

Gold Fields Limited: A Steady Quarter With Improved Margins

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JOHANNESBURG, Feb. 18 /CNW/ - [Gold Fields Limited](#) (Gold Fields) (JSE, NYSE, NASDAQ Dubai: GFI) today announced net earnings excluding gains and losses on foreign exchange, non-recurring items and share of gain or loss of associates after royalties and taxation for the December 2010 quarter of R1,475 million compared with earnings of R1,016 million and R1,022 million in the September 2010 and December 2009 quarters respectively. In US dollar terms net earnings excluding gains and losses on foreign exchange, non-recurring items and share of gain or loss of associates after royalties and taxation for the December 2010 quarter were US\$211 million, compared with earnings of US\$138 million and US\$135 million for the September 2010 and December 2009 quarters respectively. A net loss of R777 million (US\$106 million) was incurred due to the cost of a number of empowerment transactions completed in the quarter.

December 2010 quarter salient features:

- * Net earnings per share excluding gains and losses on foreign exchange, non-recurring items and share of gain or loss of associates after royalties and taxation increased by 43 per cent from 144 cents per share to 206 cents per share;
- * Group attributable gold production similar to last quarter at 898,000 ounces;
- * Lowest coupon dollar bond ever issued by South African corporate;
- * Total cash cost down from R164,898 per kilogram (US\$697 per ounce) to R161,894 per kilogram (US\$728 per ounce);
- * NCE margin up 2 per cent to 20 per cent;
- * 2014 equity empowerment requirements completed and fully accounted for; and
- * Growth pipeline gathering momentum.

As a result of the change in year-end from June to December, a final dividend for the six months ended 31 December 2010 of 70 SA cents per share is payable on 14 March 2011.

Statement by Nick Holland:

"Gold production of 898,000oz in the December 2010 quarter was in line with annual guidance provided in August 2010. All of our regions again contained and reduced costs. In the South Africa region alone more than R100 million of cost savings were delivered. In the West Africa, South America and Australasia regions costs in the home currencies were in line with the previous quarter.

Lower costs also enabled Gold Fields to generate almost R1 billion (US\$136 million) in cash this quarter and, combined with higher quarter-on-quarter gold prices, lifted the Group NCE margin to 20 per cent in the December quarter from 18 per cent in the September quarter. NCE is the margin generated by the business after all operating costs, capital expenditure (growth and sustaining) and near mine exploration costs. The higher NCE margin was achieved in spite of the rand and Australian dollar strengthening by six per cent and nine per cent respectively against the US dollar during the quarter. It is note-worthy that we have achieved an NCE margin of 20 per cent within a year of setting ourselves that goal. We intend to consolidate these initial gains and position the Group to generate sustainable margins at a range of long-term gold prices.

Despite our sound operational performance, the five fatalities reported during the quarter are a severe setback in our journey towards Zero Harm at our mines. We will step-up our efforts to improve our safety performance. Nonetheless, our initiatives are bearing fruit since our fatalities and serious injuries continue to trend downwards; fatalities have reduced from 31 in calendar 2008 to 26 in calendar 2009 to 18 last year, of which 17 occurred in South Africa. We are determined to continue reducing the safety risks at our operations and further reduce the number of fatalities this year.

The integration and rationalisation of the Kloof, Driefontein and South African regional management teams at our South Africa legacy mines has been implemented and resulted in a flatter management structure, which should lead to a greater focus on operational efficiencies. Production at South Deep improved quarter on quarter despite the week-long strike at the mine in November. South Deep continued to achieve key milestones, with the partial installment of the head-gear on the ventilation shaft during December being a case in point. The mines in our international regions continued to show strong financial and operational performances. Damang reported quarterly production of 60koz as the new secondary crusher approached full capacity, while St Ives achieved a long-term target of 125koz in the December quarter, which annualises to 500koz.

Our growth strategy continues to gather momentum. The Far South East joint venture project in the Philippines has been resourced and underground drilling has commenced, while drilling and feasibility work continues at the Chucapaca project in Peru. Our ongoing drilling campaign at the 85 per cent owned Yanfolila project in Mali confirms the existence of a number of high grade outcropping shoots within close proximity of each other on the southern part of the property. Metallurgical test work on a new process continued at the 12moz Arctic Platinum poly-metallic deposit in Finland to determine whether metals as opposed to concentrates can be produced on site at higher recoveries, thus improving the economics of this project. We hope that we will be able to make construction decisions on all four of these projects within the next 18 to 24 months. These exciting projects will help us to achieve our goal of having 5moz either in production or in development by 2015.

Shareholders approved the terms of our three empowerment transactions at the Special General Meeting held in November. The deals, which include an Employee Share Option plan for 10.75 per cent of GFIMSA, have been completed and enabled us to achieve our 2014 equity empowerment target. At the AGM, Dr Mamphela Ramphele took over the Chair of Gold Fields from Alan Wright, who had served the company with distinction for over 40 years."

The full results are available on the Gold Fields website:

<http://www.goldfields.co.za>

Notes to Editors

About Gold Fields

Gold Fields is one of the world's largest unhedged producers of gold with attributable production of 3.5 million gold equivalent ounces per annum from nine operating mines in South Africa, Ghana, Australia and Peru. Gold Fields also has an extensive growth pipeline with both greenfields and nearmine exploration projects at various stages of development. Gold Fields has total attributable gold equivalent Mineral Reserves of 78 million ounces and Mineral Resources of 281 million ounces. Gold Fields is listed on JSE Limited (primary listing), the New York Stock Exchange (NYSE), the NASDAQ Dubai Limited, the Euronext in Brussels (NYX) and the Swiss Exchange (SIX).

Sponsor: J.P. Morgan Equities Limited

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