields average realized copper price[(2)]	5,634	7,182	4,115	6,273

Notes:

(1) Prices stated per ton.

(2) Gold Fields average realized copper price may differ from the average copper price due to the timing of its sales of copper within each year and is net of treatment and refining charges.

(3) Realized copper price relates to the six months ended December 31, 2009 and 2010, the ten month period ended June 30, 2009 and the fiscal year ended June 30, 2010 as opposed to calendar, 2009 and 2010.

Costs

Gold Fields total cash costs consist primarily of labor and, where applicable, contractor costs, power and water and consumable stores, which include explosives, timber and other consumables, including diesel fuel and other petroleum products. Gold Fields expects that its total cash costs, particularly the input costs noted above, are likely to continue to increase in the near future driven by general economic trends, market dynamics and other regulatory changes.

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In order to counter the effect of ever increasing costs in the mining industry, Gold Fields has introduced broad based cost saving initiatives which are referred to as Business Process Re-engineering , or BPR. This program has been implemented at KDC and Beatrix in South Africa, as well as Tarkwa in Ghana and St. Ives in Australia. This program will focus on identifying and realizing major cost savings on an ongoing basis to ensure the long term sustainability of the operations.

Gold Fields South African operations are labor intensive due to the use of deep level underground mining methods. As a result, in the six months ended December 31, 2010, labor represented on average approximately 48% of total cash costs at the South African operations.

At the South African operations, in the six months ended December 31, 2010, power and water represented on average approximately 12% of total cash costs. 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. Gold Fields expects further significant additional increases during the next several years as Eskom embarks on an electricity generation capacity expansion program.

Gold Fields Ghana concluded power tariff agreements with Volta River Authority or VRA, at a rate of $0.1305 per kilowatt hour for the period from June 1, 2010 to December 31, 2010. The services of the transmission and distribution utility are to be billed separately. The total rate per kilowatt hour including the transmission and distribution utility was $0.1482.

The Electricity Company of Ghana, or ECG, which provides power to Damang as well as the South Heap Leach Section at Tarkwa, has increased the power tariff to $0.1995. Gold Fields Ghana is currently negotiating the excessive tariff increase request as it is a bulk permit holder, which allows it to negotiate rates with the suppliers. These negotiations commenced in August 2010. While negotiations have been ongoing, Gold Fields Ghana has been paying $0.1482, per kilowatt hour.

At the Ghana operations, mining operations at Damang were conducted by an outside contractor until November 2010 when an owner-mining project commenced with planned completion by March 2011. At December 31, 2010, $42.3 million was spent on the owner-mining project with a further $12.2 million expected to be spent to complete the project. Starting in calendar 2005, Tarkwa began engaging in owner mining and therefore significantly reduced its use of outside contractors. Contractor costs represent on average 12% of total cash costs at Tarkwa and 52% of total cash costs at Damang in the six months ended December 31, 2010. Direct labor costs represent on average a further 10% of total cash costs at Tarkwa and 9% at Damang in the six months ended December 31, 2010.

At Cerro Corona labor represents 28% of total cash costs and contractor costs represent 35% of total cash costs in the six months ended December 31, 2010.

At the Australian operations, mining operations are mainly conducted by outside contractors.

At Agnew, owner mining commenced in May 2010, however, development is still conducted by outside contractors. Agnew spent A$13 million ($12 million) on the acquisition of mining fleet in the last quarter of calendar 2010 to commence owner mining. As a result, at Agnew, total contractor costs have been reduced from an average of 55% of costs to 39% of costs in the six months ended December 31, 2010. At St. Ives, contractor costs represented 54% of total cash costs. Direct labor costs represented on average a further 21% at Agnew and 13% at St. Ives of total cash costs in the six months ended December 31, 2010.

Gold Fields operations in Ghana consume large quantities of diesel fuel for the running of their mining fleet. The cost of diesel fuel is directly related to the oil price and any movement in the oil price will have an impact on the cost of diesel fuel and therefore the cost of running the mining fleet. Over the last two calendar

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years, fuel costs have represented approximately 15% of total cash costs at the Ghana operations. Fuel use is proportionately higher at the Ghana operations than at other operations because open pit mining in general requires more fuel usage than underground mining and because of the configuration of the Ghana operations, including the scale of certain of the pits and the distances between the pits and the plants.

In order to provide some protection against future rises in oil prices, and therefore in diesel fuel prices, Gold Fields has in recent years entered into various call options for diesel fuel for the benefit of its Ghana operations. There were no call options entered into during the six months period ended December 31, 2010. However, call options entered into during six months ended December 31, 2009 expired on February 28, 2010.

During the six months ended December 31, 2009, price participation royalties of A$3.4 million were paid to certain subsidiaries of Morgan Stanley Bank in respect of St. Ives. No royalty payments were made during the six months ended December 31, 2010 due to the termination of the royalty on August 26, 2009.

Total gold produced from St. Ives since November 30, 2001 exceeded 3.3 million ounces prior to July 1, 2009, creating the liability to pay the 4% net smelter volume royalty which amounted to A$2.8 million for the six months ended December 31, 2009. No royalty payments were made during the six months ended December 31, 2010 due to the termination of the royalties on August 26, 2009.

On August 26, 2009, Gold Fields terminated the royalty for a consideration of A$308 million ($257.1 million). The remainder of Gold Fields total costs consist primarily of amortization and depreciation, exploration costs and selling, administration and general and corporate charges.

Business Process Re-engineering Program

One of Gold Fields strategic priorities relates to the proactive management of costs with a view to maintaining an NCE margin of between 20% and 25% at each mine. To this end, a comprehensive and far reaching business process re-engineering program has been implemented at the KDC and Beatrix mines in South Africa, as well as at the Tarkwa mine in Ghana and the St. Ives mines in Australia. This will entail a significant focus on operating costs and the rationalization of on-mine and regional overhead cost structures and a review of the mine-to-mill processes.

Notional Cash Expenditure

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, amortization and movements in gold-in-process) plus corporate expenditure, employment termination and restructuring costs and accretion expense on provision for environmental rehabilitation. Gold Fields reports NCE on a per equivalent ounce basis. Management considers NCE per equivalent ounce to be an important measure as it believes NCE per ounce provides more information than other commonly used measures, such as total cash costs per equivalent ounce, regarding the real cost to Gold Fields of producing an equivalent ounce of gold, reflecting not only the ongoing costs of production but also the investment cost of bringing mines into production. Management also believes that NCE per equivalent ounce when compared with the gold price received is a useful indication of the cash Gold Fields has available for paying taxes, repaying debt, funding exploration and paying dividends and the like.

NCE is not a U.S. GAAP measure. An investor should not consider NCE or operating costs 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. NCE and operating costs as presented in this transition report may not be comparable to other similarly titled measures of performance of other companies.

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The following tables set out a reconciliation of Gold Fields production costs, as calculated in accordance with U.S. GAAP, to its NCE for the six months ended December 31, 2010 and 2009.

	For the six months ended December 31, 2010									
	KDC	Beatrix	South Deep	Tarkwa	Damang	St. Ives	Agnew	Cerro Corona	Corporate	Group[3]
	(in $ million except as otherwise stated)[1]									
Production Costs	516.8	168.4	137.0	257.6	72.3	161.6	49.5	72.6		1,435.7
Add:										
Corporate expenditure	8.1	2.3	1.7	1.9	0.8	1.7	1.4	3.0		20.7
Employment termination and restructuring costs	22.0	7.1	0.4	0.2		0.2	0.3		5.2	35.3
GIP movement				(1.8)	0.5	5.0	0.4	1.6		5.6
Accretion expense on provision for environmental rehabilitation	4.3	1.4	0.4	0.9	0.2	2.0	1.0	0.8		10.9
Operating costs	551.2	179.2	139.4	258.8	73.7	170.4	52.5	78.0	5.2	1,508.2
Additions to property, plant and equipment	177.3	42.7	140.5	64.0	56.3	52.8	24.0	31.4	4.7	593.6
Notional cash expenditure	728.5	221.9	279.9	322.8	129.9	223.2	76.5	109.4	9.8	2,101.8
Gold produced (000oz)	634.0	202.0	146.2	362.0	116.9	243.0	79.6	199.5[2]		1,983.3
Notional cash expenditure per ounce of gold produced ($)	1,149	1,098	1,914	892	1,111	918	961	548		1,060

Notes:

(1) Calculated using an average exchange rate of R7.14 per $1.00.

(2) Including gold equivalent ounces.

(3) This total may not reflect the sum of the line items due to rounding.

	For the six months ended December 31, 2009									
	KDC	Beatrix	South Deep	Tarkwa	Damang	St. Ives	Agnew	Cerro Corona	Corporate	Group[3]
	(in $ million except as otherwise stated)[1]									
Production Costs	453.9	148.0	102.1	199.4	54.6	150.0	46.7	63.9		1,218.4
Add:										
Corporate expenditure	9.5	2.7	1.9	3.1	0.8	1.9	0.7	3.1		23.5
Employment termination and restructuring costs	2.6	1.3							0.3	4.3
GIP Movement				10.2	(0.7)	3.9	0.9	(1.0)		13.3
Accretion expense on provision for environmental rehabilitation	3.9	1.2	0.3	0.7	0.1	1.7	1.2	0.7		9.9

Operating costs	469.8	153.2	104.3	213.3	54.8	157.5	49.4	66.7	0.3	1,269.4
Additions to property, plant and equipment	139.9	40.0	105.9	33.4	9.9	41.5	19.1	46.9	2.5	439.0
Notional cash expenditure	609.7	193.2	210.2	246.7	64.6	199.0	68.5	113.6	2.8	1,708.4
Gold produced (000oz)	695.4	217.2	136.9	347.9	96.7	196.3	92.8	186.9[2]		1,970.1
Notional cash expenditure per ounce of gold produced ($)	877	890	1,535	709	668	1,014	738	608		867

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Notes:

(1) Calculated using an average rate of R7.65 per $1.00.

(2) Including gold equivalent ounces.

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

NCE increased from $867 per ounce in the six months to December 31, 2009 to $1,060 per ounce in six months to December 31, 2010, primarily because of increases in operating costs and expenditure on property, plant and equipment. Costs increased due to the 6.7% strengthening of the South African Rand against the U.S. dollar, annual wage increases, increases in electricity tariffs in South Africa and Ghana and the increase in statutory workers participation in Cerro Corona.

One of Gold Fields strategic objectives is to increase its NCE margin to 20% in the short-term and 25% in the long-term. The NCE margin is defined as the difference between revenue per ounce and NCE per ounce expressed as a percentage.

Royalties

South Africa

The Mineral and Petroleum Resource Royalty Act, 2008, or the Royalty Act, was promulgated on November 24, 2008 and came into operation on March 1, 2010. The Royalty Act imposes a royalty on refined and unrefined minerals payable to the State.

The royalty in respect of refined minerals (which include gold and platinum) is calculated by dividing earnings before interest and taxes, or EBIT, by the product of 12.5 times gross revenue calculated as a percentage, plus an additional 0.5%. EBIT refers to taxable mining income (with certain exceptions such as no deduction for interest payable and foreign exchange losses) before assessed losses but after capital expenditure. A maximum royalty of 5% has been introduced on refined minerals.

The royalty in respect of unrefined minerals (which include uranium) is calculated by dividing EBIT by the product of nine times gross revenue calculated as a percentage, plus an additional 0.5%. A maximum royalty of 7% has been introduced on unrefined minerals.

Where unrefined mineral resources (such as uranium) constitute less than 10% in value of the total composite mineral resources, the royalty rate in respect of refined mineral resources may be used for all gross sales and a separate calculation of EBIT for each class of mineral resources is not required. For Gold Fields, this means that currently it will pay a royalty based on the refined minerals royalty calculation as applied to its gross revenue. The rate of royalty tax payable for the six months ended December 31, 2010 was approximately 1.1% of revenue. There was no royalty for the comparative period because the royalty only became effective from March 1, 2010.

Ghana

Because the mineral rights are owned by the state, the Tarkwa and Damang operations are also subject to a gold royalty, calculated on a sliding scale with rates ranging from 3% to 6%. With effect from April 1, 2011, the royalty rate has been fixed at 5% of total revenue earned from minerals obtained.

Australia

Royalties are payable to the state based on the amount of gold produced from a mining tenement. Royalties are payable quarterly at a fixed rate of 2.5% of the royalty value of gold sold. The royalty value of gold is the amount of gold produced during the month multiplied by the average gold spot price for the month.

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Peru

On June 24, 2004, the Peruvian Congress approved the Mining Royalty Law, which established a mining royalty that owners of mining concessions must pay to the Peruvian government for the exploitation of metallic and non-metallic resources. The mining royalties are calculated on a sliding scale with rates ranging from 1% to 3% of the value of mineral concentrates based on international market prices.

Income and Mining Taxes

South Africa

Gold Fields pays taxes on its taxable income generated by its mining and non-mining tax entities. Under South African law, gold mining companies and non-gold mining companies are taxed at different rates. For tax purposes, GFI Mining South Africa (Proprietary) Limited, or GFIMSA, as well as Gold Fields Operations Limited and GFI Joint Venture Holdings (Proprietary) Limited (the legal partners of the South Deep Joint Venture), are considered gold mining companies whereas Gold Fields itself and its other South African subsidiaries are non-gold mining companies. All non-gold mining companies pay tax at the statutory rate of 28.0%, whereas gold mining companies pay tax at a rate which is calculated in terms of a formula which is explained below. In addition, non-gold mining companies are liable for Secondary Tax on Companies, or STC, which is currently charged at a rate of 10%. STC is a tax on dividends declared by companies or closed corporations that are resident in South Africa.

It differs from a dividend withholding tax in that it is a tax imposed on companies or closed corporations, and not on its shareholders. STC is payable on the amount of dividends declared by the company, less the sum of qualifying dividends received or accrued to the company during a particular time period (referred to as a dividend cycle).

Gold mining companies are subject to tax at different rates on their mining and non-mining income. Mining income is taxed on a formula basis, in terms of which the tax rate rises as the ratio of taxable income to gross mining revenue increases.

The formula takes the form $\mathbf{Y = a - \frac{ab}{X}}$,

where Y = the tax rate, a = the marginal tax rate, b = the quantum of revenue that is free of tax (which is a form of depletion allowance and is calculated as a percentage of mining revenue, with the currently applicable rate being effectively 5%) and x = the ratio of profit to revenue (expressed as a percentage).

Gold mining companies can elect to be exempt from STC and different formulae are used to calculate tax on mining income depending on whether an election has been made. If the election has been made, the current relevant values are a = 43 and b = 5. The rate applicable to non-mining income for gold mining companies who have made the election is 35%.

As a result of the consolidation of the South African assets into GFIMSA in 2004, the mines are no longer separate tax entities but are treated as a single tax entity. However, unredeemed capital expenditure is still ring fenced between the divisions of GFIMSA, so that capital expenditure at one mine cannot be used to reduce taxable income from another mine. GFIMSA has elected to be exempt from STC. However, Gold Fields itself, as a holding company not conducting any gold mining operations, as well as its other non-mining South African subsidiaries, are not eligible to be exempt from STC. To the extent Gold Fields receives dividends from GFIMSA, such received dividends are offset against the amount of dividends paid by Gold Fields for purposes of calculating the net amount subject to STC.

Ghana

Ghanaian resident companies are subject to tax on the basis of income derived from, accruing in, received in, or brought into Ghana. The standard corporate income tax rate is currently 25% having been reduced from 28% with effect from January 1, 2006. A reconstruction and development levy of 2.5% on operating profit that was introduced on January 1, 2001 was abolished from January 1, 2006.

On July 21, 2009, the Ghanaian government promulgated the National Fiscal Stabilisation Levy Act, which introduces a levy of 5% on profits before tax of companies in selected industries, including mining. The Ghanaian government has indicated that this will only be applicable to the 2009 and 2010 calendar years, which commenced for Gold Fields during the quarter ended September 30, 2009. The levy was introduced as a temporary measure to raise additional revenue and meet critical government expenditure, and is not intended to be a permanent feature of the Ghanaian fiscal regime. The Minister of Finance in his 2011 Budget has proposed to extend the levy for one more year.

Tax depreciation of capital equipment operates under a capital allowance regime. The capital allowances consist of an initial allowance of 80% of the cost of the asset and the balance is added to the balance carried forward and depreciated at a rate of 50% per year on a declining balance basis. For the purposes of computing depreciation for the year following its acquisition, 5% of the cost of the mining asset is included in the balance, effectively allowing a total of 105% allowance on mining assets. Under the project development agreement entered into between the Ghanaian government and Gold Fields Ghana and the deed of warranty entered into between the Ghanaian government and Abosso, the government has agreed that no withholding tax shall be payable on any dividend or capital repayment declared by Gold Fields Ghana or Abosso which is due and payable to any shareholder not normally resident in Ghana.

Australia

Generally, Australia imposes tax on the worldwide income (including capital gains) of all of Gold Fields Australian incorporated and tax resident entities. The current income tax rate for companies is 30%. Exploration costs are deductible in full as incurred and other capital expenditure is deductible over the lives of the assets acquired.

With effect from July 1, 2001 the Australian legislature introduced a Uniform Capital Allowance, which allows tax deductions for:

- depreciation attributable to assets; and
- certain other capital expenditures.

Gold Fields Australia and its wholly-owned Australian controlled entities have elected to be treated as a tax consolidated group for taxation purposes. As a tax consolidated group, a single tax return is lodged for the group based on the consolidated results of all companies within the group. The decision to implement the tax consolidation regime was made by Gold Fields during the 2005 fiscal year and applied as of July 1, 2003.

Withholding tax is payable on dividends, interest and royalties paid by Australian residents to non-residents. In the case of dividend payments to non-residents, withholding tax at a rate of 30% will apply. However, where the recipient of the dividend is a resident of a country with which Australia has concluded a double taxation agreement, the rate of withholding tax is generally limited to 15% (or 10% where the dividend is paid to a company s parent company). Where dividends are paid out of profits that have been subject to Australian corporate tax there is no withholding tax, regardless of whether a double taxation agreement is in place.

Peru

Peru taxes resident individuals and domiciled corporations on their worldwide income. The corporate income tax rate applicable to domiciled corporations is 30% on taxable income. Capital gains are also taxed as ordinary income (except for resident individuals whom are levied with a 5% income tax rate).

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Tax losses may be carried forward by a domiciled corporation using one of the following methods:

- Losses may be carried forward and used in full in the subsequent four tax years. The balance of tax losses carried forward and not used during these four tax years is forfeited; or

- Losses can be carried forward, and up to 50% of the tax loss may be set off against taxable income in a subsequent tax year. The balance of the assessed losses may be carried forward and applied on this basis until balance is fully used up, with no time limit on the carry forward.

On October 3, 2007, La Cima and its parent company, Gold Fields Corona (BVI) Limited, or Gold Fields Corona, signed stability agreements with the relevant governmental authorities in Peru. These agreements, among other things, guarantee the current tax regime, including a 4.1% withholding tax rate on dividends and 30% income tax rate, for a period of 10 years. In line with certain provisions of these agreements, Gold Fields Corona capitalized $404.5 million of inter-company loans in March 2008.

Exchange Rates

Gold Fields South African revenues and costs are very sensitive to the Rand/U.S. dollar exchange rate because revenues are generated using a gold price denominated in U.S. dollars, while the costs of the South African operations are incurred principally in Rand. Depreciation of the Rand against the U.S. dollar reduces Gold Fields average costs when they are translated into U.S. dollars, thereby increasing the operating margin of the South African operations. Conversely, appreciation of the Rand results in South African operating costs being translated into U.S. dollars at a lower Rand/U.S. dollar exchange rate, resulting in lower operating margins. The impact on profitability of any change in the value of the Rand against the U.S. dollar can be substantial.

Furthermore, the exchange rates obtained when converting U.S. dollars to Rand are set by foreign exchange markets, over which Gold Fields has no control. In the six months ended December 31, 2010, movements in the U.S. dollar/Rand exchange rate had a significant impact on Gold Fields results of operations as the Rand strengthened 6.7% against the U.S. dollar, from an average of 7.65 in the six months period to December 31, 2009 to 7.14 in the six month period to December 31, 2010. In the six months ended December 31, 2010, movements in the U.S. dollar/Australian dollar exchange rate also impacted on Gold Fields results of operations as the Australian dollar strengthened 7.5% against the U.S. dollar, from an average of A$1.152 per U.S.$1.00 in the six months ended December 31, 2009 to A$1.066 per U.S.$1.00 in the six months ended December 31, 2010.

With respect to the Australian operations, Gold Fields expects that the effect of fluctuations in the value of the Australian dollar against the U.S. dollar will be similar to that for the Rand, with weakness in the Australian dollar resulting in improved earnings for Gold Fields and strength in the Australian dollar producing the opposite result.

With respect to its operations in Ghana and Peru, a substantial portion of Gold Fields operating costs (including wages) are either directly incurred in U.S. dollars or are determined according to a formula by which costs are indexed to the U.S. dollar. Accordingly, fluctuations in the Ghanaian Cedi and Peruvian Nuevos Soles do not materially impact operating results for the Ghana and Peru operations.

During the six months ended December 31, 2010, Gold Fields had one forward purchase contract to manage its exposure to fluctuations in the value of the Rand against the U.S. dollar, being a Rand/U.S. dollar forward cover contract with an initial value of $4 million of which $2 million was outstanding at the end of the period.

During the six months ended December 31, 2009, Gold Fields had three different currency forward contracts. They were:

- Western Areas U.S. dollar/rand forward purchases As a result of the draw-down under the bridge loan facility to settle the close-out of the Western Areas gold derivative structure, U.S. dollar/rand forward cover was purchased during the March 2007 quarter for the amount of U.S.$551 million for settlement on August 6, 2007, at an average forward rate of R7.3279 per U.S.$1.00. Subsequent to this

date the cover was extended for periods between one and three months throughout financial years ended June 30, 2008, 2009 and 2010. The forward cover was also reduced with the partial repayments of U.S.$61 million, U.S.$172 million and U.S.$44 million against the loan on December 6, 2007, December 31, 2007 and June 15, 2009 respectively.

The balance of U.S.$274 million forward cover was extended to July 15, 2009, August 17, 2009 and September 17, 2009 at average forward rates of R8.0893 per U.S.$1.00, R8.3839 per U.S.$1.00 and R8.0387 perU.S.$1.00 respectively.

On September 17, 2009 the forward cover of U.S.$274 million was settled. The realized foreign exchange loss on the settlement was exactly offset by R34 million cumulative positive gains on the forward cover purchased at an original rate of R7.3279.

The forward cover costs were accounted for as part of interest.

For accounting purposes, this forward cover was designated as a hedging instrument, resulting in the gains and losses on the forward cover being accounted for under gain/(loss) on foreign exchange along with gains and losses on the underlying loan that was hedged.

A Rand/ U.S. dollar forward contract with a value of U.S.$11 million at the beginning of the period was delivered into during the six months ended December 31, 2009; and

U.S. dollar/ Rand forward contract with a value of U.S.$2 million at the beginning of the period was delivered into during six months ended December 31, 2009.

Gold Fields operations are also affected by movements in the Australian dollar/U.S. dollar exchange rate. An Australian dollar forward contract of A$9 million was outstanding at the beginning of the period and was delivered into before December 31, 2010. There were no contracts entered into during the six months period ended December 31, 2009.

Inflation

It is possible that a period of significant inflation in South Africa could adversely affect Gold Fields results and financial condition. However, because the majority of Gold Fields costs at the South African operations are in Rand, while its revenues from gold sales are in U.S. dollars, the extent to which the Rand devalues or appreciates against the U.S. dollar will impact on South African inflation. In Ghana and Peru, Gold Fields operations are not significantly impacted by Ghanaian and Peruvian inflation because a substantial portion of Gold Fields costs are either incurred directly in U.S. dollars or are determined according to a formula by which U.S. dollar amounts are converted into Ghanaian Cedi and Peruvian Soles. Gold Fields expects that the impact of Australian inflation will be similar to that of South Africa.

Capital Expenditures

Gold Fields will continue to be required to make capital investments in both new and existing infrastructure and opportunities and, therefore, management will be required to continue to balance the demands for capital expenditure in the business and allocate Gold Fields resources in a focused manner to achieve its sustainable growth objectives. Gold Fields expects that its use of available capital resources and allocation of its capital expenditures may shift in future periods as it increases investment in certain of its exploration projects.

Set out below are the capital expenditures made by Gold Fields during the six months ended December 31, 2010 and those budgeted for the respective future periods noted below.

South African Operations

Gold Fields spent $177.3 million on capital expenditures at the KDC operation.

Gold Fields spent $42.7 million on capital expenditures at the Beatrix operation.

Gold Fields spent $140.5 million on capital expenditures at the South Deep operation.

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Ghanaian Operations

- Gold Fields spent $64.0 million on capital expenditures at the Tarkwa operation (excluding $52.6 million spent on capital waste mining, which is expensed).

- Gold Fields spent $56.3 million on capital expenditures at the Damang mine.

Australian Operations

- Gold Fields spent $52.8 million on capital expenditures at St. Ives.

- Gold Fields spent $24.0 million on capital expenditures at Agnew.

Peruvian Operations

- Gold Fields spent $31.4 million on capital expenditures at Cerro Corona.

Exploration

- In the six months ended December 31, 2010, Gold Fields spent $60.2 million on greenfields exploration and feasibility and evaluation costs in Peru, Chile, Mali, the Philippines, Ghana, Canada, Finland, Kyrgyzstan and Australia and also on near mine exploration at St. Ives, Agnew and Damang; and

- In the fiscal year ending December 31, 2011, Gold Fields plans to spend about $52.7 million on near mine exploration, and about $90 million on greenfields exploration (not including exploration spending in relation to the FSE deposit), the latter largely in the three targeted international regions.

The actual expenditures for the future periods noted above may be different from the amounts set out above and the amount of actual capital expenditure will depend on a number of factors, such as production volumes, the price of gold, copper and other minerals mined by Gold Fields and general economic conditions. Some of the factors are outside of the control of Gold Fields.

Critical Accounting Policies and Estimates

Gold Fields significant accounting policies are more fully described in note 2 to its audited consolidated financial statements included elsewhere in this transition report. Some of Gold Fields accounting policies require the application of significant judgments and estimates by management that can affect the amounts reported in the financial statements. By their nature, these judgments are subject to a degree of uncertainty and are based on Gold Fields historical experience, terms of existing contracts, management s view on trends in the gold mining industry, information from outside sources and other assumptions that Gold Fields considers to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions or conditions.

Gold Fields significant accounting policies that are subject to significant judgments, estimates and assumptions are summarized below.

Business combinations

Management accounts for its business acquisitions under the purchase method of accounting. The total value of consideration paid for acquisitions is allocated to the underlying net assets acquired, based on their respective estimated fair values determined by using internal or

external valuations. Management uses a number of valuation methods to determine the fair value of assets and liabilities acquired including discounted cash flows, external market values, valuations on recent transactions or a combination thereof and others and believes that it uses the most appropriate measure or a combination of measures to value each asset or liability.

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

Depreciation, depletion and amortization of mining assets

Depreciation, depletion and amortization charges are calculated using the units-of-production method and are based on Gold Fields current gold production as a percentage of total expected gold production over the lives of Gold Fields mines. An item is considered to be produced at the time it is removed from the mine. The lives of the mines are estimated by Gold Fields mineral resources department using interpretations of mineral reserves, as determined in accordance with the SEC s industry guide number 7.

Depreciation, depletion and amortization at Gold Fields South African operations are calculated using above-infrastructure proven and probable reserves only, which because of their reserve base and respective long lives (which range from 13 to 30 years), are less sensitive to change in reserve assumptions. Accordingly, at these locations, it is Gold Fields policy to update its depreciation, depletion and amortization calculations only once the new ore reserve declarations have been approved by Gold Field s Board. However, if Gold Fields management becomes aware of significant changes in its above-infrastructure reserves ahead of the scheduled updates, management would not hesitate to immediately update its depreciation, depletion and amortization calculations and then subsequently notify the Board.

A similar approach is followed at Gold Fields operations in Ghana and Peru, due to the longer life of the primary orebody. At Gold Fields Australian operations, where mine-life ranges from 4 to 5 years, proven and probable reserves used for the calculation of depreciation, depletion and amortization are more susceptible to changes in reserve estimates. At these locations, Gold Fields depreciation, depletion and amortization calculations are updated on a more regular basis (at least quarterly) for all known changes in proven and probable reserves. The nature of the orebody, and the on-going information being gathered in connection with the orebody, facilitates these updates.

The estimates of the total expected future lives of Gold Fields mines could be different from the actual amount of gold mined in the future and the actual lives of the mines due to changes in the factors used in determining Gold Fields mineral reserves. Changes in management s estimates of the total expected future lives of Gold Fields mines would therefore impact the depreciation, depletion and amortization charge recorded in Gold Fields consolidated financial statements. Changes due to acquisitions, sales or closures of shafts expected to have a material impact on Gold Fields depreciation, depletion and amortization calculations, are incorporated in those calculations as soon as they become known.

Impairment of long-lived assets

Gold Fields reviews and tests the carrying amounts of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.

The lowest level at which such cash flows are generated are generally at an individual operating mine, even if the individual operating mine is included in a larger mine complex.

If there are indications that an impairment may have occurred, Gold Fields prepares estimates of expected future cash flows for each group of assets. Expected future cash flows reflect:

- estimated sales proceeds from the production and sale of recoverable ounces of gold contained in proven and probable reserves;
- expected future commodity prices and currency exchange rates (considering historical averages, current prices, forward pricing curves and related factors). In impairment assessments conducted at December 31, 2010, the Group used an expected future market gold price of $1,000 per ounce, and expected future market exchange rate of R9.02;
- expected future operating costs and capital expenditures to produce proven and probable gold reserves based on mine plans that assume current plant capacity, but exclude the impact of inflation; and
- expected cash flows associated with value beyond proven and probable reserves.

Gold Fields records a reduction of a group of assets to fair value as a charge to earnings if expected future cash flows are less than the carrying amount. The process of determining fair value is subjective as gold mining companies typically trade at a market capitalization that is based on a multiple of net asset value and requires management to make numerous assumptions. Gold Fields estimates fair value by discounting the expected future cash flows using a discount factor that reflects a market-related rate of interest for a term consistent with the period of expected cash flows.

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

Because of the significant capital investment that is required at many mines, if an impairment occurs, it could materially impact earnings. Due to the long-life nature of many mines, the difference between total estimated discounted net cash flows and carrying value can be substantial. An impairment is only recorded when the carrying amount of a long-lived asset exceeds the total estimated discounted net cash flows. Therefore, although the value of a mine may decline gradually over multiple reporting periods, the application of impairment accounting rules could lead to recognition of the full amount of the decline in value in one period. Due to the highly uncertain nature of future cash flows, the determination of when to record an impairment charge can be very subjective. Management makes this determination using available evidence taking into account current expectations for each mining property.

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

In general, if an impairment occurs at an exploration stage property, it would probably have minimal value and most of the acquisition cost may have to be written down.

Gold Fields recorded no impairment charges on its long-lived assets during the six months ended December 31, 2009 and 2010 or fiscal years ended June 30, 2009 and 2010.

Impairment of goodwill

Gold Fields acquired the South Deep mine on December 1, 2006. Goodwill related to this acquisition is reflected in the balance sheet in the U.S. dollar reporting currency at $1,295.2 million. Gold Fields performs its annual impairment test of goodwill related to the South Deep mine at the end of each fiscal period.

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Under U.S. GAAP, the goodwill impairment test consists of two steps. The first step, which compares the reporting unit s fair value to its carrying amount, is used as a screening process to identify potential goodwill impairment. If the carrying amount of a reporting unit exceeds the reporting unit s fair value, the second step of the impairment test must be completed to measure the amount of the reporting unit s goodwill impairment loss, if any. During this step, the reporting unit s fair value is assigned to the reporting unit s assets and liabilities, using the initial acquisition accounting guidance in ACS 805, in order to determine the implied fair value of the reporting unit s goodwill. The implied fair value of the reporting unit s goodwill is then compared with the carrying amount of the reporting unit s goodwill to determine the goodwill impairment loss to be recognized, if any.

The process for determining fair value of the South Deep mine is subjective as gold mining companies typically trade at a market capitalization that is based on a multiple of net asset value and requires management to make numerous assumptions.

The net asset value represents a discounted cash flow valuation based on expected future cash flows. The expected future cash flows used to determine the fair value of the reporting unit are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including, but not limited to, reserves and production estimates, together with economic factors such as the spot gold price and foreign currency exchange rates, estimates of production costs, future capital expenditure and discount rates. Therefore it is possible that outcomes within the next financial year that are materially different from the assumptions used in the impairment testing process could require an adjustment to the carrying values.

Management s estimates and assumptions to estimate the fair value of the South Deep reporting unit include:

- estimated sales proceeds from the production and sale of recoverable ounces of gold contained in proven and probable reserves;

- expected future commodity prices and currency exchange rates (considering historical averages, current prices, forward pricing curves and related factors). In impairment assessments conducted at December 31, 2010, the Group used an expected future market gold price of $1,000 per ounce, and expected future market exchange rate of R9.02;

- expected future operating costs and capital expenditures to produce proven and probable gold reserves based on mine plans that assume current plant capacity, but exclude the impact of inflation; and

- expected cash flows associated with value beyond proven and probable reserves.

Gold Fields has determined that the fair value of the South Deep mine is considered in excess of its carrying value of $3,827.0 million and the goodwill related to the South Deep mine was therefore not considered impaired under U.S. GAAP.

Deferred taxation

Management establishes a valuation allowance for deferred tax assets where cumulative losses require a valuation allowance or where management believes that they will not be realized based on projections. These determinations are based on the projected taxable income and realization of tax allowances and tax losses. In the event that these tax assets are not realized, an adjustment to the valuation allowance would be required, which would be charged to income in the period that the determination was made. Likewise, should management determine that Gold Fields would be able to realize tax assets in the future in excess of the recorded amount, an adjustment to reduce the valuation allowance would be recorded generally as a credit to income in the period that the determination is made.

Gold Fields is periodically required to estimate the tax basis of assets and liabilities. Where tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the

consolidated financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period of changes. See note 5 to the audited consolidated financial statements which appear elsewhere in this transition report.

Gold Fields recognizes the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Derivative financial instruments

The determination of the fair value of derivative financial instruments, when marked-to-market, takes into account estimates such as interest rates, commodity prices and foreign currency exchange rates under prevailing market conditions, depending on the nature of the financial derivatives.

These estimates may differ materially from actual interest rates and foreign currency exchange rates prevailing at the maturity dates of the financial derivatives and, therefore, may materially influence the values assigned to the financial derivatives, which may result in a charge to or an increase in Gold Fields earnings through maturity of the financial derivatives.

Environmental rehabilitation costs

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

While management believes that the environmental rehabilitation provisions made are adequate and that the interpretations applied are appropriate, the amounts estimated for the future liabilities may, when considering the factors discussed above, differ materially from the costs that will actually be incurred to rehabilitate Gold Fields mine sites in the future.

Employee benefits

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

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Stockpiles, gold-in-process and product inventories

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

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

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

Concentrate inventories represent concentrate available for shipment. The concentrate inventory is valued at the average cost, including an allocated portion of amortization. Costs are added to and removed from the concentrate inventory based on tons of concentrate and are valued at the lower of average cost and net realizable value. Management s determination of the percentage gold and copper content and the total quantity by weight of gold and copper in the concentrate depends on assay and laboratory results for the content and survey for the quantity.

Share-based compensation

U.S. GAAP requires Gold Fields to determine the fair value of share options as of the date of the grant, which is then amortized as share-based compensation expense in the income statement over the vesting period of the option grant. Gold Fields determines the grant-date fair value of options using a Black-Scholes or Monte Carlo simulation valuation model, which require Gold Fields to make assumptions regarding the estimated term of the option, share price volatility, expected forfeiture rates and Gold Fields expected dividend yield.

While Gold Fields management believes that these assumptions are appropriate, the use of different assumptions could have a material impact on the fair value of the option grant and the related recognition of share-based compensation expense in the consolidated income statement. Gold Fields options have characteristics significantly different from those of traded options and therefore fair values may also differ.

Recently issued accounting pronouncements

In January 2011, the Accounting Standards Codification, or ASC, guidance relating to disclosures about troubled debt restructuring was updated to temporarily delay the effective date of the disclosures about troubled debt restructurings for public entities. Currently, that guidance is anticipated to be effective for interim and annual periods ending after June 15, 2011. The Group does not expect the adoption of this guidance to have a material impact on the Group s financial statements.

In December 2010, the ASC guidance relating to business combinations was updated. The update specifies that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The update also expands the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendment is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The Group is currently assessing the impact of the adoption of the updates, although this will be dependent on the occurrence of a business combination in the future.

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In December 2010, the ASC guidance relating to goodwill testing was updated. The update modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. For public entities, the update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The Group is currently assessing the impact of the adoption of the update.

In July 2010, the ASC guidance relating to disclosures about the credit quality of financial receivables and the allowance for credit losses was updated. The update requires disclosure of additional information to assist financial statement users understand more clearly an entity s credit risk exposures to finance receivables and the related allowance for credit losses. For public companies, the update is effective for interim and annual reporting periods ending on or after December 15, 2010 with specific items, such as the allowance roll forward and modification disclosures effective for periods beginning after December 15, 2010. The updated guidance did not impact the Group s financial statements. The Group is currently assessing the impact of the adoption of the updated guidance that is only effective for periods beginning after December 15, 2010.

In January 2010, the ASC guidance for disclosures about fair value measurements was updated, providing amendments to the guidance which requires entities to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. In addition, entities are required to present separately information about purchases, sales, issuances, and settlements in the reconciliation for fair value measurements using significant unobservable inputs (Level 3). The disclosures related to Level 1 and Level 2 fair value measurements are effective for interim and annual reporting periods beginning after December 15, 2009. The disclosures related to Level 3 fair value measurements are effective for interim and annual reporting periods beginning after December 15, 2010. Except for presentation changes, the updated guidance did not have an impact on the Group s financial statements.

In August 2009, the ASC guidance was updated to clarify how entities should estimate the fair value of liabilities. It provides clarification for circumstances in which: (i) a quoted price in an active market for the identical liability is not available, (ii) the liability has a restriction that prevents its transfer, and (iii) the identical liability is traded as an asset in an active market in which no adjustments to the quoted price of an asset are required. The amended guidance on measuring liabilities at fair value is effective for the first interim or annual reporting period beginning after August 28, 2009. The updated guidance did not impact the Group s financial statements.

In June 2009, the ASC guidance for consolidation accounting was updated to require an entity to perform a qualitative analysis to determine whether the enterprise s variable interest gives it a controlling financial interest in a variable interest entity. This analysis identifies a primary beneficiary of a VIE as the entity that has both of the following characteristics: (i) the power to direct the activities of a VIE that most significantly impact the entity s economic performance and (ii) the obligation to absorb losses or receive benefits from the entity that could potentially be significant to the VIE. The updated guidance is effective as of the beginning of each reporting entity s first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. The updated guidance did not impact the Group s financial statements.

Results of operations

Six Months Ended December 31, 2010 and 2009

Revenues

Product sales increased by $540.3 million, or 26.7%, from $2,023.9 million in the six months ended December 31, 2009 to $2,564.2 million in the six months ended December 31, 2010. The increase in product sales was primarily due to an increase in the average realized gold price of 25.9% from $1,026 per ounce in the

six months ended December 31, 2009 to $1,292 per ounce in the six months ended December 31, 2010 and an increase in the average realized copper price of 27.5% from $5,634 per ton to $7,182 per ton.

At the Cerro Corona operation in Peru copper production was converted to equivalent gold ounces on a monthly basis using average copper and gold prices for the month in which the copper was produced.

At the South African operations, gold sales decreased from 1.05 million ounces in the six months ended December 31, 2009 to 0.98 million ounces in the six months ended December 31, 2010 primarily as a result of lower underground grades. At KDC, gold sales decreased by 8.8% from 0.70 million ounces to 0.63 million ounces as a result of lower grades mined and processed.

At Beatrix, gold sales decreased by 7.0% from 0.22 million ounces in the six months ended December 31, 2009 to 0.20 million ounces in the six months ended December 31, 2010 due to lower mining volumes. At South Deep, gold sales increased 6.8%, from 0.14 million ounces in six months ended December 31, 2009 to 0.15 million ounces for the six months ended December 31, 2010, in line with anticipated production build-up.

At the West African operations, total gold sales increased from 0.44 million ounces in the six months ended December 31, 2009 to 0.48 million ounces in the six months ended December 31, 2010.

This was mainly due to a 20.9% increase in gold sales at Damang from 0.10 million ounces in six months ended December 31, 2009 to 0.12 million ounces in the six months ended December 31, 2010. Gold sales increased at Damang mainly as a result of the commissioning of the secondary crusher in May 2010, which improved throughput and grades, as well as a 13 day shutdown in December 2009. Tarkwa s gold sales increased by 4.1% from 0.35 million ounces to 0.36 million ounces due to an increase in mill throughput.

At the South American operation of Cerro Corona in Peru, total gold equivalent sales increased by 6.5% from 0.19 million gold equivalent ounces in the six months ended December 31, 2009 to 0.20 million gold equivalent ounces in the six months ended December 31, 2010, because of higher gold grades mined and processed.

At the Australasian operations, total gold sales increased from 0.29 million ounces in the six months ended December 31, 2009 to 0.32 million ounces in the six months ended December 31, 2010. At St. Ives, gold sales increased by 23.8% from 0.20 million ounces to 0.24 million ounces due to an increase in underground tons processed and higher head grades from surface and underground. At Agnew, gold sales decreased by 14.2% from 0.09 million ounces in the six months ended December 31, 2009 to 0.08 million ounces the six months ended December 31, 2010 due to restricted underground stope access at Kim South.

All percentage increase or decrease calculations above were made using full production figures.

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Costs and Expenses

The following table sets out Gold Fields total ounces sold and weighted average total cash costs and total production costs per ounce for six months ended December 31, 2009 and the six months ended December 31, 2010.

	Six months ended December 31, 2009			Six months ended December 31, 2010				
	Gold sold	Total cash costs[1]	Total production costs[2]	Gold sold	Total cash costs[1]	Total production costs[2]	Percentage increase/ (decrease) in unit total cash costs	Percentage increase/ (decrease) in unit total production costs
	(000 oz)	($/oz)		(000 oz)	($/oz)		(%)	
South Africa								
KDC	695	649	793	634	860	1,065	32.5	34.3
Beatrix	217	680	857	202	868	1,056	27.6	23.2
South Deep	137	740	947	146	940	1,200	27.0	26.7
Ghana								
Tarkwa[3]	348	612	669	362	696	771	13.7	15.2
Damang[4]	97	575	651	117	638	748	11.0	14.9
Peru								
Cerro Corona[5]	189	360	519	201	401	558	11.4	7.5
Australia[6]								
St. Ives	196	759	1,023	243	716	1,126	(5.7)	10.1
Agnew	93	474	560	80	631	755	33.1	34.8
Total[7][8]	1,972			1,985				
Weighted average		624	772		753	953	20.7	23.4

Notes:

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

(2) Gold Fields has calculated total production costs per ounce by dividing total production costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total production costs, as defined by the Gold Institute industry guidance, are total cash costs, as calculated using the Gold Institute guidance, plus amortization, depreciation and rehabilitation costs. Changes in total production costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand, and the Australian dollar compared with the U.S. dollar. 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 .

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(3) In the six months ended December 31, 2009 and 2010, 0.247 million ounces and 0.257 million ounces of sales, respectively, were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the Tarkwa operation.

(4) In the six months ended December 31, 2009 and 2010, 0.069 million ounces and 0.083 million ounces of sales, respectively, were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the Damang operation.

(5) In the six months ended December 31, 2009 and 2010, 0.153 million ounces and 0.162 million ounces of sales were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the Cerro Corona operation.

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

(7) In the six months ended December 31, 2009 and 2010, 1.806 million ounces and 1.806 million ounces of sales, respectively, were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the Ghana and Peru operations.

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

The following tables set out a reconciliation of Gold Fields production costs to its total cash costs and total production costs for the six months ended December 31, 2010 and the six months ended December 31, 2009.

	Six months ended December 31, 2010									
	KDC	Beatrix	South Deep	Tarkwa	Damang	St. Ives	Agnew	Cerro Corona	Corporate	Group
	(in $ millions unless otherwise stated)[1]									
Production Costs	516.8	168.4	137.0	257.6	72.3	161.6	49.5	72.6		1,435.7
Less:										
G&A other than corporate costs	(5.3)	(1.5)	(0.8)	(11.8)	(1.3)	(3.2)	(1.8)	(0.9)		(26.5)
GIP adjustment[2]				(2.8)	0.5	10.3	0.7	1.6		10.3
Exploration						(2.6)	(1.0)			(3.6)
Plus:										
Employee termination costs	22.0	7.1	0.4	0.2		0.2	0.3		5.2	35.3
Royalties	11.8	1.3	0.9	8.7	3.1	7.6	2.5	7.3		43.3
Total cash costs[6]	(545.4)	175.3	137.5	251.9	74.6	173.9	50.2	80.6	5.2	1,494.6
Plus:										
Amortization[2]	(126.0)	36.7	37.7	26.9	12.8	98.7	9.2	31.3	10.9	389.4
Rehabilitation	(3.6)	1.2	0.3	0.2[1]	0.1	1.0	0.7	0.4		7.6
Total production costs[6]	(675.0)	213.2	175.5	279.0	87.5	273.6	60.1	112.3	16.0	1,892.4
Gold produced (000oz)[3]	634.0	202.0	146.2	362.0	116.9	243.0	79.6	199.5		1,983.3
Gold sold (000oz)	634.0	202.0	146.2	362.0	116.9	243.0	79.6	201.2		1,984.9
Total cash costs ($/oz)[4][6]	860	868	940	696	638	716	631	401		753
Total production costs ($/oz)[5][6]	1,065	1,056	1,200	771	748	1,126	755	558		953

Notes:

(1) Calculated using an exchange rate of R7.14 per $1.00.

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

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(3) In the six months ended December 31, 2010, 1.806 million ounces of production were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the Ghana and Cerro Corona operations.

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

(5) Gold Fields has calculated total production costs per ounce by dividing total production costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total production costs, as defined by the Gold Institute industry guidance, are total cash costs, as calculated using the Gold Institute guidance, plus amortization, depreciation and rehabilitation costs. Changes in total production costs per ounce are affected by operational performance, as well as changes in the currency exchange rate between the Rand, and the Australian dollar compared with the U.S. dollar. 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 .

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

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	KDC	Beatrix	South Deep	Tarkwa	Damang	St. Ives	Agnew	Cerro Corona	Corporate	Group
	Six months ended December 31, 2009 (in $ millions unless otherwise stated)[1]									
Production Costs	453.9	148.0	102.1	199.4	54.6	150.0	46.7	63.9		1,218.4
Less:										
G&A other than corporate costs	(5.0)	(1.5)	(0.8)	(8.7)	(0.7)	(2.8)	(1.3)	(0.6)		(21.5)
GIP adjustment[2]				11.5	(1.2)	1.9	0.8	(1.0)		12.0
Exploration						(5.2)	(4.6)			(9.8)
Plus:										
Employee termination costs	2.6	1.3							0.3	4.2
Royalties				10.8	3.0	5.0	2.4	5.7		26.8
Total cash costs[6]	(451.5)	147.8	101.3	213.0	55.6	148.9	44.0	67.9	0.3	1,230.2
Plus:										
Amortization[2]	(96.9)	37.3	28.2	19.3	7.3	51.0	7.0	29.5	9.3	290.6
Rehabilitation	(3.2)	1.0	0.3	0.4	0.1	0.8	1.0	0.5		7.3
Total production costs[6]	(551.6)	186.1	129.7	232.7	63.0	200.7	52.0	98.0	9.6	1,523.3
Gold produced (000oz)[3]	695.4	217.2	136.9	347.9	96.7	196.3	92.8	186.9		1,970.1
Gold sold (000oz)	695.4	217.2	136.9	347.9	96.7	196.3	92.8	189.0		1,972.2
Total cash costs ($/oz)[4][6]	649	680	740	612	575	759	474	360		624
Total production costs ($/oz)[5][6]	793	857	947	669	651	1,023	560	519		772

Notes:

(1) Calculated using an exchange rate of R7.65 per $1.00.

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

(3) In the six months ended December 31, 2009, 1.806 million ounces of production were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the Ghana and Cerro Corona operations.

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

(5) Gold Fields has calculated total production costs per ounce by dividing total production costs, as determined using the guidance provided by the Gold Institute, by gold ounces sold for all periods presented. Total production costs, as defined by the Gold Institute industry guidance, are total cash costs, as calculated using the Gold Institute guidance, plus amortization, depreciation and rehabilitation costs. Changes in total production costs per ounce are affected by operational performance, as well as changes in the currency

exchange rate between the Rand, and the Australian dollar compared with the U.S. dollar. 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 .

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

Gold Fields weighted average total cash costs per ounce increased by $129 per ounce, or 20.7%, from $624 per ounce in six months ended December 31, 2009 to $753 per ounce in the six months ended December 31, 2010.

The weighted average total cash costs at the South African operations increased by $207 per ounce, or 31.0%, from $667 per ounce in six months ended December 31, 2009 to $874 per ounce in the six months ended December 31, 2010.

This increase was as a result of the 6.7% strengthening of the Rand against the U.S. dollar, above inflation wage increases and an increase in electricity tariffs.

The weighted average total cash costs at the West African operations increased by $78 per ounce, or 12.9%, from $604 per ounce in six months ended December 31, 2009 to $682 per ounce in the six months ended December 31, 2010. This increase was as a result of the increase in electricity tariffs.

The weighted average total cash costs per ounce at the South American operation increased by $41 per ounce, or 11.4%, from $360 per ounce in six months ended December 31, 2009 to $401 per ounce in the six months ended December 31, 2010. This increase was due to the increase in transport costs due to an increase in concentrate shipped as well as the increase in statutory workers participation.

The weighted average total cash costs per ounce at the Australasian operations increased by $28 per ounce, or 4.2%, from $667 per ounce in six months ended December 31, 2009 to $695 per ounce in the six months ended December 31, 2010. This increase was due to the 7.5% strengthening of the Australian dollar against the U.S. dollar partly offset by the increase in gold sales of 11.6%.

In the six months ended December 31, 2010 exchange rate translations had a very significant effect on costs as the Rand strengthened 6.7% against the U.S. dollar from an average of 7.65 in six months ended December 31, 2009 to 7.14 in the six months ended December 31, 2010.

Production costs

Production costs, exclusive of depreciation and amortization, increased by $217.3 million, or 17.8%, from $1,218.4 million in the six months ended December 31, 2009 to $1,435.7 million in the six months ended December 31, 2010.

This increase was due to a 6.7% and an 7.5% strengthening of the South African Rand and Australian dollar against the U.S. dollar respectively, above inflation annual wage increases at the South African operations, increases in electricity tariffs in South Africa and Ghana and the increase in statutory workers participation in Cerro Corona due to the increase in profitability and increase in production at Tarkwa and St. Ives.

Depreciation and amortization

Depreciation and amortization charges increased by $98.8 million, or 34.0%, from $290.6 million in the six months ended December 31, 2009 to $389.4 million in the six months ended December 31, 2010. Depreciation and amortization is calculated on the units-of-production method and is based on current gold production as a

percentage of total expected gold production over the lives of the different mines. In South Africa, the increase was due to the 6.7% stronger Rand, increased amortization on ore reserve development, additions to plant and machinery and the increase in short life ore reserve development (defined as development that creates assets with lives shorter than the life of a mine or shaft, including assets such as crosscuts, travelling ways, box holes) at KDC. The increase in amortization at Beatrix was due to an increase in short life ore reserve development and due to the project build-up at South Deep. The increase in Ghana was mainly due to the increase in production. Cerro Corona was similar as tons milled, on which amortization is based, remained constant. In Australia the increase was mainly due to the 7.5% stronger Australian dollar against the U.S. dollar, the increase in production and the amortization of the Morgan Stanley royalty for the six months ended December 31, 2010 compared with only four months for the period ended December 31, 2009.

The table below depicts the changes from June 30, 2009 to December 31, 2010 for proven and probable reserves above current infrastructure and for the life of mine for each operation, and the resulting impact on the amortization charge in the six months ended December 31, 2009 and 2010, respectively. The life of mine information is based on the operations strategic plans, adjusted for proven and probable reserve balances. In basic terms, amortization is calculated using the life of mine for each operation, which is based on: (1) the proven and probable reserves above infrastructure for the operation at the start of the relevant period (which are taken to be the same as at the end of the prior period and using only above infrastructure reserves); and (2) the amount of gold produced by the operation during the period. The ore reserve statement as at December 31, 2010 became effective after January 1, 2011.

	Proven and probable reserves as of			Life of mine as of		Amortization for the six months ended	
	June 30, 2009	June 30, 2010	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010
	(000 oz)			(years)		($ million)	
South African Region							
KDC	19,800	17,600	16,500	18	19	96.9	126.0
Beatrix	6,100	5,400	5,500	13	13	37.3	36.7
South Deep	17,200	16,900	28,800	42	54	28.2	37.7
West African Region							
Tarkwa[1]	10,700	9,900	9,300	13	14.5	22.8	28.3
Damang[2]	1,800	2,100	2,000	10	9.5	7.8	12.7
South American Region							
Cerro Corona[3]	2,800	2,700	2,700	15	16	29.3	31.8
Australasian Region[4]							
St. Ives	2,300	2,300	2,800	5	5	52.1	96.1
Agnew	700	1,200	1,300	4	6	7.1	9.1
Corporate and other						9.1	11.0
Total	61,400	58,100	68,900			290.6	389.4
Reserves below infrastructure[5]	21,700	21,300	9,500				
Total gold reserves[6]	83,100	79,400	78,400				

Notes:

(1) As of June 30, 2009, June 30, 2010 and December 31, 2010, reserves of 7.608 million ounces, 7.038 million ounces and 6.576 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the Tarkwa operation.

(2) As of June 30, 2009, June 30, 2010 and December 31, 2010, reserves of 1.280 million ounces, 1.493 million ounces and 1.479 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the

Damang operation.

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(3) As of June 30, 2009, June 30, 2010 and December 31, 2010, reserves of 2.260 million ounces, 2.179 million ounces and 2.156 million ounces of gold were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the Cerro Corona operation. However, amortization at Cerro Corona is based on tons milled being the most consistent parameter over the life of the mine.

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

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

(6) As of June 30, 2009, June 30, 2010 and December 31, 2010 reserves of 78.947 million ounces, 75,940 million ounces and 74.571 million ounces of gold, respectively, were attributable to Gold Fields, with the remainder attributable to non-controlling shareholders in the West African and South American operations.

Corporate expenditure

Corporate expenditure was $20.7 million in the six months ended December 31, 2010 compared to $23.5 million in the six months ended December 31, 2009, a decrease of 11.9%. The decrease is mainly due to the restructuring of the corporate office in Johannesburg, that took place in the six months period ended December 31, 2009. Corporate expenditure consists primarily of general corporate overhead and corporate service department costs, primarily in the areas of technical services, human resources and finance, which are used by the operations. Corporate expenditure also includes business development costs. In Rand terms, corporate expenditure decreased from R180.0 million in the six months ended December 31, 2009 to R148.0 million in the six months ended December 31, 2010.

Employee termination costs

In the six months ended December 31, 2010, Gold Fields incurred employee termination costs of $35.3 million compared to $4.3 million in the six months ended December 31, 2009. The terminations related primarily to restructuring at the South African operations. The significant increase in 2010 is mainly due to employees opting for voluntary separation packages following the business process re-engineering exercise.

Exploration expenditure

Exploration expenditure was $50.9 million in the six months ended December 31, 2010, an increase of 27.9% from $39.8 million in the six months ended December 31, 2009. The bulk of the expenditure was incurred on a diversified pipeline of projects in Africa, Europe, Asia, Australia and North, South and Central America, with the increase in the six months to December 31, 2010 due primarily to a higher spend on advanced stage exploration projects; $8.3 million on Chucapaca in Peru, $6.4 million on the Far South East and $6.1 million on Yanfolila in Mali. Subject to continued exploration success, exploration expenditure is expected to be $143.0 million in the fiscal year ending December 31, 2011 (excluding expenditure in relation to the Far South East or FSE , deposit, Chucapaca and Arctic Platinum Project, or APP).

Feasibility and evaluation costs

Feasibility and evaluation costs were $9.3 million in the six months ended December 31, 2010 compared to $0 million in the six months ended December 31, 2009. The costs were comprised of spending on the Chucapaca project in Peru of $6.3 million and the FSE in the Philippines of $3.0 million.

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No feasibility and evaluation costs were incurred on these two projects during the six months ended December 31, 2009 due to work programs only beginning in the six months ended December 31, 2010.

Profit on disposal of property, plant and equipment

Profit on disposal of property, plant and equipment increased from $0.1 million in the six months ended December 31, 2009 to $0.7 million in the six months ended December 31, 2010.

The major disposals in the six months ended December 31, 2010 related to the sale of equipment at South Deep, KDC, Agnew and La Cima compared to the sale of assets at KDC, Beatrix and La Cima in the six months ended December 31, 2009.

(Decrease)/increase in provision for post-retirement healthcare costs

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

Under the medical plan which covers certain of its former employees, Gold Fields remains liable for 50% of these retired employees medical contributions after their retirement. At December 31, 2010, 142 (June 30, 2010: 166) former employees were covered under this plan. In fiscal 2009, there was no actuarial valuation at December 31, 2009 because the valuation was conducted at June 30, 2010. This benefit is not available to members of the scheme who were employees of the former Free State operation (which is now the Beatrix operation) who retired after August 31, 1997, and other employees who retired after January 31, 1999.

As part of the acquisition of South Deep, Gold Fields assumed an additional post-retirement healthcare cost liability. Former employees of South Deep belong to a commercial medical scheme with employer liability for contribution per pensioner limited to R400 per month. The R400 monthly contribution is fixed until the termination of Gold Fields obligations on December 31, 2011. At December 31, 2010, there were 194 (June 30, 2010: 182) former South Deep employees that were subject to this employer contribution.

In the six months ended December 31, 2010, an amount of $0.1 million was credited to earnings, compared to $9.3 million in six months ended December 31, 2009, in respect of Gold Fields obligations under these medical plans. The $9.3 million credit in the six months ended December 31, 2009 and $0.1 million in six months ended December 31, 2010 relate to the annual interest and service charge. The post-retirement healthcare provision is updated annually based on actuarial calculations, with any increase in the provision reflected in the statement of operations.

Accretion expense on provision for environmental rehabilitation

At all of its operations, Gold Fields makes full provision for environmental rehabilitation based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date. The rehabilitation charge for the six months ended December 31, 2010 was $10.9 million compared to $9.9 million in the six months ended December 31, 2009. The increase is due primarily to the effect of translating accretion expenses at the South African operations at a stronger Rand against the U.S. dollar.

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

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Share-based compensation

The charge for share-based compensation in the six months ended December 31, 2010 was $27.0 million compared to $31.5 million in the six months ended December 31, 2009. The decrease was primarily due to forfeitures arising from the participating employees in the share-based schemes accepting voluntary separation offers following the BPR exercise and forfeiture adjustment in December 2010. No forfeiture adjustment was made in the six month period ended December 31, 2009 as it was not a financial year end. In addition, in the six months ended December 31, 2010 compensation is higher due to the effect of the stronger Rand.

Interest and dividends

Interest and dividends amounted to $12.9 million in the six months ended December 31, 2010 compared to $19.2 million in the six months ended December 31, 2009. The decrease was mainly due to lower interest rates in the six months ended December 31, 2010 compared to the six months ended December 31, 2009.

The interest received in the six months ended December 31, 2010 of $12.9 million comprised $4.2 million on monies invested in the South African environmental rehabilitation trust funds and $8.7 million on other cash and cash equivalent balances.

The interest received in the six months ended December 31, 2009 of $19.2 million comprised $4.6 million on monies invested in the South African environmental rehabilitation trust funds and $14.6 million on other cash and cash equivalent balances.

Interest on cash balances decreased from $14.6 million in the six months ended December 31, 2009 to $8.7 million in the six months ended December 31, 2010 mainly due to lower interest rates in the six months ended December 31, 2010.

Finance expense

Gold Fields recognized net finance expense of $31.7 million in the six months ended December 31, 2010 compared to $31.3 million in the six months ended December 31, 2009.

Net finance expense in the six months ended December 31, 2010 consisted of gross interest payments of $36.4 million (2009: $33.7 million) partially offset by interest capitalized of $4.7 million (2009: $2.4 million).

The gross interest payments in the six months ended December 31, 2010 and 2009 comprised:

	2010	2009
	($ million)	
Interest on the U.S.$1,000,000,000 4.875% guaranteed notes due October 7, 2020, or the Notes	10.8	
Interest on the $200 million Non-revolving Senior Secured Term Loan	3.5	
Interest on the non-convertible redeemable preference shares, or the Preference shares	3.1	2.9
Interest on R10 billion Domestic Medium Term Note program, or the DMTN Program	13.7	10.1
Interest on borrowings to fund capital expenditure and operating costs at the South African operations	2.7	9.0
Forward cover costs on the foreign exchange contract taken out on the revolving credit facility		5.4
Interest on Project Finance loan La Cima (Cerro Corona)	1.1	2.7
Interest on the split-tenor revolving credit facility used to partially fund the Morgan Stanley Royalty, the acquisition of Glencar and capital expenditure in Cerro Corona in 2009	0.7	3.4
Other interest charges	0.8	0.2
Gross interest paid	36.4	33.7

Interest charges increased from $33.7 million to $36.4 million due to:

Higher average borrowings on the DMTN Program;

Interest charges arising from the new $1 billion notes issue and non-revolving senior secured term loan.

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These increases were partly offset by:

- Lower borrowings at the South African operations and the repayment of the Project Finance loan at Cerro Corona, and
- The cancellation of the forward cover contract on the Western Areas loan in September 2009, resulting in no forward cover costs in the six months ended December 31, 2010 compared to $5.4 million in the six months ended December 31, 2009.

The overall strategy at South African operations was to move away from traditional bank debt and to access the commercial paper market in order to benefit from the lower interest rates offered by commercial paper. With the $1 billion Notes Issue in September 2010, loans under the DMTN program were repaid and replaced with the less expensive Notes.

Interest on borrowings incurred in respect of assets requiring a substantial period of time to prepare for their intended use is capitalized to the date on which the assets are substantially completed and ready for their intended use, at which time they will be amortized over the lives of the corresponding assets. During the six months ended December 31, 2010, $4.7 million was capitalized in respect of the South Deep operation compared to $2.4 million in the six months ended December 31, 2009.

Gain/(loss) on financial instruments

Gold Fields recognized a realized a net gain on financial instruments of $1.0 million in the six months ended December 31, 2010 compared to $28.2 million in six months ended December 31, 2009.

The gain on financial instruments in the six months to December 31, 2010 related to the $1.4 million gain on marking to market of warrants in Atacama Pacific Corporation, partly offset by a $0.4 million loss on the Rand/U.S.$ forward contract.

The realized net gain in the six months ended December 31, 2009 comprised:

	$ million
Gain on receipt of 4 million top-up shares in Eldorado Gold Corporation(1)	53.6
Loss on the copper financial instruments(2)	(25.0)
Loss on the International Petroleum Exchange Gasoil call option	(0.3)
Other	(0.1)
	28.2

Notes:

(1) During the six months ended December 31, 2009, 58 million Sino Gold shares were exchanged for 28 million shares in Eldorado at a profit of $59.0 million. Subsequently, a further four million top-up shares, valued at $53.6 million were received from Eldorado and accounted for as gain on financial instruments. The 28 million Eldorado shares were liquidated during the six months ended December 31, 2009, resulting in a profit of $36.3 million.

(2) The loss on copper financial instruments in the six months ended December 31, 2009 was due to the forward sale, during June 2009, of 8,705 tons of Cerro Corona s expected copper production for monthly deliveries from June 24, 2009 to June 23, 2010. The average forward price for the monthly deliveries was $5,001 per ton.

An additional 8,705 tons of Cerro Corona s expected copper production for the six months ended December 31, 2009 was hedged by means of a zero cost collar, guaranteeing a minimum price of $4,600 per ton with full participation up to a maximum price of $5,400 per ton. The above loss relates to 4,415 forward tons and 4,415 zero-cost collar tons.

(Loss)/gain on foreign exchange

Gold Fields recognized an exchange loss of $1.4 million in the six months ended December 31, 2010 compared to $7.2 million in the six months ended December 31, 2009.

The loss of $1.4 million in the six months to December 31, 2010 related to net exchange losses on cash and cash equivalent balances held in currencies other than the functional currencies of the Gold Fields various subsidiary companies.

The loss of $7.2 million in the six months ended December 31, 2009 comprised:

	$ million
Loss on Australian dollar denominated intercompany loans	(6.4)
Net exchange gains on cash and cash equivalent balances held in currencies other than the functional currencies of the Gold Fields various subsidiary companies	(0.8)
	(7.2)

(Loss)/profit on disposal of listed investments

During the six months ended December 31, 2010 and 2009, Gold Fields liquidated certain non-current investments. In the six months ended December 31, 2010, a loss of $0.4 million was realized on disposal of investments held by New Africa Mining Fund compared to a gain of $99.2 million in the six months ended December 31, 2009.

The gain of $99.2 million resulted from the following sales:

	$ million
Gain on exchange of 58 million Sino Gold shares for 28 million shares in Eldorado Gold Corporation[1]	59.0
Gain on sale of 28 million Eldorado Gold Corporation shares acquired through the Sino Gold Inc. share exchange ..	36.3
Gain from sale of Troy Resources shares	3.9
	99.2

Note:

(1) During the six months ended December 31, 2009, 58 million Sino Gold shares were exchanged for 28 million shares in Eldorado at a profit of $59.0 million. Subsequently, a further four million top-up shares, valued at $53.6 million were received from Eldorado and accounted for as gain on financial instruments. The 28 million Eldorado shares were liquidated during the six months ended December 31, 2009, resulting in a profit of $36.3 million.

Impairment of listed investments

There was no impairment charge recognized in the six months ended December 31, 2010 compared to a charge of $7.8 million in the six months ended December 31, 2009. The impairment relates to various offshore listed exploration investments to their market value as at December 31, 2009. The decline in market value below the carrying value of these investments was determined to be other than temporary.

South African Equity Empowerment Transactions

The South African Mining Charter requires mining entities to achieve a 26% ownership of South African mining assets by historically disadvantaged South Africans, or HDSA, by the year 2014.

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