GOLD FIELDS LTD
Form 6-K
October 08, 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 September 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- ________

for more information about this
report please visit
www.goldfields.co.za

GOLD FIELDS VISION

To be a leading, globally diversified, precious metals producer through the responsible, sustainable and innovative development of quality assets.

GOLD FIELDS MISSION

Gold Fields is intent on achieving outstanding returns for investors with motivated employees committed to optimising existing operations and aggressively pursuing and developing additional world-class deposits, promoting mutually beneficial relationships and applying best practice technology.

GOLD FIELDS PROFILE

Gold Fields Limited is one of the world's largest unhedged producers of gold with attributable production of 3.64 million ounces per annum from eight operating mines in South Africa, Ghana and Australia. A ninth mine, Cerro Corona Gold/Copper mine in Peru, commenced production in August 2008 at an initial rate of approximately 375,000 gold equivalent ounces per annum. The company has total attributable ore reserves of 83 million ounces and mineral resources of 251 million ounces. Gold Fields is listed on JSE Limited (primary listing), the New York Stock Exchange (NYSE), the Dubai International Financial Exchange (DIFX), the Euronext in Brussels (NYX) and Swiss Exchange (SWX).

Scope of this report

This report provides an overview of Gold Fields' four South African and five international operations for the year ended 30 June 2008, on a Group and mine by mine basis. It details the company's financial statements, Mineral Reserves and Resources and looks ahead to the Group's prospects for F2009 as it expands its global footprint. The Sustainable Development (SD) section of the report covers the activities of our subsidiaries as well as parts of our exploration work for the year ending 30 June 2008.

Section 1:
Overview

Section 2:
Sustainable
Development

Section 3:
Financial
Statements

The year under review has been one of consolidation and challenges for Gold Fields, both in South Africa and internationally. Our greatest disappointment was the South Deep Mine accident in which nine of our colleagues – staff and contractors – tragically lost their lives. Coming at a time of heightened South African and international concern over mine safety, the incident contributed to what was already an unacceptable rise in fatal mine accidents across the Group.

In view of these very significant setbacks, it is nevertheless important to reiterate the encouraging overall trends in safety performance for both Gold Fields and the South African mining industry. Both have steadily reduced the total number of mine related fatalities to a third of the level two decades ago. We accept that, despite these efforts, Gold Fields continues to fall short of its goal of zero fatalities. We are nevertheless pleased that during the year, three operations – Driefontein, Beatrix and Kloof – achieved a million fatality free shifts. Equally Damang, St Ives and Agnew again operated without a fatality in F2008. Such achievements demonstrate that safe mining is a realistic target.

In F2008 the Group delivered an increase of 26 per cent in net operating profit to R6,015.2 million (US$827.3 million). This remarkable achievement in difficult circumstances is testament to the strength of our management and asset quality. It goes without saying that the higher gold price, which averaged US$816 per ounce during F2008, contributed significantly to the result. These results again reaffirm our strategy of remaining an unhedged producer.

International developments continue to support our bullish outlook on the gold price. Despite a recent surge in exploration expenditure globally, the delays in bringing new projects online remain. Thus production growth in South Africa, as elsewhere, is limited by a lack of new mining opportunities coming on stream in the near to medium future. This legacy of many years of continued under-investment in greenfields exploration continues, in the face of stable demand, to support a robust gold price. Demand for gold, fuelled in part by the continuous growth of the Chinese, Middle Eastern and Indian middle classes, will not be affected by rising global energy and food prices. Continued tension in the Middle East and instability in resource-rich African regions will, together with the maturing of the gold Equity Trading Funds (ETF) business, reinforce the role of gold as an eternal store of value.

This confirms the foresight of acquiring the South Deep project. Although skills shortages, the South African power crisis and labour issues have delayed the project, we remain confident that, once completed, South Deep will deliver stable and substantial production volumes over the long-term as our other South African operations mature over the next two decades.

By and large profitable growth in South African production can be sustained only through a focus on below-inflation cost containment and improved labour productivity in existing operations. It is in this context that our ability to develop South Deep in a way that realises synergies with our other West Rand assets, will remain core and sustain our South African business for years to come.

The Gold Fields share price saw significant volatility during the period under review, declining approximately 20 per cent from US$15.91 per share at the start of the year to US$12.65 at the end, and achieving a high of US$19.19 per share on 8 November 2007. This is particularly unsatisfactory performance when viewed against the background of gold prices which traded at over US$900/oz. There were several contributing factors to this performance, most notably investor dissatisfaction with the electricity and safety related disruptions to production in South

International developments
continue to support our bullish
outlook on the gold price.

Alan J Wright
Chairman

Africa, and the delay in the commissioning and capital over-run at the Cerro Corona project in Peru. Suffice it to say that the Board has made the required interventions which we trust will remedy the underperformance during F2008 of your company's share price, and we will continue to take such steps as we deem appropriate to release the value which we believe is inherent in the share.

We have seen pleasing progress with the projects designed to expand our long-term international production, such as the Tarkwa expansion. We continue to make good progress with the Cerro Corona project, which remains on track to deliver its first concentrate during the first quarter of F2009. Cerro Corona will not only contribute materially to the Group's future cash flow but, together with our JV with Buenaventura, secures a foothold for Gold Fields in a highly prospective gold province. This is in line with the Group's strategy of refocusing its exploration work to brownfields opportunities within established gold provinces where the likelihood of identifying payable deposits is already established.

As a result of the new direction that the Venezuelan Government has embarked on in nationalising certain resource assets, the Board decided to sell our holding in Choco 10 in October 2007, but to remain exposed to the potential of the Venezuelan goldfields through our equity stake in Rusoro, the new owner of Choco 10. Also in October 2007 we disposed of our stake in the Essakane project in Burkina Faso which, upon final analysis, was too small to meet our investment criteria.

Going forward there are two key challenges which the Group confronts in its South African base: power and people. January 2008 revealed the seriousness of the South African power crisis when key players in the mining sector, among them Gold Fields, were forced to shut down operations for up to five days. Since then we have continued to receive between 90 and 95 per cent of our pre-2008 power consumption. This continues to hold back our production. In addition, as a safety precaution, we have committed to the purchase of generating plants to ensure that, should power be lost for more than 24 hours, we will be able to bring all of our work force back to the surface.

Apart from the very direct negative impact on the country's economic growth, the Eskom power cuts are also a crisis of lost opportunities for the nation. A country such as South Africa with its enormous solar power potential has, for reasons unclear to most observers, so far failed to capitalise upon the opportunity for diversifying its energy sources to include a greater share of renewables. Since then, steps to curb domestic electricity demand, such as a shift to daylight savings time, better Eskom incentives for the mass installation of solar water heaters and other power-saving technologies/systems, have not been pursued with the rigour that the crisis demands. We have been working with Eskom through its demand side management (DSM) programme to put in place projects which have so far shifted more than 60MW of load out of peak demand periods, delivering savings of approximately R2 million a quarter. In addition, projects such as the conversion from diesel to battery power for underground locomotives will deliver long-term cost savings of R24 million per annum once completed. Additional projects are in the process of development or implementation. However, more remains to be done both within Gold Fields and at a national level so that the region's power supply can deliver what is needed for southern Africa's economy to achieve its potential.

The resilience of the South African economy and indeed the global resources sector continues to be challenged by the shortage of specialised skills. I am pleased to report that the Gold Fields Business Leadership Academy goes from strength to strength. At the same time the Group is exploring various innovative remuneration and benefit models appropriate to the regions in which it operates. These are designed to attract and retain skilled and experienced staff.

Gold Fields is in the process of changing its board composition with the departure of Patrick Ryan and Michael McMahon, who have served on the Gold Fields Board since May 1999. During their years of service they generously contributed their unrivalled knowledge and experience of the mining sector to the Board's deliberations and their wise counsel will be missed. We wish them both well in their future endeavours.

I am pleased to welcome Gayle Wilson and David Murray to the Gold Fields Board. They bring a wealth of international mining experience and we look forward to their contributions.

In March 2008, Ian Cockerill announced his intention to leave the Group to pursue an opportunity in the coal sector. Ian joined the Group in October 1999 as chief operating officer and managing director until June 2002, when he became chief executive officer. Under Ian's guidance, Gold Fields weathered the extended hostile but ultimately futile takeover bid by Harmony. He also oversaw the acquisition of Cerro Corona and South Deep and the expansion of the international operations. He leaves behind a larger, stronger and more global company. Ian's departure created the opportunity for restructuring the executive and as Nick Holland assumed the role of chief executive officer on 1 May 2008, Terence Goodlace, formerly head South African operations assumed his duties as chief operating officer for Gold Fields. In turn Vishnu Pillay was appointed executive vice president and head of South African operations while Glenn Baldwin has continued his role as executive vice president and head of international operations. Terence has since announced his intention to leave Gold Fields, for whom he has worked in various positions since 1998, as of 15 October 2008. We wish Ian and Terence well in their new endeavours and welcome the new members of the executive.

On behalf of the Board, I wish to express our thanks to the management and employees for their continued support and dedication which have sustained the Group through the challenges of the year.

To my colleagues on the Board I also extend my gratitude for the valued support and counsel during the past year. Together we can look forward with confidence to the year ahead.

Alan J Wright

Chairman

Overview

Gill Marcus (59)*
BComm
Prof Marcus was appointed a director of Gold Fields on 14 February 2007. She served as a member of the ANC National
Executive Committee from 1991 to 1999 and Member of Parliament from 1994 to 1999. Prof Marcus served as deputy
minister of Finance from 1996 to 1999. She served as deputy governor of the South African Reserve Bank from 1999 to
2004. Since 2004, she has been Professor of Policy, Leadership and Gender Studies at the Gordon Institute of Business
Science. From November 2005 to March 2007, Prof Marcus was executive chairperson of gold mining company Western
Areas. In 2007 she was appointed non-executive chairperson of the ABSA Group. Prof Marcus also serves in a non-executive
capacity on the board of the International Marketing Council, the Advisory Board of the Auditor-General and the Independent
Regulatory Board for Auditors. She is patron of the Pretoria Sungardens Hospice and the Working on Fire Programme, a
supporter of the Johannesburg Children's Home and a member of the Millennium Labour Council.
Alan J Wright (67)°
Chairman
CA(SA)
Mr Wright was appointed non-executive chairman of the Board on 17 November 2005. Prior to that, Mr Wright had been
deputy chairman of Gold Fields since November 1997. Prior to September 1998, Mr Wright was the chief executive officer
of Gold Fields of South Africa Limited. Mr Wright holds no other directorships.
Nicholas J Holland (49)*
Chief Executive Officer
BComm, BAcc, Witwatersrand; CA(SA)
Mr Holland has been an executive director of Gold Fields since 14 April 1998 and became chief executive officer on 1 May
2008. He served as executive director of finance from April 1998. On 15 April 2002, his title changed to chief financial officer
until 30 April 2008. He has 28 years' experience in financial management. Prior to joining Gold Fields, he was financial director
and senior manager of corporate finance of Gencor Limited. He is also a director of Rand Refinery Limited.
Kofi Ansah (64)°
BSc (Mech Eng) UST Ghana; MSc (Metallurgy) Georgia Institute of Technology, USA
Mr Ansah was appointed a director on 2 April 2004. He is a director of Ecobank (Ghana) Limited and Aluwoks Limited.
John G Hopwood (60)°
BComm, CA(SA)
Mr Hopwood was appointed a director on 15 February 2006. Previous experience includes being a director and head of the
Mergers and Acquisitions division at Ernst & Young Corporate Finance, and he was an executive director of Gold Fields of
South Africa Limited from January 1992 to September 1998. Mr Hopwood is a member of the Board of Trustees of the New
Africa Mining Fund and chairman of the Fund's Investment Committee, and a non-executive director of Pan African

Resources Plc.

Executive Directors

Non-executive Directors

Terence P Goodlace (49)*

Chief Operating Officer

National Higher Diploma Metalliferous Mining; BComm, Unisa; MBA, Wales

Mr Goodlace joined the Board on 1 May 2008 when he was appointed chief operating officer. Prior to this appointment, he was executive vice president and head of South African operations, senior vice president – strategic planning, senior manager for corporate finance for Gold Fields and manager at various Gencor Limited mines. He has more than 26 years' experience in the mining industry. Mr Goodlace resigned as a director and COO of the company with effect 15 October 2008.

Rupert L Pennant-Rea (60)°
BA, Trinity College Dublin; MA, University of Manchester
Mr Pennant-Rea has been a director of Gold Fields since 1 July 2002. He is chairman of Henderson Group plc and is a director of First Quantum Minerals, Go-Ahead Group, Times Newspapers Limited and a number of other companies. Previously he was editor of *The Economist* and deputy governor of the Bank of England.
David N Murray OBE (63)°
BA Hons Econ; MBA (UCT)
Mr Murray joined the Board on 1 January 2008. He has more than 35 years' experience in the mining industry and has been chief executive officer of Rio Tinto Portugal, Rio Tinto Brazil, TVX Gold INC, Avgold Limited and Avmin Limited.
He is also a non-executive director of Ivernia Inc.
Gayle M Wilson (63)°
BCom, BCompt (Hons); CA(SA)
Mrs Wilson was appointed a director on 1 August 2008. She was previously an audit partner at Ernst & Young for 16 years where her main focus was on mining clients. In 1998 she was involved in AngloGold's listing on the NYSE and in 2001 she took over as the lead partner on the global audit. Other mining clients during her career include Northam, Aquarius, Avmin (later ARM) and certain Anglo Platinum operations. She is a non-executive director of Witwatersrand Consolidated Gold Resources Limited.
Donald MJ Ncube (61)°
BA Economics and Political Science, Fort Hare University; Post Graduate Diploma in Labour Relations, Strathclyde University, Scotland; Graduate MSc Manpower Studies, University of Manchester; Diploma in Financial Management
Mr Ncube was appointed a director of Gold Fields on 15 February 2006. Previously, he was an alternate director of Anglo American Industrial Corporation Limited and Anglo American Corporation of South Africa Limited, a director of AngloGold Ashanti Limited as well as non-executive chairman of South African Airways. He is currently chairman of Rare Holdings Limited, chairman of Badimo Gas, executive director of Cincinnati Mining S.A., a director of Manhattan Operations Douglas, and he serves on the boards of various other companies.
Chris I von Christierson (60)°
BComm, Rhodes; MA, Cambridge
Mr von Christierson has been a director of Gold Fields since 10 May 1999. As a result of the takeover by Lundin Mining he stepped down as the chairman of Rio Narcea Gold Mines Limited on 18 July 2007. He is currently a director of Southern Prospecting (UK) Limited and Transdek (UK) Limited.
* Non-independent director
° Independent director
Overview

Nicholas J Holland (49)
Chief Executive Officer
BComm, BAcc, Witwatersrand; CA(SA)
Mr Holland has been an executive director of Gold Fields since 14 April 1998 and became chief executive officer on 1 May
2008. He served as executive director of finance from April 1998. On 15 April 2002, his title changed to chief financial officer
until 30 April 2008. He has 28 years' experience in financial management. Prior to joining Gold Fields, he was financial director
and senior manager of corporate finance of Gencor Limited. He is also a director of Rand Refinery Limited.

Glenn R Baldwin (36)
Executive Vice President: Head of West Africa and Australia
BEng (Hons) Mining
Mr Baldwin was appointed executive vice president: head of international operations on 1 April 2007. Prior to his appointment at Gold Fields, Mr Baldwin was the chief operating officer at Ivanhoe Nickel & Platinum Limited. After finishing
his degree, Mr Baldwin spent seven years in Australia developing his mining skills. Coming to South Africa, he further
developed his technical and operational skills in various roles within the Anglo American Group and thereafter as the vice
president operations for Southern Platinum Limited.

Italia Boninelli (52)
Senior Vice President: Head of Human Resources
MA, Witwatersrand; PDLR, Unisa SBL
Mrs Boninelli was appointed to the position of senior vice president, human resources of Gold Fields on 8 January 2007.
She is also the chairperson of the Gold Fields Leadership Business Academy. Prior to that, she was group human resources
director of Netcare, the largest private healthcare organisation in South Africa. She previously held senior human resources,
marketing and communications positions in Standard Bank and Sappi.

Jimmy WD Dowsley (50)
Senior Vice President: Corporate Development
BSc (Mining Engineering), Witwatersrand
Mr Dowsley was appointed as senior vice president, corporate development on 15 April 2002. Prior to this appointment,
Mr Dowsley was general manager of corporate development. He also served as general manager of new business and as
manager of the Mineral Economics Division of Gold Fields of South Africa Limited.

Cain Farrel (58)
Corporate Secretary
FCIS, MBA, Southern Cross University, Australia
Mr Farrel was appointed corporate secretary on 1 May 2003. Mr Farrel is past-president and a director of the Southern African Institute of Chartered Secretaries and Administrators. Previously, Mr Farrel served as senior divisional secretary of
Anglo American Corporation of South Africa.

Michael D Fleischer (47)
General Counsel

Bachelor Procurationis, University of the Witwatersrand. Admitted as attorney of the High Court of South Africa in 1991

Advanced Taxation Certificate, University of South Africa

Mr Fleischer was appointed General Counsel in the Executive division with effect from 1 November 2006. Prior to his appointment, Mr Fleischer was a partner in the corporate services department at Webber Wentzel, a major law firm in South Africa, and has extensive experience in advising on mergers and acquisitions transactions in South Africa and worldwide (where transactions involve a South African element). Mr Fleischer has a wide range of experience in mergers and acquisitions, commercial transactions, mining law and Stock Exchange requirements. While in practice he was ranked as one of South Africa's leading commercial lawyers by Chambers Global (the world's leading lawyers for business).

J Willie Jacobsz (47)

Senior Vice President: Head of Investor Relations and Corporate Affairs

BA, Rand Afrikaans University

Mr Jacobsz joined the Gold Fields executive committee in June 2002 as head of investor relations, corporate affairs and sustainable development, the latter of which he relinquished in December 2007. He joined the Gold Fields Group in 1989 as head of the Gold Fields Foundation and has subsequently held various positions in the fields of transformation, corporate affairs, investor relations and sustainable development.

Vishnu Pillay (51)

Executive Vice President: South African Operations

BSc, MSc at Maharaja Sayajirao University of Baroda, Gujurat, India

Mr Pillay was appointed executive vice president: head of South African Operations from 1 May 2008. He was formerly senior consultant, Mine Planning and Resources Management and apart from a brief period with the CSIR where he held the positions of executive director: CSIR Mining Technology and group executive: Institutional Planning and Operations, he has had 22 years of service with Gold Fields.

Paul A Schmidt (41)

Acting Chief Financial Officer

BComm, Witwatersrand; BCompt (Hons), Unisa; CA(SA)

Mr Schmidt was appointed acting chief financial officer on 1 May 2008. Prior to this appointment, Mr Schmidt was financial controller for the Group. He has more than twelve years' experience in the mining industry.

Terence P Goodlace (49)

Chief Operating Officer

National Higher Diploma Metalliferous Mining; BComm, Unisa; MBA, Wales

Mr Goodlace joined the Board on 1 May 2008 when he was appointed chief operating officer. Prior to this appointment, he was executive vice president and head of South African operations, senior vice president – strategic planning, senior manager for corporate finance for Gold Fields and manager at various Gencor Limited mines. He has more than 26 years' experience in the mining industry. Mr Goodlace has resigned as a director and chief operating officer of the company with effect 15 October 2008.

Tommy D McKeith (44)

Executive Vice President: Exploration and Business Development

BSc Hons (Geology), GDE (Mining), MBA , University of Witwatersrand in South Africa

Mr McKeith was appointed to the position of executive vice president: exploration and business development on 1 October 2007. Prior to this appointment Mr. McKeith was the chief executive officer of Troy Resources NL, an Australian junior gold producer. Before joining Troy, he worked for over 15 years with Gold Fields and its predecessors in various mine geology, exploration and business development positions. These included regional manager Australasia and vice president business development, based in Denver. Tommy is currently based in Perth.

We will not mine if we cannot
mine safely.

INTRODUCTION

I took over as chief executive officer of Gold Fields on 1 May 2008, near the end of what can justifiably be viewed as one of the more challenging financial years since the inception of the company in 1998. On the one hand F2008 was a year of consolidation as we advanced our growth projects towards completion, in an environment of extreme cost pressures and construction delays. On the other hand we had to deal with a number of particularly challenging operational issues at our existing mines, which contributed to an 8 per cent decline in attributable gold production to 3.64 million ounces during F2008.

However, despite the many challenges, F2008 also presented a number of key milestones which set Gold Fields on a course for improved performance during F2009 and the years beyond.

Foremost amongst these was the watershed that Gold Fields reached late in F2008 in its approach to safety. On my first day as chief executive officer, nine employees died tragically at the South Deep gold mine when the vent hole raise conveyance in which they were travelling became dislodged and fell more than 60 metres. This incident, together with several others through the year, brought the total number of deaths on our mines for the year to 47. As I assumed office, it was clear to me that we had reached a watershed in our approach to safety and that my prime and immediate responsibility to employees, their families and shareholders, was to demand a fundamental step change in our approach to safety. As a consequence, and with the full support of the Gold Fields Board, I announced on 7 May 2008 that we will not mine if we cannot mine safely. While the short-term impact of this policy will come at a high cost, I am confident that the long-term gains will substantially benefit our employees and shareholders alike. I expand further on the resulting safety interventions in the Health and Safety section below.

A second key milestone during F2008 was the significant progress made towards the completion of our growth projects. In particular,

Nicholas Holland
Chief Executive Officer

the Cerro Corona Project in Peru was largely completed by the end of F2008. This mine is now in production and should reach full capacity by the end of December 2008, adding approximately 300,000 attributable gold-equivalent ounces per annum to the Gold Fields portfolio, and providing Gold Fields with a beachhead for further growth in South America. This new mine should prove to be highly cash generative for the Group, despite the significant cost over-runs and delays experienced during the construction phase. In Australia, the two new underground mines at the St Ives gold mine, Belleisle and Cave Rocks, were completed by the end of F2008 and should also build up to full production by the end of December 2008, helping to increase production in Australia to approximately

640,000 ounces per annum. In Ghana the expansion of the Carbon in Leach (CIL) plant at the Tarkwa gold mine is progressing to plan and should be in full production before Christmas this year, increasing attributable production in Ghana from 625,000 ounces of gold per annum to approximately 675,000 ounces of gold per annum.

On the operational front, in South Africa we were confronted by several interruptions in production resulting from safety stoppages at all of our mines throughout the year. This was compounded late in January when electricity supply to our mines was severely curtailed, resulting in the closure of all of our mines for a full week and reduced production for the remainder of F2008 as electricity supply was gradually restored and production again started to ramp up. As a result of the above factors, production from the South African mines decreased from 2.65 million ounces in F2007 to 2.42 million ounces in F2008. However, on the positive side, by the end of F2008, the electricity supply situation had stabilised, with both Driefontein and Kloof gold mines receiving an uninterrupted supply of approximately 95 per cent of their average historic electricity consumption, and Beatrix and South Deep gold mines approximately 90 per cent.

In Ghana, the Tarkwa and Damang gold mines were plagued in the first half of the year by significant electricity shortages as a result of a severe drought which limited the bulk power generation capacity of the Volta River Hydro Electrical System in that country. This was followed in short order by an exceptionally wet rainfall season (including a one in fifty year event) which caused extensive flooding throughout the region, including at our mine sites. Both of these events had a negative effect on production.

During the year Gold Fields sold its 60 per cent stake in the Essakane project in Burkina Faso to its joint venture partner in the project, Orezone Resources Inc., for US$150 million cash and shares amounting to 12.2 per cent of Orezone's issued shares. Similarly, in December 2007, Gold Fields sold all its Venezuelan assets, including the Choco 10 mine, to Rusoro Mining Limited for a consideration of US$180 million in cash and shares amounting to approximately 37 per cent of Rusoro's outstanding shares. These two deals realised value of US$615 million for Gold Fields, the cash proceeds of which was used to partially fund our growth projects in Peru and Ghana.

Despite an 8 per cent reduction in the Group's attributable gold production to 3.64 million ounces during F2008, and relentless inflationary pressures around the globe, the Group margin was virtually unchanged at 39 per cent when compared to the 40 per cent achieved in F2007. Net operating profit increased by 26 per cent to R6,015 million (US$827 million) and earnings excluding gains and losses on foreign exchange, financial instruments, exceptional items and discontinued operations increased by 28 per cent to R2,930 million (US$403 million).

Notwithstanding the relatively strong financial performance during F2008, Gold Fields (and its South African peer group of companies) has significantly underperformed its international peer group. The Gold Fields share price saw significant volatility, declining by approximately 20 per cent from US$15.91 per share at the start of the year to US$12.65 by year end and since the financial year end has declined further, in line with a global sell-off in gold equities. This is a particularly disappointing performance when viewed against a background of a gold price which gained approximately 40 per cent over the same period, from approximately US$650 per ounce to just over US$900 per ounce of gold.

To address this underperformance, and to release the value inherent in the company's share price, a short-term target and accompanying plan has been put in place to return Gold Fields to a four million ounce producer with strong cash flows during the third quarter of F2009.

In addition a medium-term target has been put in place through which Gold Fields would, over a three to four year period, be diversified into a truly global gold producer, restructured into four highly autonomous operating regions around the world. The executives in these regions will not only be responsible for the ongoing operations at each of the mines in these regions, but will also be directly involved in growth in each of the regions. This restructuring will also result in a smaller corporate office as key services and skills are redeployed to the various operating regions. In this new configuration, Gold Fields aims, within three to four years, to produce a million ounces each from the South American, West African and Australasian Regions, and approximately 2.3 million ounces from the South African Region per year. These targets are further expanded on in the strategy section of this report.

In summary, the core message in this report is that Gold Fields is committed to two fundamental deliverables during F2009: safety and shareholder value.

HEALTH AND SAFETY

As I indicated above, the most significant challenge and greatest disappointment during F2008 has been the death of 47 colleagues – staff members and contractors – who lost their lives in 30 separate accidents on Gold Fields' mines during the year. The Board and management of Gold Fields extend their condolences to the families, friends and colleagues of the deceased and we will honour their memory by committing ourselves to making mining at Gold Fields safe.

To reaffirm Gold Fields' commitment to safety, I repeat the unqualified commitment which I made at the memorial service for the victims of the South Deep accident: "We will not mine if we cannot mine safely". Following this statement on 7 May 2008, I have initiated a number of projects which, together, will set Gold Fields on a new "high road to safety".

In the first instance, the revised Health and Safety plans which all of the South African operations prepared and implemented in the second quarter of F2008 were reviewed for potential improvements, and re-energised during the fourth quarter of F2008. The full implementation of these revised plans will further enhance the Group's health and safety performance. I have increased the frequency of Full Compliance audits on all mines to at least one full audit per year. Initially, however, these audits will be done quarterly or half-yearly until we achieve the required level of compliance.

As part of the re-energising of the Health and Safety plans, and immediately following my appointment as chief executive officer, I went on a road show to all operations in South Africa during which I addressed our work force, which comprises approximately 50,000 employees in total, at mass rallies, promoting the new health and safety culture and seeking buy-in from employees at all levels in the organisation.

In February 2008 the Group's operational bonus system was changed to provide for an equal weighting between production and safety performance. After my appointment this principle was extended to all executive incentive remuneration as well, with approximately 30 per cent of executive bonus payments now linked to health and safety performance, including that of the chief executive officer.

A comprehensive review of all pillar and remnant mining across all operations was undertaken. Extensive work was done to reassess design criteria used to assess pillars and remnant areas before a decision is made to mine these areas. As a result of this review, pillar mining at Driefontein and Kloof has been reduced by 25 and 50 per cent respectively. The full extent of these reductions has been reflected in the guidance provided for F2009 elsewhere in this report, and having completed the review, no further reductions are expected.

DuPont International was commissioned to conduct a comprehensive, wall to wall safety audit across all operations in the Group. This project commenced at the South African operations at the end of May 2008, and is scheduled for completion by the end of October 2008, after which it will be extended to the international operations. The audit covers all aspects of our health and safety management systems, strategies and plans, and also includes a perception study with a sample size of 30 per cent of all of our employees across all levels of the organisation.

Following the tragic accident at South Deep, and with the increased focus on safety, a comprehensive review of the status of all infrastructure across all operations in the Group was initiated. This review identified a number of infrastructure installations at the South African operations that required remediation to improve safety. While most of these repairs were of such a nature that they could be completed in the normal schedule of planned maintenance, three instances required a suspension or curtailment of normal production while repairs and remediation were carried out. An external consultant was appointed to audit the Infrastructure Review and we expect to finish this audit by the end of calendar 2008.

Overview

- At South Deep the 95 2 West and 3 West access ramps were in urgent need of additional support. This project is scheduled for completion by the end of the first quarter of F2009. Production is expected to return to more normal levels of approximately 50,000 ounces per quarter from the start of the second quarter of F2009.
- At Driefontein it became apparent that the chronic backlog in secondary support at the high grade one tertiary, four and five shafts, which has plagued this mine for several years, represented an unacceptable risk. While the backlog at four and five shafts could be made up without an interruption in production, the one tertiary shaft backlog could not be eliminated in the normal course of business. As a consequence all production has been stopped in this area while the remediation work is undertaken. This project will be completed by the end of the first quarter of F2009.
- At Kloof it was determined that the steelwork in the Main shaft was in urgent need of rehabilitation due to extensive corrosion. As a consequence it was decided to limit hoisting from the shaft to one day per week for the remainder of the year, so that the shaft can be repaired. Main shaft normally handles approximately 60 per cent of all production at Kloof. During the next five months Kloof will lose approximately 30 per cent of its gold production. This rehabilitation is expected to be completed by the end of December 2008, after which production should be restored to closer to historical levels.

While these interventions will result in short-term production sacrifices, I am comfortable that we made the right decisions to withdraw from these areas while we make the required repairs. The long-term benefits to employees and shareholders alike will significantly offset the short-term losses, particularly as Gold Fields intends to operate the Driefontein and Kloof shafts for at least the next 15 to 20 years and the South Deep access ramps for significantly longer than that.

RESULTS

The Group's attributable gold production for the financial year ended June 2008 decreased by 8 per cent to 3.64 million ounces, from 3.97 million ounces for the prior year.

At the South African operations gold production decreased from 2.65 million ounces in F2007 to 2.42 million ounces in F2008. This was largely due to a number of safety related interruptions to production across all of our mines throughout the year, as well as the power disruptions late in January 2008, which brought the South African mines to a standstill for one week. As a consequence of these safety interruptions and the impact of the power disruptions, gold output from the South African mines was reduced by approximately 0.2 million ounces for the period under review. Driefontein and Kloof decreased by 9 per cent to 0.93 million ounces and 11 per cent to 0.82 million ounces respectively, mainly due to lower volumes mined. Gold production at Beatrix decreased by 19 per cent to 0.44 million ounces due to lower volumes mined combined with a low mine call factor (MCF). Part of this shortfall was offset by South Deep, control of which was acquired on 1 December 2006, which produced 0.23 million ounces in F2008 compared with 0.17 million ounces for the seven months ended June 2007.

At the international operations total managed gold production decreased from 1.58 million ounces in F2007 to 1.46 million ounces in F2008. In Ghana, Damang's gold production increased 3 per cent to 0.19 million ounces due to an increase of available high grade fresh ore tonnages mined and processed from the Damang pit cutback. Tarkwa was 7 per cent lower at 0.65 million ounces mainly due to exceptionally high seasonal rainfall during the year and lower grades. In Australia, St Ives decreased by about 14 per cent year on year to 0.42 million ounces. The decrease at St Ives was due to a reduction of high grade underground ore from Conqueror, closed at the end of F2007, and scheduled replacement ore from Cave Rocks and Belleisle not coming into production during the year as planned. At Agnew, the decrease of 4 per cent to 0.20 million ounces was due to lower grades at Waroonga's, Kim South and Main Lode.

Revenue increased by 18 per cent in rand terms (17 per cent in US dollar terms) from R19,434 million (US$2,699 million) to R23,010 million (US$3,165 million). The higher average gold price of R190,623 per kilogram (US$816 per ounce), compared with R147,595 per kilogram (US$638 per ounce) achieved in financial 2007, more than offset the lower production. Exchange rates had little effect on the gold price in rand terms as the rand/dollar exchange rate remained flat.

During F2008 the sustained demand for natural resources, in particular from growing economies such as India and China, and the resulting boom in mining activity for all commodities, continued to feed inflationary pressures across all mining jurisdictions globally, with little relief in sight. This general inflationary environment is unprecedented, with raw material price increases reaching an all time high. In South Africa certain steel products saw almost a doubling in cost while major cost increases were also seen in areas such as timber support, cyanide, fuel, copper cables and mill liner spares. At our international operations the greatest inflationary pressures were felt in areas such as fuels, grinding balls, explosives, cyanide, lime and repair and maintenance contracts. In addition, a common theme worldwide has been above inflation increases in labour costs as competition for scarce skills intensified, as well as increased demand for power which has led to power shortages and increased generation costs in virtually all jurisdictions, but especially in Ghana and South Africa.

Against this background, operating costs, including gold-in-process movements, increased from R11,694 million (US$1,624 million) in F2007 to R13,969 million (US$1,922 million) in F2008, an increase of R2,275 million (US$298 million) or 19 per cent. This increase was partly due to the acquisition of South Deep which was owned for the full year compared with only seven months during F2007, adding an additional R530 million (US$74 million) to costs. The year on year increase in costs, excluding South Deep, amounted to 15 per cent, with the majority of this due to the inflationary pressures described above. Costs were also impacted by the increase in volumes mined required to partially offset the decline in values mined, as recovered yields on average decreased from a combined average of 2.6 grams per ton to 2.4 grams per ton year on year for the Group.

CONTINUED

Total cash costs for the Group increased from R86,623 per kilogram (US$374 per ounce) in F2007 to R111,315 per kilogram (US$476 per ounce) in F2008.

However, Gold Fields is not only focusing on total cash costs but also on Notional Cash Expenditure (NCE) per ounce. NCE is defined as operating costs plus capital expenditure and is reported on a per kilogram and per ounce basis. 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 and greenfields exploration, which in turn addresses the demand of the investing community to generate real returns, rather than merely increasing resources, reserves and production that does not necessarily create value.

One of Gold Fields' key objectives is to reduce its NCE per ounce and increase its free cash flow. The NCE for the Group for F2008 amounted to R186,088 per kilogram (US$796 per ounce) compared with R135,379 per kilogram (US$585 per ounce) for F2007. These figures include all capital expenditure for growth projects and were high because of peak investment in growth projects. During F2007, US$76 per ounce of the NCE of US$585 per ounce was spent on new growth projects. During F2008 new growth projects accounted for US$165 of the NCE of US$796 per ounce.

Net operating profit increased from R4,777 million (US$663 million) in F2007 to R6,015 million (US$827 million) in F2008, with the Group benefiting from the higher gold price in all currencies.

After accounting for taxation, sundry costs, exceptional items which included the sale of Essakane and Choco 10, and restructuring costs at South Deep, net earnings were R4,458 million (US$613 million) for F2008, compared with R2,363 million (US$328 million) in the prior year. Earnings excluding gains and losses on foreign exchange, financial instruments, exceptional items and discontinued operations amounted to R2,930 million (US$403 million) in F2008 compared with R2,298 million (US$319 million) in F2007.

STRATEGY

Over the past six years Gold Fields has developed a simple yet effective strategy premised on the three basic pillars of:

- Operational excellence;
- Growing Gold Fields; and
- Securing the future.

Shortly after I assumed the role of chief executive officer, the Group executive committee and the Board engaged in a process to determine if this strategy remained valid. The conclusion was that, while the broad strategy remained robust and appropriate, a number of strategic adjustments had to be made.

- The first and most fundamental of these adjustments was the step change in our approach to safety, described in the Health and Safety section above.
- The second adjustment relates to our approach to cost

management and the introduction of NCE as a new metric to drive free cash flow in the Group, as described above. The completion of our growth projects would increase our production profile, improve our cash costs on a Grou