GOLD FIELDS LTD
Form 6-K
August 05, 2008

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

For the month of July 2008
Commission File Number 1-31318

Gold Fields Limited
(Translation of registrant's name into English)
24 St. Andrews Rd.
Parktown, 2193
South Africa
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F..x... Form 40-F.....
Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ________
Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ________
Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes ..... No ..x...
If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- ________

Gold Fields improves operational performance due to stabilization of power supplies in South Africa

JOHANNESBURG. 1 August 2008, Gold Fields Limited (NYSE & JSE: GFI) today announced net earnings for the June 2008 quarter of R843 million, compared with earnings of R1,248 million and R528 million for the March 2008 and the June 2007 quarters respectively. In US dollar terms net earnings for the June 2008 quarter were US$105 million, compared with earnings of US$167 million and US$74 million for the March 2008 and the June 2007 quarters respectively.

June 2008 quarter salient features:

- Attributable gold production increased by 5 per cent to 865,000 ounces;
- Total cash costs steady at R125,359 per kilogram (US$502 per ounce);
- Notional Cash Expenditure (operating cost plus capital expenditure) at R217,065 per kilogram (US$869 per ounce) due to high inward investment in growth projects;
- Operating profit increased 6 per cent to R2.72 billion and normalised earnings of R911 million generated;
- Commissioning underway at Cerro Corona and Tarkwa's CIL expansion due for completion in the December quarter.

Financial year salient features:

- Attributable gold production of 3.64 million ounces compared with 3.97 million ounces in the previous year;
- Total cash costs increased from R86,623 per kilogram (US$374 per ounce) to R111,315 per kilogram (US$476 per ounce) due to the lower production and cost pressures driven by the resource boom;
- Essakane and Venezuelan assets sold in the December quarter 2007, releasing R4.2 billion (US$615 million) in value;
- US$438 million invested in growth projects in Peru and Ghana;
- US$121 million invested in increasing our ownership in Sino Gold and Conquest Mining to 19.9 per cent and 19.1 per cent respectively.

Final dividend number 69 of 120 SA cents per share is payable on 25 August 2008, giving a total dividend for financial 2008 of 185 SA cents per share.

Statement by Nick Holland, Chief Executive Officer of Gold Fields:

"After a particularly difficult start to the quarter, with the accident at the South Deep Gold Mine in which nine of our colleagues tragically lost their lives, the people of Gold Fields rallied together to show their mettle. Galvanized by my statement that "we will not mine if we cannot mine safely", they took control of the safety situation on all of our mines, where a new safety culture is rapidly taking root.

Against this backdrop, Gold Fields staged a welcome recovery with production increasing by 5 per cent from Q3 which was negatively impacted by power interruptions, while maintaining a tight control on costs, despite the continued inflationary pressures world-wide. Notional Cash Expenditure (operating cost and capital expenditure) for the quarter increased from US$843 per ounce in Q3 to US$869 per ounce, largely on the back of increased capital expenditure at the international operations. The Group's NCE is expected to decline significantly early in calendar 2009 as capital expenditure on the Cerro Corona project is completed and the mine becomes operational along with the Tarkwa expansion.

A comprehensive review of infrastructure across our operations, following from the heightened safety awareness across the Group since my appointment, has resulted in urgent rehabilitation being necessary at the Main shaft infrastructure at Kloof and in particular replacement of a significant portion of the steelwork below 17 level. As a consequence, the operation of this shaft is to be suspended for approximately six months while the necessary maintenance is carried out. Kloof's production over this period is expected to reduce by between 25 and 35 per cent. Operations will continue at this shaft on a 1 day a week basis to maintain integrity of faces and ore passes. Driefontein's production will also decline in the September quarter by approximately 400 kilograms due to a need to catch up safety critical secondary support and South Deep is already in the process of reinstalling primary support at its 95 2 West and 95 3 West ramps. Production at Driefontein and South Deep should return to approximately 6,800 kilograms per quarter and 1,500 kilograms per quarter respectively by the December quarter and Kloof's production should be restored to 2,000 kilograms per month by February 2009.

Notwithstanding the short term safety related actions to be initiated in South Africa as referred to in the preceding paragraph, long awaited growth projects will be commenced and brought to full production over the next two quarters. In particular, the completion of the new Cave Rocks and Belleisle underground mines at St Ives; the addition of Cerro Corona and the completion of the Tarkwa CIL plant expansion during Q2, position Gold Fields well to achieve its short term target of a production rate of approximately 4 million ounces of gold per annum at an NCE of US$700 per ounce to US$725 per ounce at R/US$8.00, early in calendar 2009.

"

Stock data

JSE Limited – (GFI)

Number of shares in issue

Range - Quarter

ZAR87.01 – ZAR118.50

- at end June 2008

653,200,682

Average Volume - Quarter

2,751,270 shares / day

- average for the quarter

653,156,356

NYSE – (GFI)

Free Float

100%

Range - Quarter **US$10.88 –US$15.11**

ADR Ratio

1:1
Average Volume - Quarter
5,867,684 shares / day
Bloomberg / Reuters
GFISJ / GFLJ.J

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Health and safety

We deeply regret to report a further two fatal accidents during the June quarter in addition to that reported in the March quarter. The investigation into the South Deep accident by the Department of Minerals and Energy Affairs has commenced. There were no fatal accidents reported at Beatrix nor at the international operations during the quarter and Kloof achieved one million fatality free shifts during the quarter. The fatal injury frequency rate for the June quarter regressed from 0.13 to 0.46 per million hours worked. The lost time injury frequency rate improved from 6.4 to 6.1, the serious injury frequency rate remained unchanged at 3.1 and the days lost injury frequency rate improved from 241 to 238. The international operations halved their lost time injury frequency rate in financial 2008, with Agnew achieving zero lost time injuries for the year and Damang for the last six months.

The Full Compliance Health and Safety Management System will be revised taking into consideration lessons learned from the investigations and the outcomes of the audits conducted on the recent multiple fatal accidents. The Masiphephe ("Let's be Safe") initiative, that has proved to be successful at Driefontein, is being implemented as Sawubona Kusasa ("See you tomorrow") at Kloof and Khuseulela ("Be protected") at Beatrix to improve safety performance at the rest of the South African operations. Accordingly, more than 14,300 people went through these programmes during the quarter.

Du Pont has been tasked to assess the existing health and safety management systems and benchmark them against the international best practices on the following: Leadership, Organization, Operations and Risk Assessment. Current behaviours, attitudes, practices and procedures will be analysed and a gap analysis will be conducted for each operation. It is planned to complete this audit by the end of October 2008 in South Africa.

In the drive towards improved safety, pillar extraction risk assessments are ongoing and to date, pillar mining activity has been reduced at the Driefontein and Kloof operations. Ongoing monitoring of risk parameters are being conducted to improve the overall assessment of pillar mining, seismicity and associated geological features.

The net result of the above is that pillar mining activity has reduced by 24 per cent at Driefontein and 51 per cent at Kloof and affects production by 1,200 kilograms per quarter which is already included in our forecast.

The Group remains committed to a philosophy of zero harm, and benchmarks itself against the Ontario benchmark, as well as pursuing the Mine Health and Safety Council milestones in South Africa. With the exception of South Deep and Cerro Corona, the operations have been audited and achieved OHSAS 18001 certification. The operations not currently certified are implementing the requirements of OHSAS 18001, with certification planned by the end of the calendar year.

Financial review

Quarter ended 30 June 2008 compared with quarter ended 31 March 2008

Revenue

Attributable gold production for the June 2008 quarter amounted to 865,000 ounces, compared with 827,000 ounces in the March quarter, an increase of 5 per cent. This was slightly higher than the guidance given on 25 June. Production at the South African operations increased from 520,000 ounces to

553,000 ounces or 6 per cent, as production in the March quarter was negatively affected by the power disruptions and the slow start-up after the Christmas break. Attributable production at the international operations increased 2 per cent from 307,000 ounces to 312,000 ounces.
At the South African operations the increase in gold production in the June quarter was directly attributable to the lost production in the March quarter due to the reduced power supply from Eskom. As a result of the curtailed power supply, a press release on 25 February 2008 gave an updated guidance for the March quarter which forecast a decrease in production at the South African operations compared with the December quarter of between 20 and 25 per cent and a reduction of between 15 and 20 per cent for the June quarter. The actual decrease for the March and June quarters was 21 per cent and 16 per cent respectively, both in line with forecast.
Driefontein, Kloof and South Deep's gold production was more or less in line with the guidance given in the March quarterly report, while Beatrix achieved 11 per cent above guidance, mainly due to an improved mine call factor (MCF).
At the international operations, managed gold production at Tarkwa increased 2 per cent due to an improved recovery from heap leach operations. At Damang, gold production decreased by 5 per cent due to an increase in grade offset by crusher down time and, like all the international operations, a slightly shorter milling quarter. Total gold production from Ghana was similar quarter on quarter. Gold production in Australia increased by 2 per cent with Agnew increasing by 11 per cent due to higher grades from Waroonga underground. At St Ives, gold production decreased due to lower processed volumes and lower recoveries at the heap leach facility.
The average quarterly US dollar gold price achieved decreased 3 per cent from US$921 per ounce in the March quarter to US$895 per ounce in the June quarter. The average rand/US dollar exchange rate weakened by 4 per cent to R7.77, compared with the R7.45 achieved in the March quarter. As a result of the above factors, the rand gold price improved from R220,612 per kilogram to R223,568 per kilogram, slightly more than a 1 per cent increase.
The Australian dollar gold price decreased quarter on quarter from A$1,008 per ounce to A$949 per ounce, compounded by a weakening US dollar against the Australian dollar which moved from 0.9032 in the March quarter to 0.9434 in the June quarter.
The increase in the rand gold price achieved together with the increase in production, resulted in revenue of R6,452 million (US$836 million) an increase in rand terms of 6 per cent compared with the R6,109 million (US$821 million) achieved in the March quarter.

South African Rand

Salient features

United States Dollars

Year ended

Quarter

Quarter **Year ended**

June
2007
June
2008
June

2007
March
2008
June
2008
June
2008
March
2008
June
2007
June
2008
June
2007
123,534
113,154
31,337 25,736
26,896 kg
Gold produced*
oz (000)
865
827 1,007 **3,638**
3,972
86,623
111,315
91,473 122,920
125,359 R/kg
Total cash costs
$/oz
502
513 401 **476**
374
135,666
186,088
161,485 201,181
217,065 R/kg Notional cash expenditure
$/oz
869
843 708 **796**
585
51,165
49,615
12,670 12,376
12,259 000 Tons
milled 000
12,259
12,376 1 2,670 **49,615**
51,165
147,595
190,623

152,510 220,612
223,568 R/kg Revenue $/oz
895
921 669 **816**
638
233
280
254 283
306 R/ton Operating costs $/ton
39
38 36 **38**
32
7,740
9,041
1,969 2,566
2,721 Rm Operating profit $m
355
347 278 **1,244**
1,075
40
39
39 42
42 % Operating margin %
42
42 39 **39**
40
2,363
4,458
528 1,248
843 Rm
Net earnings
$m
105
167 74 **613**
328
414
683
81 191
129 SA c.p.s.
US c.p.s.
16
26 11 **94**
59
2,188
2,992
506 1,246
881 Rm
Headline earnings
$m
111
176 71 **412**

304
392
459
78 191
135 SA c.p.s.
US c.p.s.
17
27 11 **63**
54
2,298
2,930
488 1,009
911 Rm
Net earnings excluding gains and losses on foreign exchange, financial instruments, exceptional items and discontinued operations
$m
119
138 69 **403**
319
412
449
75 155
140 SA c.p.s.
US c.p.s.
18
21 11 **62**
57
* Attributable – All companies wholly owned except for Ghana (71.1%).
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Prior period operational results have been restated to exclude the discontinued assets sold during the December 2007 quarter i.e. the Venezuelan assets (Choco 10).

Operating costs

Operating costs increased from R3,503 million (US$468 million) in the March quarter to R3,748 million (US$484 million) in the June quarter. The increase of 7 per cent was driven by the increase in production at the South African operations and translating costs at the international operations into South African rand at the weaker rand. Total cash costs in rand terms increased by less than 2 per cent (and decreased 2 per cent in US dollar terms) from R122,920 per kilogram (US$513 per ounce) in the March quarter to R125,359 per kilogram (US$502 per ounce) in the June quarter.

At the South African operations, operating costs increased from R2,126 million (US$283 million) to R2,197 million (US$282 million), an increase of 3 per cent. This increase was mainly due to the higher volumes mined and processed in the June quarter compared with the March quarter were the power disruptions significantly constrained production. Total cash costs at the South African operations decreased 3 per cent from R125,181 per kilogram (US$523 per ounce) to R121,984 per kilogram (US$488 per ounce) in line with the increase in gold production. The decrease in US dollar terms of 7 per cent is due to translating costs at the weaker rand.

Operating costs at the international operations, including gold-in-process movements, increased from R1,417 million (US$191 million), to R1,534 million (US$199 million) in the June quarter, an increase of 8 per cent in rand terms and 4 per cent in US dollar terms. Approximately half of the total dollar increase at the international operations occurred at Tarkwa, which reflected an increase in costs of US$4 million, or 6 per cent, due to price increases in commodities such as fuel, explosives and tyres together with increased mining fleet maintenance costs. The balance of the increase in costs was due to the 4 per cent stronger Australian dollar, as costs in Australia were virtually unchanged quarter on quarter at A$99 million. St Ives increased by A$2 million quarter on quarter due to higher open pit waste charges, while Agnew was A$2 million lower compared with the March quarter due to a decrease in ounces produced from the low grade Songvang stockpile. Total cash costs at the international operations increased by 4 per cent from US$500 per ounce in the March quarter to US$522 per ounce in the June quarter.

Notional cash expenditure (NCE)

Notional cash expenditure is defined as operating costs plus capital expenditure and is reported on a per kilogram and per ounce basis – refer the detailed table on page 16 of this report. The objective is to provide the all in costs for the Group and for each operation before greenfields exploration expenditure. The NCE per ounce is an important measure as it determines how much free cash flow is generated before taxation. One of Gold Fields' objectives is to reduce its NCE per ounce and increase its free cash flow.

The NCE for the Group for the June quarter amounted to R217,065 per kilogram (US$869 per ounce) compared with R201,181 per kilogram (US$843 per ounce) in the March quarter. These figures include project expenditure at Cerro Corona.

At the South African operations the NCE was R180,712 per kilogram (US$723 per ounce) which was similar to the March quarter. At the international operations (excluding Cerro Corona) the increase was 12 per cent from US$755 per ounce to US$848 per ounce due to the increase in capital expenditure at Tarkwa and in Australia.

Operating margin

The net effect of the changes in revenue and costs, after taking into account gold-in-process movements, was an increase in operating profit of 6 per cent from R2,566 million (US$347 million) to R2,721 million (US$355 million). The Group operating margin was maintained at a credible 42 per cent. The margin at the South African operations increased from 41 per cent to 43 per cent, while the margin at the international operations decreased from 44 per cent to 41 per cent.

Amortisation

Amortisation increased from R714 million (US$95 million) in the March quarter to R778 million (US$100 million) in the June quarter. This increase was mainly at the international operations which increased from R290 million (US$39 million) to R352 million (US$46 million) because of an increase in production from the Damang pit cutback and increased production at Agnew and St Ives' underground mines. Despite the increase in production at the South African operations amortisation only increased from R376 million (US$50 million) to R390 million (US$50 million) as a result of a R50 million credit in the June quarter at South Deep to reverse over provisions accumulated during the year.

Other

Net interest paid amounted to R46 million (US$6 million) for the June quarter compared with R88 million (US$12 million) in the March quarter. This movement includes a cost of R43 million (US$6 million) relating to the equity accounted results of our share of Rusoro's losses which was more than offset by a R58 million (US$7 million) correction of interest paid, as a result of capitalizing qualifying interest expensed earlier in the year, and an increase in interest received.

The loss on foreign exchange of R7 million (US$1 million), compares with a gain of R38 million (US$6 million) in the March quarter. Both result from the conversion of offshore cash holdings into the functional currency i.e. rands.

The gain on financial instruments for the quarter at R2 million (US$ nil million) compares with a gain of R262 million (US$38 million) in the March quarter. The gain in the June quarter is due to year to date exchange adjustments of prior quarter's gains. The gain of R262 million (US$38 million) in the March quarter mainly comprises R136 million (US$18 million) on reversal of previous marked to market unrealised losses on the Mvela floor and cap. Also included in the R262 million (US$38 million) was a R45 million (US$6 million) marked to market gain on the share warrants included in the Group's investment portfolio. Added to this was a gain of R83 million (US$11 million) on US$90 million of South African rands/US dollar currency hedges closed out.

Other costs increased from R32 million (US$5 million) to R76 million (US$10 million) mainly due to the increase in employee and non-executive directors share based payments as a result of a change in the index used and an additional allocation in June. The index previously used was the Philadelphia XAU which was not considered representative of Gold Fields peers and as such was replaced by an index of only six peer gold mining companies.

Exploration

Exploration expenditure, increased from R58 million (US$8 million) in the March quarter to R107 million (US$14 million) in the June quarter. This increase was due to increased expenditure in Australia, mainly at Mt Carlton and costs of closing the Oxford office. Please refer to the Exploration and Corporate Development section for more detail.

Exceptional items

The exceptional loss in the June quarter amounted to R95 million (US$17 million) compared with a loss of R42 million (US$11 million) in the March quarter. The loss in the June quarter mainly comprised a R65 million (US$8 million) provision for restructuring costs at South Deep and impairment of assets of R51 million (US$7 million) in Australia. At St Ives, Junction mine and the original Leviathan pit are depleted and at Agnew, impairment of rehabilitation assets relating to old slimes dams. The loss was partially offset by an over provision of R21 million (US$3 million) on the 9 shaft project at Driefontein raised in the March quarter. The loss in the March quarter mainly relates to the provision of R45 million (US$6 million) for costs at Driefontein regarding the suspension of the 9 shaft project.

Taxation

Taxation for the quarter amounted to R664 million (US$87 million) compared with R567 million (US$77 million) in the March quarter. This increase is despite the decrease in profit before taxation and exceptional items for the quarter. The net increase is due to the increase in non-deductable charges during the quarter such as exploration and employee and non-executive directors share scheme costs. The tax provision includes normal and deferred taxation on all operations together with government royalties at the international operations.

Earnings

Net profit attributable to ordinary shareholders amounted to R843 million (US$105 million) or 129 SA cents per share (US$0.16 per share), compared with R1,248 million (US$167 million) or 191 SA cents per share (US$0.26 per share) in the previous quarter.

Headline earnings i.e. earnings less the after tax effect of asset sales, impairments, the sale of investments and discontinued operations, was R881 million (US$111 million) or 135 SA cents per share (US$0.17 per share), compared with earnings of R1,246 million (US$176 million) or 191 SA cents per share (US$0.27 per share) last quarter.

Earnings excluding exceptional items as well as net gains and losses on foreign exchange, financial instruments and discontinued operations, amounted to R911 million (US$119 million) or 140 SA cents per share (US$0.18 per share), compared with earnings of R1,009 million (US$138 million) or 155 SA cents per share (US$0.21 per share) reported last quarter.

The decrease in earnings is mainly due to the after tax increase in net operating profit being offset by an increase in other costs and exploration costs, the provision for the South Deep restructuring and the gain on financial instruments of R262 million in the March quarter, not repeated in the June quarter.

3 I GOLD FIELDS RESULTS **Q4F2008**

Balance sheet

The increase in investments compared with the June 2007 balance sheet is mainly due to the 41.7 million shares valued at R333 million (US$49 million) received from Orezone Resources Incorporated as part payment for the Essakane disposal, the 140 million shares valued at R1,580 million (US$233 million) received from Rusoro Mining Limited as part payment for the Venezuelan disposal and further investment in Sino of R795 million (US$109 million). Added to this are marked to market gains on listed investments. Investments at year end amounted to R5.7 billion (US$713 million) and include the following:

Investment	Interest	Value
Sino Gold Ltd	19.9%	R2,290m (US$286m)
Rusoro Mining Ltd	36.2%	R1,850m (US$231m)
Mvela' Resources Ltd	4.0%	R500m (US$63m)
Orezone Resources Inc	11.7%	R362m (US$45m)
Conquest Mining Ltd	19.1%	R171m (US$21m)
Orsu Metals Corp.	7.6%	R90m (US$11m)

The above investments are valued at market prices, except for Rusoro which is equity accounted and therefore shown at cost less equity accounted losses since acquisition.

Cash flow

Cash inflow from operating activities for the quarter was R2,568 million (US$334 million), compared with R3,039 million (US$408 million) in the March quarter. This quarter on quarter decrease of R471 million (US$74 million) is due to the decrease in profit before tax and the decrease in the working capital inflow from R794 million (US$115 million) in the March quarter to R263 million (US$36 million) in the June quarter, partly offset by an increase in non-cash items from a negative R165 million (US$18 million) to a positive R108 million (US$20 million).

Capital expenditure increased from R2,086 million (US$277 million) in the March quarter to R2,525 million (US$327 million) in the June quarter. Approximately half of the capital expenditure during the June quarter was spent on growth projects.

At the South African operations capital expenditure increased from R785 million (US$105 million) in the March quarter to R913 million (US$118 million) in the June quarter. This increase of R128 million was made up of increased expenditure on our battery loco projects, emergency power projects and safety related projects such as additional loco guard cars, centralized blasting systems as well as hopper and rail track upgrades. Expenditure on ore reserve development at Driefontein, Kloof, and Beatrix accounted for R97 million (US$12 million), R139 million (US$18 million), and R79 million (US$10 million) respectively. Expenditure on the 9 shaft project at Driefontein amounted to R71 million. Expenditure on the new mine development and equipment for mechanized development at South Deep amounted to R112 million.

At the international operations capital expenditure increased from R708 million (US$95 million) to R918 million (US$121 million). In Ghana the increase at Tarkwa was R126 million (US$15 million) as a result of increased expenditure on the CIL plant (US$3 million), sundry mining and metallurgical equipment (US$7 million) and the relocation of the Atuabo power station (US$5 million). In Australia, capital expenditure increased by R95 million (A$11 million) with increased expenditure on exploration of R7 million (A$1 million) and mine development R36 million (A$5 million) at St Ives, and R47 million (A$6 million) at Agnew on increased accommodation costs.

Capital expenditure at the Cerro Corona mine in Peru amounted to R687 million (US$88 million) in the June quarter compared with R576 million (US$77 million) in the March quarter. Cumulative expenditure to date on the project amounts to US$501 million and is estimated at between US$540 million to US$550 million at project completion. Refer to the Capital and Development Project section for more detail.

Purchase of investments in the June quarter amounted to R708 million (US$97 million) and included acquisition of shares in Sino Gold Ltd, Conquest Mining Ltd and Orsu Metals Corp. (formerly Lero Gold Company) increasing our holding to 19.9 per cent, 19.1 per cent and 7.6 per cent respectively. Refer the Corporate Development section for more detail.

Purchase of investments in the March quarter amounted to R258 million (US$36 million) and included the purchase of 4.7 million Sino Gold Ltd shares, at a cost of R185 million (US$27 million) and R75 million (US$10 million) expenditure on the exercise of 2,292,172 Mvela options granted to Gold Fields as part of an agreement with Mvelaphanda Resources.

Net cash inflow from financing activities in the June quarter amounted to R1,095 million (US$143 million). Loans received in the June quarter amounted to R1,165 million (US$150 million) to fund the purchase of offshore investments and capital funding for Cerro Corona. Loan repayments of South African rand loans amounted to R850 million (US$105 million). A rights issue at Cerro Corona amounting to US$96 million (R768 million) was accounted for during the quarter all of this money having been raised from the minority shareholders in this project following the capitalisation of cumulative shareholder loan funding into equity. Net cash outflow from financing activities in the March quarter amounted to R214 million (US$29 million). Loans received amounted to R1,535 million (US$210 million), which included US$43 million (R314 million) drawn down on an offshore finance facility, and preference shares issued amounting to R1,200 million (US$173 million). Loans repaid of R1,788 million (US$244 million) included the repayment of an offshore loan of R1,194 million (US$172 million) and local loans repaid of R585 million (US$73 million).

Net cash inflow for the quarter was R19 million (US$6 million outflow) compared with a net cash inflow of R470 million (US$55 million) in the March quarter. After accounting for a translation gain of R45 million (US$14 million), the cash balance at the end of June was R2,007 million (US$251 million). The cash balance at the end of March was R1,944 million (US$243 million).

Detailed and operational review

Cost and revenue optimisation initiatives

Project 500

Project 500 was initiated at the South African operations in September 2003 to increase revenue and reduce costs through two sub-projects i.e. Project 400 (increase in revenue) and Project 100 (reduction in costs). These projects have proved successful and led to additional projects, Project 100+ (new projects to further reduce costs) and Project Beyond (strategic supply chain management and procurement).

The June quarter and financial year 2008 reporting will represent the last time that these projects will be reporting as a separate project area. The new Gold Fields South African operations strategy for cost leadership and efficiencies will be driven through integrated teams as part of project 1M (quality and safe underground mining), project 2M (new technology and innovation) and project 3M (power, people and surface optimization including stores control and procurement).

Project 400

Project 400 was aimed at improving revenue such that an additional R400 million (US$55 million) per annum could be generated on a sustainable basis. This was to be achieved through a basket of productivity initiatives; by eliminating non-contributing production and replacing low-grade surface material with higher margin underground material - all aimed at improved quality volumes. Operational Excellence, a change programme, was initiated in April 2005 to create the required skills, behaviour and environment to improve efficiencies.

Due to the skills shortage, The Mining School of Excellence was initiated at the Gold Fields Academy to train core skills such as miners, operators, rock drill operators and production supervisors. The "Jurasic to Joystick" challenge initiative was launched with the focus on a greater use of technology to improve safety and productivity. The theory of constraints initiative (to identify bottlenecks and to improve the flow of resources and material) has been rolled out at all the South African shafts and there is an increased focus on improving the flow of men, material, equipment and ore. The objective of these initiatives is to increase mining volumes whilst maintaining yields as close as possible to life of mine reserve yields. All these initiatives have been implemented and are ongoing.

Project 100+

Project 100+ consists of a number of discrete projects focused on ongoing cost reduction through eliminating inefficiencies and inward investments. Examples of these are:

The Eskom demand side management (DSM) project, which consists of 39 sub-projects, is progressing well. Ten operating sub-projects have shifted more than 60MW of load out of the daily peak tariff period, delivering savings of approximately R2 million in the June quarter. Eskom temporarily put new DSM projects on hold in May 2008 pending the outcome of the revised National Energy Regulator of South Africa (NERSA) tariff increase application by Eskom, which resulted in a lower increase being approved. Despite the deferment of some of these DSM projects, a further eighteen projects are underway, with at least eight of them due to provide savings during the September 2009 quarter. The savings for financial 2008 were R10 million, which is expected to grow to R20 million in financial 2009.

The conversion from diesel to battery power for underground locomotives is progressing as planned. The project will deliver long term cost savings of

R24 million per annum once the project is fully completed from the higher efficiency of battery locomotives, and has the added benefit of improving underground environmental conditions.

On the labour management front, the roll-out of a module which sets standards and norms for effective labour management continues. A human resource shared services centre has been established for the West Wits area with the intent to reduce shifts lost as a result of inefficient practices around engagement, medical examinations and training, as well as improving upon the administration processes currently practiced.

An energy consumption saving project aimed at reducing consumption by 10 per cent at all Group operations by 2010 has been initiated. The reduction in consumption at the South African operations will be delivered through air and water conservation programmes, identifying and eliminating compressed air leaks, efficient lighting systems, thermal and performance monitoring of refrigeration and cooling plants, amongst other various power conservation programmes. The pump efficiency monitoring project is ongoing and will deliver R10 million per annum savings from reduced electricity consumption. At the international operations various initiatives are currently being investigated in order to achieve this objective.

In addition to the above, cost savings for financial 2008 were achieved on Health Services (R30 million), Shared Services (R38 million) and accommodation and feeding (R9 million).

The cost reporting and management benchmark module to improve reporting and cost control continues.

Project Beyond: Group Integrated Supply chain and
Strategic Sourcing Optimisation

SA Project Beyond Strategic Sourcing and Supply Initiatives

The extreme inflationary push which spiked in the March quarter continued during the June quarter, with little relief on the horizon. Steel producers announced a seventh consecutive price increase this calendar year, effective from August, with certain steel products almost doubling for the calendar year to date. This general inflationary scenario is unprecedented, with raw material price increases reaching an all time high, compounded over this period by added currency instability. Apart from the continued major impact of steel inflation and related products across the board during this past quarter, other areas which also showed major cost increases were timber support, fuels and diesel, copper cables, mill liner spares and labour hire. Strong focus remained on securing supply and related safety stock levels for critical and strategic commodities.

Despite the inflationary environment, continued focus on total cost optimisation initiatives delivered around R10 million estimated annual contracted savings through forward buying contracts on steel input costs for locomotives and through re-negotiating hoses and fittings contracts.

Cumulative contracted benefits for the 2008 financial year are estimated at around R31 million. In addition, inflation cost avoidance was also achieved during the quarter across areas such as steel support products, pulleys, catering, lubes, gas and instrumentation, estimated at R4 million. Cumulative annual cost avoidance for financial year 2008 is estimated to be around R34 million. Combined total cost savings and cost avoidance delivery during financial year 2008 is thus around R65 million.

The focus for financial 2009 will be to partially offset the inflationary influences seen in the last few quarters, which will significantly affect future costs. Savings initiatives will be geared towards increased salvage, improved quality and product substitution as well as consumption optimisation initiatives.

International Operations Strategic Sourcing and Integrated Supply Chain Initiatives

During the June quarter continued global inflation pressures were experienced across our Australian and Ghanaian operations in areas such as power, diesel, grinding balls, explosives, lime, repairs and maintenance contracts. Peru has largely been focusing on the transition from project to operational, and preparing to align with shipping charters on the anticipated first shipment of concentrate during the later part of the September quarter.

Gold Fields operations have been shielded from the direct impact of the recent Western Australian gas explosion on the Apache gas line which had a major impact on available natural gas in the region, being the main source of power supply to the region. The impact on Gold Fields was mitigated by the existing long term partnership and power purchasing arrangement for the supply of power, with the main impact of this power disruption on Gold Fields being its indirect effect on the price of commodities sourced from this region. In this regard the Gold Fields Australia procurement team is working closely with impacted suppliers to overcome this short term period of natural gas supply interruption to the region.

New contracted benefits through an accommodation efficiencies project in Australia delivered around US$1 million and an added US$2 million multi-year carry over benefit was also realized. This brings the cumulative contracted total cost benefits for the financial year for International operations to around US$8 million.

For the September quarter, initiatives in Ghana will continue focusing on critical supply optimisation and finalizing plans for an on-site emulsion plant facility. In Australia, contractor mining alliance optimization will continue and Peru will finalize the charter arrangements for the first shipments of concentrate.

South African Operations

Royalty bill

On 3 June 2008 National Treasury released the Fourth Draft of the Mineral and Petroleum Resources Royalty Bill for final comments. The Bill was subsequently introduced by the Minister of Finance into Parliament on 26 June 2008. The Bill takes into account numerous comments and workshops held between the industry and National Treasury resulting in certain changes.

The previous formula has been amended to take into account the capital intensive nature of certain of the mining operations, especially the Gold, Oil and Gas sectors, resulting in the formula being changed from the previous EBITDA to “EBIT” (with 100 per cent capital expenditure taken into account in the calculation of EBIT). A cap has also been introduced of 5 per cent with a surcharge add-on in the formula of 0.5 per cent. As before the Royalty percentage determined is applied to Gross revenue less certain deductions.

Based on this formula Gold Fields' rate for financial 2008 would have been 2.1 per cent.

Power supply cost

Power costs increased by 14.2 per cent effective from 1 April 2008. An additional increase of 2 cents per kilowatt hour announced in the Minister of Finance budget speech, which equates to a further 12 per cent increase has yet to be implemented. Eskom also requested an additional increase of up to 53 per cent with effect from 1 July 2008. On 18 June 2008, approval was given by NERSA to increase rates by an effective 20 per cent from 1 July 2008, with a potential 25 per cent increase effective from 1 April 2009. When added to the recent above inflation price increases in steel, fuel, timber and food, and the effect the weakening rand is having on imported goods, these Eskom increases will have a significant detrimental effect on future cash costs.

Clarity still needs to be given on the pricing mechanism as it relates to the power conservation programmes and the 2 cents per kilowatt hour charge detailed above by NERSA and the Department of Trade and Industry respectively.

Driefontein

		June 2008	March 2008
Gold produced	- kg	**6,786**	6,530
	- 000'ozs	**218.2**	209.9
Yield - underground	- g/t	**8.2**	8.6
- combined	- g/t	**4.4**	4.6
Total cash costs	- R/kg	**103,537**	104,870
	- US$/oz	**414**	438
Notional cash expenditure	- R/kg	**153,905**	145,513
	-		

US$/oz
616
608

Gold production increased by 4 per cent from 6,530 kilograms (209,900 ounces) in the March quarter to 6,786 kilograms (218,200 ounces) in the June quarter in line with the previous guidance. The increase in production was directly attributable to more shifts available in the June quarter as measured against the March quarter. The March quarter was negatively affected by the Eskom power disruptions. Production was negatively affected during the quarter due to public holidays and the shortage of labour at 6 shaft (which was stopped during the Eskom power interruption), which is in the process of being recruited. The June quarter was also negatively affected by stoppages resulting from the previously reported accident arising from a seismic related fall of ground at 10 shaft. Underground yield decreased from 8.6 grams per ton to 8.2 grams per ton for the quarter due to lower grades mined at 1, 4 and 8 shafts. Surface yield returned to the year to date average, decreasing from 1.1 grams per ton in the March quarter to 0.7 grams per ton in the June quarter. The negative impact of the drop in grade on production was offset by underground tonnage which increased from

669,000 tons in the March quarter to 760,000 tons in the June quarter, together with an increase in surface tonnage from 757,000 tons to 785,000 tons.
Main development increased by 12 per cent for the quarter and on-reef development increased by 19 per cent, mainly as a result of more shifts being available for mining. Main development values decreased by 24 per cent to more historic levels, mainly due to lower values intersected in the Carbon Leader Reef at 1 and 5 shaft, and a drop in value at the Ventersdorp Contact Reef in the 4 shaft pillar.
Operating costs increased 3 per cent, in line with production, from R723 million (US$96 million) to R742 million (US$95 million). Total cash costs decreased 1 per cent in rand terms and 5 per cent in US dollar terms, from R104,870 per kilogram to R103,537 per kilogram and from US$438 per ounce to US$414 per ounce respectively.
Operating profit increased from R736 million (US$100 million) in the March quarter to R785 million (US$103 million) in the June quarter as a result of the increase in production and the marginally higher gold price received.
Capital expenditure increased from R227 million (US$30 million) to R303 million (US$39 million), as forecast. This increase was mainly due to increased expenditure on safety equipment (R32 million), battery loco project (R13 million), increased costs on the mothballed 9 shaft project (R9 million), emergency power generation (R6 million) and other sustaining projects.
Notional cash expenditure increased from R145,513/kg (US$608 per ounce) to R153,905/kg (US$616 per ounce) mainly due to the increased investment in capital expenditure.
The forecast for the September quarter is as follows:
• Gold produced - 6,400 kilograms (205,800 ounces)
· Total cash costs* - R129,000 per kilogram (US$500 per ounce)
• Capital expenditure* - R200 million (US$25 million)
• Notional cash expenditure* - R166,000 per kilogram (US$645 per ounce)
* Based on an exchange rate of US$1 = R8.00.
The decrease in gold production is mainly due to the drop in yield arising from the decision to address backlog secondary support at the higher grade 1, 4 and 5 shafts and mining at other low grade shafts to compensate. The continued stoppage at 10 shaft due to the recent high incidence of seismic activity as well as a safety review of pillar mining also impacts negatively.
The increase in total cash costs is due to the anticipated lower production and higher costs arising from the annual wage increases effective from 1 July, electricity increases, higher commodity price increases and reduced off reef development capitalised. The decrease in capital expenditure is due to the suspension of the 9 shaft deepening project and lower development costs due to focus on secondary support.
Kloof
June
2008
March
2008
Gold produced
- kg
5,577

5,458
-
000'ozs
179.3
175.5
Yield - underground
- g/t
7.5
9.9
- combined
- g/t
4.9
6.8
Total cash costs
- R/kg
119,240
112,514
-
US$/oz
477
470
Notional cash expenditure - R/kg
167,940
157,292
-
US$/oz
672
657

Gold production increased by 2 per cent from 5,458 kilograms (175,500 ounces) in the March quarter to 5,577 kilograms (179,300 ounces) in the June quarter. This is in line with the previous guidance despite business interruptions which included safety related production stoppages and an illegal miners stay-away. Underground tonnage increased from 521,000 tons to 688,000 tons and surface tons milled increased from 287,000 to 455,000 tons, as the March quarter's production was affected by the Eskom power disruptions and the slow start up after the Christmas break. Surface tonnage toll milled at South Deep accounted for 201,000 tons of the total surface tons. The average yield from underground decreased from 9.9 grams per ton to 7.5 grams per ton due to the normalization of the previous quarter's high mine call factor. The increase in the gold contribution from surface sources helped optimize milling capacity but resulted in the combined yield decreasing from 6.8 grams per ton to 4.9 grams per ton.

Total main development increased by 21 per cent quarter on quarter from 6,429 metres to 7,782 metres whilst main on-reef development metres decreased by 9 per cent during the same period from 1,149 to 1,040 metres. The lower on-reef development can be attributed to a large extent to the lower off-reef development in the previous quarter not providing access to sufficient on reef development. Additionally, four shaft's finger raises were replaced by lower advance rate wide raises during the quarter and this also contributed to the lower on-reef development. However the higher off-reef development achieved during the last quarter bodes well for the coming quarter's on-reef development profile. Values intersected in the Middelvlei reef decreased from 1,103 cm.g/t to 633 cm.g/t as a result of traversing lower grade zones. Total mine development values declined by 9 per cent.

Operating costs increased from R647 million (US$86 million) in the March quarter to R694 million (US$89 million) in the June quarter. This was mainly due to the impact of Eskom's power rationing that resulted in lower mining activity in the March quarter. June quarter costs include higher incentive and overtime payments, increased costs for the additional surface volumes processed at South Deep and increased commodity, steel and fuel costs which have been impacted by price increases. Additionally, increased support related costs were incurred. As a consequence of the higher costs and the normalization of the mine call factor, the total cash cost increased 6 per cent from R112,514 per kilogram to R119,240 per kilogram. In US dollar terms, total cash costs increased marginally from US$470 per ounce to US$477 per ounce.

Operating profit was similar quarter on quarter at R558 million (US$72 million) as result of the increased production and marginally higher gold price.

Capital expenditure at R242 million (US$31 million) increased by 14 per cent compared with the previous quarter's expenditure of R212 million (US$28 million). This was mainly due to emergency power generation costs and additional mining equipment.

Notional cash expenditure increased from R157,292 per kilogram (US$657 per ounce) to R167,940 per kilogram (US$672 per ounce).

The forecast for the September quarter is as follows:

- Gold produced - 3,910 kilograms (125,700 ounces)
- Total cash costs* - R190,000 per kilograms (US$740 per ounce)
- Capital expenditure* - R245 million (US$31 million)
- Notional cash expenditure* - R261,000 per kilogram (US$1,015 per ounce)

* Based on an exchange rate of US$1 = R8.00.

The decrease in gold production is due to the rehabilitation of the steelwork on Main shaft which should be concluded by the end of the December quarter. The increase in total cash cost arises due to the above as well as the increase in electricity and increased labour costs due to the annual wage increase effective 1 July.

Beatrix		**June 2008**	March 2007
Gold produced	- kg	**3,678**	2,542
	- 000'ozs	**118.3**	81.7
Yield	- g/t	**4.7**	3.9

Total cash costs
- R/kg
119,467
160,071
-
US$/oz
478
668
Notional cash expenditure - R/kg
166,096
227,852
-
US$/oz
665
951

Gold production at Beatrix increased by 45 per cent from 2,542 kilograms (81,700 ounces) in the March quarter to 3,678 kilograms (118,300 ounces) in the June quarter. This is higher than the previous guidance due to improved quality mining. Tons milled increased from 656,000 tons to 778,000 tons and the yield increased from 3.9 grams per ton in the March quarter to 4.7 grams per ton for the June quarter.

The overall increase in gold and tonnage throughput is as a result of the national power availability returning to more favourable levels and the slow start-up after the Christmas break in the March quarter. An improved mine call factor (MCF) also contributed to the increased gold output. The impacts of the additional holidays at the end of April and beginning of May 2008 were well managed with little effect on production. However, volumes at the West section have been affected by ongoing industrial unrest at that operation.

The initiation of a focused MCF campaign coupled with education, training and a mine clean-up to recover gold from previous underground process inefficiencies resulted in significant benefits during the June quarter. The overall MCF improved quarter on quarter from 68 per cent to 93 per cent resulting in a 20 per cent improved yield. The benefits of the project associated with implementing appropriate changes to drilling, blasting and

explosives usages, coupled with the ongoing clean-up strategy will continue into the future.
The development volumes also showed a positive turnaround quarter on quarter, with total main development increasing by 4 per cent to 9,653 metres and main on-reef development at 1,959 metres, which is consistent with the previous quarter. Main development values were 22 per cent lower at 810 cm.g/t as a result of the majority of raises traversing lower grade areas as anticipated by local geological models.
Operating costs quarter on quarter increased by 7 per cent, from R429 million (US$57 million) to R460 million (US$59 million). The increase in costs was mainly due to higher employee incentives as a result of the higher production in the June quarter, increased material usage and higher electricity costs.
Total cash costs decreased by 25 per cent from R160,071 per kilogram in the March quarter to R119,467 per kilogram in the June quarter, mainly due to higher gold output. In US dollar terms total cash costs decreased by 28 per cent from US$668 per ounce to US$478 per ounce.
Beatrix posted an operating profit of R372 million (US$50 million) for the quarter compared with R146 million (US$19 million) in the March quarter.
Capital expenditure was similar quarter on quarter at R151 million (US$20 million) and includes mainly ore reserve development (R79 million), progress on the 3 shaft project (R27 million), capital development at the West and South sections (R7 million) and residential upgrades (R12 million).
Notional cash expenditure improved from R227,852 per kilogram (US$951 per ounce) to R166,096 per kilogram (US$665 per ounce).
The forecast for the September quarter is as follows:
· Gold produced - 3,650 kilograms (117,300 ounces)
· Total cash costs* - R130,200 per kilograms (US$505 per ounce)
· Capital expenditure* - R168 million (US$21 million)
· Notional cash expenditure* - R181,600 per kilogram (US$705 per ounce)
* Based on an exchange rate of US$1 = R8.00.
The increase in total cash cost is mainly as a result of the annual wage increases, the additional electricity price increase and the slight decrease in production.
International Operations
Ghana
Tarkwa
June
2008
March
2008
Gold produced
- 000'ozs
168.6
165.1
Yield - heap leach
- g/t
0.8
0.7

- CIL plant
- g/t
1.6
1.5
- combined
- g/t
1.0
0.9
Total cash costs
- US$/oz
443
436
Notional cash expenditure - US$/oz
856
762

Gold production for the June quarter increased by 2 per cent from 165,100 ounces to 168,700 ounces. The increase in production was mainly due to an increase in recovery from the Heap leach facilities.

Total tons mined, excluding capital stripping, reduced marginally from 20.7 million tons to 20.6 million tons. Ore mined was similar at 4.9 million tons. The mined grade at 1.29 grams per ton was an improvement on last quarter's 1.24 grams per ton due to increased tons mined from the higher grade southern portion of Teberebie pit. The overall strip ratio for the quarter was lower at 4.37 compared with 4.96 in the March quarter, as lower volumes of capital waste strip were mined as a result of lower haulage efficiency, due to the impact of radial tyre shortages.

Total tons processed were down by 296,000 tons to 5.47 million tons mainly due to four less processing days in the quarter and national power outages. Tons processed at the heap leach facilities decreased to 4.07 million tons compared with 4.32 million tons for the March quarter. Heap Leach yield for the quarter was 0.75 grams per ton compared with 0.68 for the March quarter mainly due to improved recoveries from the South heap due to moving to first lift. The heap leach sections produced 97,700 ounces, 3 per cent higher than the March quarter.

The total feed to the CIL plant was 1.40 million tons compared with 1.45 million tons in the March quarter. The CIL yield was 1.6 grams per ton against 1.5 for the March quarter mainly due to the higher head grade mined. The CIL plant produced 70,900 ounces in the June quarter compared with 70,400 ounces in the previous.

Operating costs, including gold-in-process movement, increased from US$72 million (R533 million) in the March quarter to US$76 million (R585 million) for the June quarter. The operating costs increase was mainly attributable to price increases on fuel, explosives, MARC service contract, tyres purchased on the spot market and increased contractor hire due to a decrease in mining efficiencies as a result of radial tyre shortages. Consequently total cash costs increased marginally from US$436 per ounce to US$443 per ounce.

Operating profit was 5 per cent lower at US$75 million (R575 million) compared with US$79 million (R582 million) in the March quarter.

Capital expenditure increased from US$54 million (R397 million) to US$69 million (R523 million) for the quarter, with expenditure on the Phase 5 heap leach project and the CIL expansion project at US$8 million and US$31

million respectively. Expenditure on the pre-stripping at the Teberebie cutback (US$11 million) continued.
The CIL expansion continues on schedule to meet full production by the end of December 2008. Both the September and December quarters production will be affected by construction works on the new mill, specifically tie-in activities between the existing complex and the expansion steel and piping. It may be further affected by overburden haulage difficulties experienced during the rainy season.
Notional cash expenditure increased from US$762 per ounce to US$856 per ounce due to the increase in costs and capital expenditure.
The forecast for the September quarter is as follows:
· Gold produced - 159,000 ounces
· Total cash costs - US$550 per ounce
· Capital expenditure - US$68 million
· Notional cash expenditure - US$970 per ounce
The decrease in gold production is due to lower grade areas scheduled to be mined and the CIL expansion work that will constrain CIL availability. Total cash costs and notional cash expenditure is forecast to increase due to the lower production along with increases in power tariff rates, diesel price and other commodities.

Damang

		June 2008	March 2008
Gold produced	- 000'ozs	**50.0**	52.6
Yield	- g/t	**1.5**	1.3
Total cash costs	- US$/oz	**578**	546
Notional cash expenditure	- US$/oz	**773**	732

Gold production for the June quarter at 50,000 ounces was 5 per cent lower than the March quarter's 52,600 ounces. This was attributable to lower mill throughput which decreased from 1.23 million tons to 1.06 million tons. This was partly offset by an increase in head grade for the quarter from 1.4 grams per ton to 1.6 grams per ton due to more higher grade ore mined from the Damang pit cutback.
Total tons mined, excluding capital stripping, was 6.53 million tons, slightly less than the previous quarter's 6.55 million tons. Ore mined increased 15 per cent, from 1.08 million tons to 1.24 million tons with a resultant decrease in the strip ratio from 5.04 in March quarter to 4.29 in the June quarter.

The decrease in the mill throughput was mainly as a result of a major rebuild of the pebble crusher and a change in the plant feed blend - more hard, fresh material was treated at a higher grade.

Operating cost, including gold-in-process adjustments was US$29 million (R225 million), similar to the March quarter. Total cash cost increased from US$546 per ounce to US$578 per ounce reflecting the reduction in gold produced and the increased costs associated with mining the higher grade Damang pit cutback material.

Operating profit for the June quarter at US$16 million (R120 million) is slightly lower than the US$19 million (R138 million) achieved in the March quarter due to the lower gold price.

Capital expenditure at US$6 million (R45 million) is similar to the previous quarter. The majority of this expenditure was invested in a tailings facility and mill sundries.

Notional cash expenditure increased from US$732 per ounce to US$773 per ounce due to the lower production.

The forecast for the September quarter is as follows: