

GOLD FIELDS LTD
Form 425
November 10, 2004

Filed by Harmony Gold Mining Company Limited

Pursuant to Rule 165 and Rule 425 under the United States Securities Act of 1933, as amended

Subject Company: Gold Fields Limited

Commission File No. 333-119880

Date: November 10, 2004

CREATION OF A NEW INTERNATIONAL MAJOR

Proposed Merger with

GOLD FIELDS LIMITED

THE HARMONY WAY IS GOOD IN

SOUTH AFRICA

(Ian Cockerill, Gold Fields CEO,

3 November 2004)

1.275 New Harmony Shares

for every Gold Fields Limited Share

A NEW SOUTH AFRICAN CHAMPION

CORPORATE INFORMATION

Joint financial adviser and investment bank

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Co-financial adviser

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South Africa

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South Africa

UK transfer secretaries

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(trading as Capita Registrars)

The Registry

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South Africa

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(Proprietary) Limited

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Illovo, 2196

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South Africa

Harmony has appointed MacKenzie Partners, Inc. as shareholder communication consultants who have established Shareholder Information Hotlines.

Gold Fields shareholders are encouraged to make use of the toll free Shareholder Information Hotlines for assistance with regards to the offers in completing the form of acceptance, surrender and transfer and with any other queries.

If you have any questions regarding the contents of this document, completing the form of acceptance, surrender and transfers or any other queries regarding the proposed merger please call the appropriate Shareholder Information Hotline.

IN SOUTH AFRICA

Call Toll Free: 09800 3231 3233

IN THE UNITED KINGDOM, GERMANY AND FRANCE

Call Toll Free: 00800 3231 3233

IN NORTH AMERICA

Call Toll Free: 1 800 322 2885

IF YOU ARE OUTSIDE THE TOLL FREE AREAS:

Direct Line in U.K.: +44 20 7814 5018 Direct Line in U.S.A.: +1 212 929 5500

HOTLINE HOURS ARE

9.00 a.m. till 5.00 p.m. in South Africa, U.K., Germany and France

HOTLINE HOURS ARE

8.00 a.m. till 9.00 p.m. EST in North America

PLEASE NOTE THAT YOUR CALL MAY BE RECORDED

IMPORTANT INFORMATION

Defined terms

Unless the context otherwise requires, the definitions contained in the offer document or the registration statement sent to Gold Fields shareholders have the same meaning in this document.

Notice to Investors

In connection with the proposed acquisition of Gold Fields, Harmony has filed a registration statement on Form F-4, which includes a preliminary prospectus and related exchange offer materials, to register the Harmony ordinary shares (including Harmony ordinary shares represented by Harmony American Depositary Shares (ADSs)) to be issued in exchange for Gold Fields ordinary shares held by Gold Fields shareholders located in the United States and for Gold Fields ADSs held by Gold Fields shareholders wherever located, as well as a Statement on Schedule TO. **Investors and holders of Gold Fields securities are strongly advised to read the registration statement and the preliminary prospectus, the related exchange offer materials and the final prospectus (when available), the Statement on Schedule TO and any other relevant documents filed with the Securities and Exchange Commission (SEC), as well as any amendments and supplements to those documents, because they will contain important information.** Investors and holders of Gold Fields securities may obtain free copies of the registration statement, the preliminary and final prospectus (when available), related exchange offer materials and the Statement on Schedule TO, as well as other relevant documents filed or to be filed with the SEC, at the SEC's web site at www.sec.gov. Investors and holders of Gold Fields securities will receive information at an appropriate time on how to obtain transaction-related documents for free from Harmony or its duly designated agent. The preliminary prospectus and other transaction-related documents may be obtained for free from MacKenzie Partners, Inc., the information agent for the U.S. offer, at the following address: 105 Madison Avenue, New York, New York 10016; telephone 1 212 929 5500 (call collect) or 1 800 322 2885 (toll-free call); e-mail proxy@mackenziepartners.com.

This communication is for information purposes only. It shall not constitute an offer to purchase or exchange or the solicitation of an offer to sell or exchange any securities of Gold Fields or an offer to sell or exchange or the solicitation of an offer to buy or exchange any securities of Harmony, nor shall there be any sale or exchange of securities in any jurisdiction in which such offer, solicitation or sale or exchange would be unlawful prior to the registration or qualification under the laws of such jurisdiction. The distribution of this communication may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. The solicitation of offers to buy Gold Fields ordinary shares (including Gold Fields ordinary shares represented by Gold Fields ADSs) in the United States will only be made pursuant to a prospectus and related offer materials that Harmony has sent to holders of Gold Fields securities. The Harmony ordinary shares (including Harmony ordinary shares represented by Harmony ADSs) may not be sold, nor may offers to buy be accepted, in the United States prior to the time the registration statement becomes effective. No offering of securities shall be made in the United States except by means of a prospectus meeting the requirements of Section 10 of the United States Securities Act of 1933, as amended.

Disclaimer

Information included in this document relating to Gold Fields and its business has been derived solely from publicly available sources.

While Harmony has included information in this document regarding Gold Fields that is known to Harmony based on publicly available information, Harmony has not had access to non-public information regarding Gold Fields and could not use such information for the purpose of preparing this document. Although Harmony is not aware of anything that would indicate that statements relating to Gold Fields contained in this document are inaccurate or incomplete, Harmony is not in a position to verify information concerning Gold Fields. Harmony and its directors and officers are not aware of any errors in such information. Subject to the foregoing and to the maximum extent permitted by law, Harmony and its directors and officers disclaim all liability for information concerning Gold Fields included in this document.

Forward-looking Statements

Statements in this communication include forward-looking statements that express or imply expectations of future events or results. Forward-looking statements are statements that are not historical facts. These

statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words expect, anticipates, believes, intends, estimates and similar expressions. All forward-looking statements involve a number of risks, uncertainties and other factors, and Harmony cannot give assurances that such statements will prove to be correct. Risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied by the forward-looking statements include, without limitation, the satisfaction of closing conditions, the acceptance or rejection of any agreement by regulators, delays in the regulatory processes, changes in the economic or political situation in South Africa, the European Union, the United States of America and/or any other relevant jurisdiction, changes in the gold industry within any such country or area or worldwide and the performance of (and cost savings realised by) Harmony. Although Harmony's management believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Gold Fields securities are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Harmony, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the public filings with the SEC made by Harmony and Gold Fields, including those listed under Cautionary Statement Concerning Forward-Looking Statements and Risk Factors in the preliminary prospectus included in the registration statement on Form F-4 that Harmony filed with the SEC. Harmony does not undertake any obligation to update any forward-looking information or statements. You may obtain a free copy of the registration statement and preliminary and final prospectus (when available) and other public documents filed with the SEC in the manner described above.

No Profit Forecasts

Nothing in this document should be construed as a profit forecast to be interpreted to mean that the future earnings per share of Harmony or the enlarged group will necessarily be greater than the historic published earnings per share of Harmony or the enlarged group.

General

This document is published by and is the sole responsibility of Harmony.

HSBC Bank plc is acting for Harmony and no one else in connection with the offers and will not be responsible to anyone other than Harmony for providing the protections afforded to customers of HSBC Bank plc, nor for providing advice in relation to the offers.

Investec Bank Limited is acting for Harmony and no one else in connection with the offers and will not be responsible to anyone other than Harmony for providing the protections afforded to customers of Investec Bank Limited, nor for providing advice in relation to the offers.

Merrill Lynch South Africa (Pty) Limited is acting for Harmony and no one else in connection with the offers and will not be responsible to anyone other than Harmony for providing the protections afforded to customers of Merrill Lynch South Africa (Pty) Limited, nor for providing advice in relation to the offers.

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Morgan Stanley South Africa (Pty) Limited is acting for Harmony and no one else in connection with the offers and will not be responsible to anyone other than Harmony for providing the protections afforded to customers of Morgan Stanley South Africa (Pty) Limited, nor for providing advice in relation to the offers.

The information contained in this document speaks only as of the date indicated on the cover of this document unless the information specifically indicates that another date applies.

HOW TO ACCEPT THE OFFERS

ACTION REQUIRED

If you are in any doubt as to the action you should take, please consult your stockbroker, banker, accountant, attorney or other professional adviser immediately.

If you have disposed of all of your Gold Fields shares, this document should be handed to the purchaser of such shares or to the stockbroker, banker or other agent through whom such disposal was effected.

1. If you are a certificated shareholder and you wish to accept either or both of the offers, you must complete and return the form of acceptance, surrender and transfer attached to the circular sent to Gold Fields shareholders dated 20 October 2004, in accordance with the instructions therein, and lodge it with, or post it to, Harmony's transfer secretaries, Ultra Registrars (Proprietary) Limited, 11 Diagonal Street, Johannesburg 2001 (PO Box 4844, Johannesburg, 2000), South Africa, or Capita IRG plc (trading as Capita Registrars), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England, United Kingdom, so as to be received by them:

In respect of the early settlement offer:

by no later than 12h00 (South African time) on Friday, 26 November 2004, being the early settlement closing date, in order to participate in the early settlement offer; and

In respect of the subsequent offer:

by no later than 12h00 (South African time) on or about Friday, 4 February 2005, being the expected subsequent offer closing date, in order to participate in the subsequent offer.

2. If you are a dematerialised shareholder then your CSDP or broker is obliged to contact you to ascertain whether or not you wish to accept the offers, and thereafter act in accordance with your instructions. This should be done in terms of the agreement entered into between you, as a dematerialised shareholder, and the CSDP or broker. If you have not been contacted by your CSDP or broker it is advisable for you to contact your CSDP or broker and furnish them with your instructions, so as to be received by them in order for them to transmit your instructions.

In respect of the early settlement offer:

by no later than 12h00 (South African time) on Friday, 26 November 2004, being the early settlement closing date, in order to participate in the early settlement offer; and

In respect of the subsequent offer:

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by no later than 12h00 (South African time) on or about Friday, 4 February 2005, being the subsequent offer closing date, in order to participate in the subsequent offer.

3. If you hold Gold Fields American Depository Shares please refer to the related exchange offer materials sent to you with the registration statement on Form F-4.
4. If you do not wish to accept either of the offers, you need not take any further action.

A MESSAGE FROM THE CHIEF EXECUTIVE OF HARMONY

9 November 2004

Dear Gold Fields shareholder,

On 18 October 2004, Harmony announced the terms of a proposed merger between Harmony and Gold Fields, offering you 1.275 new Harmony shares for each of your Gold Fields shares, representing a premium of approximately 29% and an implied price to net present value ratio for Gold Fields of 2.4x (a substantial premium to Gold Fields' South African peer group).

Harmony sent you a circular containing details of the proposed merger and you should by now have received Gold Fields' defence document and the IAMGold circular. Harmony believes that a consensus is now emerging that the value destroying IAMGold transaction will not be approved by Gold Fields shareholders at the general meeting on 7 December 2004.

I am writing to you to respond formally to Gold Fields' announcements on 3 November 2004. More importantly, I would like to set out in more detail the compelling strategic and operational logic of the proposed merger, which will lead to significant value creation for the shareholders of both companies.

At the heart of our proposal is our vision to create a highly profitable South African champion that has the potential to compete internationally and is positioned to become the leading global gold miner. I am convinced that by applying Harmony's superior and proven efficiency in operating our mines to Gold Fields' assets, we will build an exciting platform which will create value for all shareholders, opportunities for our employees and benefits for South Africa. From the outset the enlarged group will be the largest gold mining company in terms of production, reserves and resources. Building on this we are committed to also becoming the most efficient and valuable gold miner worldwide.

Harmony has been able to build a substantial, sustainable gold mining business out of mines that were discarded as unprofitable by its competitors, including Gold Fields. Our success is built on concentrating on basic management principles known as the Harmony Way, which include strong focus on cost control and a flat, decentralised management structure that empowers our most precious resource, our people. Given our proven track record in delivering cost savings, I am confident that, if the merger succeeds, we can achieve sustainable annual cost savings of at least R1 billion, or 15% of Gold Fields' South African cost base. Savings of this magnitude will unlock value of at least R17 billion to all our shareholders in the short to medium term. As Gold Fields shareholders will hold 66% of the enlarged group, you will not only benefit from the initial premium offered, but also share in two thirds of the value created by cost savings.

Importantly, by combining and restructuring our operations, the Harmony Way will give us a platform for strong and sustainable long-term growth both in South Africa and internationally. Greater efficiency will unlock reserves and launch us on a virtuous circle of margin enhancement and value creation by bringing previously economically unviable reserves in the money. In this document you will see how we invest for the future, and how we have been able to increase our reserves cost effectively.

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In summary, the proposed merger will create a company with the potential to become the world's leading gold miner. We believe that the transaction will unlock significant shareholder value in the short-to-medium term and give you an investment with significant opportunities for strong and profitable growth in the long term.

I invite you to accept the early settlement offer (as defined in our circular dated 20 October 2004), and I am convinced that it is in your best interest to vote against the proposed IAMGold transaction at the Gold Fields general meeting that will take place on 7 December 2004.

I am excited about the prospects of the enlarged group when managed the Harmony Way, and I look forward to welcoming you as a Harmony shareholder.

Bernard Swanepoel

Chief Executive Officer

Harmony Gold Mining Company Limited

Harmony offers real value enhancement

through achievable cost savings

They say

Ian Cockerill, Chief Executive Officer of Gold Fields, said that the statement that Harmony could cut 15% out of Gold Fields cost a year, was beyond bold, adding that he and his management team have been scratching our heads to see where these cuts could come from. Business Day, 20 October 2004

The Harmony Way is good in South Africa
November 2004

We say

The proposed transaction would generate significant cost savings based upon Harmony's proven capability to apply the Harmony Way to assets formerly managed by its South African peers, Gold Fields included, an approach the management team has demonstrated consistently over the years

Ian Cockerill, 3 We agree and accept the endorsement

In order to justify the premium offered to Gold Fields shareholders, Harmony estimates that it only needs to achieve unit cost reductions equivalent to 15% per annum in Gold Fields South African cost structure, over and above Gold Fields previously announced efficiency initiatives (Project 100)

This equates to an estimated improvement in pre-tax operating profit of approximately R1 billion per annum

When Harmony announced the proposed merger, Gold Fields management were scratching their heads to see where these cost savings could be achieved

subsequently, Gold Fields management miraculously discovered the ability to further reduce costs beyond the Project 100 initiative announced in May 2004 and announced new cost saving initiatives taking total savings identified to R700 million R800 million

it seems that Harmony's management's cost savings analysis is not beyond bold

Shareholders will reap the rewards of their assets

in the hands of the premier South African operator

Harmony offers real value enhancement

through achievable cost savings

They say

So we've had to spend a great deal of time really understanding where we were and what we had and in some ways I'm sorry it [our cost cutting initiatives] took so long so it's fair assets criticism [to ask why it has taken so long to bring significant cost savings to shareholders] Nick Holland, CFO of Gold Fields, 28 October 2004

A desire to cut costs has always been a part of the Gold Fields strategy, but the desire to do something and the ability to deliver can often be two entirely different things. Ian Cockerill, 28 October 2004

We say

Harmony has a proven track record in its ability to extract value and this can be achieved with Gold Fields' South African

There is one major difference between Harmony and Gold Fields' ability vs desire

While Gold Fields has wasted valuable time thinking about how to improve the performance of its South African operations, Harmony has a track record of delivering such performances, time and time again

By applying the philosophies and techniques of the Harmony Way to Gold Fields' South African asset portfolio, as Harmony has done in the past to assets acquired from its South African peers, including Gold Fields, Harmony believes that it will extract value for all shareholders

Shareholders will reap the rewards of their assets

in the hands of the premier South African operator

What is the Harmony Way?

The Harmony Way is a set of management practices and philosophies that essentially flattens the management structure and empowers individuals and mine management teams. Four cornerstones underpin this approach:

Creating value is about the business of gold mining

Harmony spends money on what really counts – the business of gold mining – most importantly the development and optimisation of the ore body. This scientific approach to ore body optimisation and disciplined approach to cost reduction has enabled Harmony to make money out of mines that other operators have seen only as closure candidates. Over the past 8 years, the Harmony Way has saved 45,000 jobs in South Africa

No frills

Harmony's disciplined cost management dramatically increases the ore body that is economical to mine (by reducing economic cut-off grades) – meaning that it increases the life of mine, saves jobs and increases potential production ounces

Harmony's people take pride in the fact that the company focuses on spending money in areas that are revenue generating

The right attitude can make anything possible

What is the Harmony Way?

Harmony believes in the ability of its people all of its people

Harmony believes that it is the crews underground who make the difference. They are the key revenue generators in its business. The rest of the employees are actually costs which need to be justified by adding value or delivering a cost efficient service to enable the crew at the face to perform more efficiently

Harmony is a lean operation

the structures that outsiders see are a real demonstration of this belief

Harmony has a small corporate head office, no mine-related or other regional offices, and operates with extremely flat management structures. By creating an enabling and empowering environment, each individual's productivity improves and consequently the efficiencies and performance of the entire business improve

The Harmony Way is not rocket science

it is a back-to-basics approach which brings business thinking (cost, value, focus and attention to detail) to the mining equation

a philosophy that if you create the right environment, ordinary people will do extraordinary things

all wrapped up in a belief that the right attitude can make ANYTHING possible

The right attitude can make anything possible

**Harmony has a demonstrable track record
of achieving significant and sustainable
cost reductions**

Harmony's management has an eight year track record of unlocking the value of assets through 26 acquisitions (including Evander and St. Helena, acquired from Gold Fields)

Harmony has consistently delivered on its cost saving targets at all of its acquired operations

on average a 25% total cost saving

across all major cost categories

Actual savings achieved in previous acquisitions as a % of total costs¹

	Operation					Average
	Evander	St. Helena	Randfontein	Elandsrand	Freegold	
Labour cost	20%	18%	8%	8%	12%	13%
Stores	4%	8%	13%	2%	2%	7%
Electricity and Water	2%	5%	3%	2%	2%	3%
Other costs ²	7%	(2)%	(3)%	7%	4%	2%
Contractors	1%	2%	4%	(1)%	(1)%	2%
Average achieved	33%	32%	25%	17%	19%	25%

Source: Harmony company information

¹ Numbers may not total because of rounding

² Other costs include general and administration services, such as World Gold Council, hospital, municipal, Chamber of Mines, functions/entertainment, telephone, travel fees/expenses, etc.

**Shareholders will reap the rewards of their assets
in the hands of the premier South African operator**

**Harmony offers shareholders real operational
cost savings**

Based upon the average total cost savings achieved at acquired operations, we believe that the R1 billion target is realistically achievable:

a high proportion of head office costs can be saved

payroll savings will be achieved primarily from managerial and supervisory levels

services are likely to yield significant savings, which includes the remaining general and administration costs within the Gold Fields cost structure

No estimate is made of the profit and cost benefits from continuous operations (CONOPS)

Projected cost savings at Gold Fields as a % of total costs

	Total cost 2004	Projected cost savings		Savings based on previous acquisitions	
	(R million)	(R million)	(% of total cost)	(R million)	(% of total cost)
Head office	140	98	1.5%	112	1.7%
Total South African operating cost	6,589 ¹				
Labour cost					
Payroll 1 Management		264	4%	329	5%
Payroll 2		66	1%	198	3%
Stores		264	4%	395	6%
Electricity and Water		132	2%	198	3%
Other costs ²		297	4.5%	329	5%
Contractors		66	1%	132	2%
Partial CONOPS		To be negotiated with stakeholders			
Additional development		(150)		(150)	
Total	6,729				
Total savings from operations		1,035	15.38%	1,543	22.93%
Capital optimisation		66	7.5%³	110	12.5%³

Source: Harmony analysis based on publicly available information and projected cost savings

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- 1 Total South African operating cost, less estimated allocation of corporate administration to South African operations
- 2 Other costs include general and administration, services, hospital savings through Harmony Netcare JV (R48m) and World Gold Council fees (approximately US\$7m)
- 3 Percentage calculated on R880m of capital projects based on reductions achieved on previous acquisitions

**Shareholders will reap the rewards of their assets
in the hands of the premier South African operator**

**Harmony has a demonstrable track record
of achieving significant and sustainable unit
cost reductions**

Gold Fields has questioned the sustainability of Harmony's cost cutting success, selectively citing certain operations. Harmony believes that Evander (formerly owned by Gold Fields) is a true reflection of Harmony's cost reduction capability

In 1998 Harmony acquired Evander for R450 million from Gold Fields, whose management had determined to close the mine. Under the Harmony Way, it has consistently produced profits and paid back its acquisition cost in 2¹/₂ years. With a cumulative profit since acquisition of R1.44 billion, Harmony is proud to own and operate Evander, which still has significant economic reserves and a long, profitable life

Evander would now be Gold Fields' most profitable underground operation by operating margin

On average over the 5 years post-acquisition, Harmony's cost per tonne (in June 2004 terms) at Evander was 23% lower than under Gold Fields, and remains at a lower level now than at acquisition

Harmony has increased development at Evander to 36km per annum, compared to 18km prior to acquisition. Development now accounts for approximately 14% of the operating cost. Excluding the increased development, Evander's cost per tonne remains significantly lower than that under Gold Fields

Assuming Evander was still operated by Gold Fields in September 2004, and using the Beatrix mine underground cost escalation since June 1998, the calculated cost would have been R632 per tonne

**Shareholders will reap the rewards of their assets
in the hands of the premier South African operator**

**The application of the Harmony Way has huge
potential for South African mines**

They say

I am quite sure they would tackle things differently to us. Whether it would improve Gold Fields or not is something that shareholders need to debate for themselves

Ian Cockerill, Gold Fields CEO (19 October 2004)

[South African operations] cash costs increased by 18% in Rand terms [in the year ended June 2004]

Gold Fields Annual Report 2004

77% of Gold Fields' underground South African gold production in the year ended June 2004 was generated from mines with an average total cash cost of approximately R646 per tonne

compared to 90% of Harmony's underground gold production being generated from mines with an average total cash cost of approximately R404 per tonne

Harmony believes there is considerable scope for it to implement the Harmony Way in respect of these assets and generate significant improvements in average total cash cost per tonne

**There is considerable scope to generate significant
improvements in Gold Fields' South African operating costs**

**Harmony's cost savings will flow into
shareholder value**

Based upon Gold Fields' South African operating cost for 2004 of R6.7 billion, a 15% cost reduction equates to R1 billion per annum, pre-tax

Assuming a conservative tax rate of 30% (the tax rate is often lower in the gold mining industry), a 15% cost reduction equates to R700 million per annum, post-tax

The 5% NPV of this over a 20 year period is approximately R13 billion pre-tax or approximately R9 billion post-tax

The market value of this is **over R17 billion**, based upon the South African gold majors' average P/NPV of 1.9x

The market value per share of the projected cost savings attributable to Gold Fields shareholders and shareholders in the enlarged Harmony group is shown below

**Harmony's proposed merger creates
significant value**

**Harmony's proposed merger will create
shareholder value**

Harmony believes that Gold Fields' presentation of the financial impact of the proposed merger is misleading since it does not assess any value creation from Harmony's proposal in terms of projected cost savings

The cost savings generated by the proposed merger will create value for both Gold Fields and Harmony shareholders

based upon analysis of consensus NPV per share estimates for Gold Fields and Harmony of US\$6.76 and US\$7.35 respectively, as at 14 October 2004, the last practicable date prior to the announcement of Harmony's proposed merger

Based upon the R9 billion post-tax 5% NPV of 15% cost savings, Gold Fields shareholders would receive a 43% NPV accretion over a 20 year period

This value accretion could rise to 52% based upon the R12 billion post-tax NPV of 20% cost savings over a 20 year period

NPV value analysis

<u>Consensus NPV</u>	<u>US\$m</u>	<u>Shares in issue (m)</u>	<u>US\$/share</u>
Harmony	2,358	321	7.35
Gold Fields	3,322	491	6.76
The enlarged group excluding cost savings	5,680	947	
The enlarged group including cost savings			
NPV of 15% cost savings (R9bn)	7,162	947	7.56
NPV of 20% cost savings (R12bn)	7,656	947	8.08

Consensus NPV per share accretion

	R9bn	R12bn
NPV of cost savings		
NPV per Harmony share (post-merger) (US\$)	7.56	8.08
NPV per Gold Fields share (pre-merger) (US\$)	6.76	6.76
NPV per Gold Fields share (1.275 x Harmony) (US\$)	9.64	10.30
Accretion to Gold Fields (including premium and cost savings)	43%	52%

Source: Harmony analysis based on publicly available information

**Harmony's proposed merger creates
significant value**

**Harmony's operating cost performance in
South Africa has consistently been superior
to Gold Fields**

They say

If you look at the cost performance at Gold Fields over the past 12 months, our cost per kilogram performance has been vastly superior to that of Harmony's

We say

Harmony is more cost efficient at managing its South African assets as reflected in its lower unit operating cost. Harmony looks at operating cost per tonne milled which isolates the effect of Gold Fields' higher grade ore bodies and its tendency to high grade rather than to reduce costs.

Ian Cockerill, Gold Fields CEO (19 October 2004)

Gold Fields has consistently analysed its cost performance on a consolidated basis, disguising its underlying South African underground performance through the contribution of its lower cost international portfolio and surface mines.

Furthermore, Gold Fields analyses its cost performance on a Rand per kg basis. The relative lack of efficiency of its mining operations is therefore disguised by the higher grade of its remaining South African ore bodies.

Measuring operational performance on a cost per tonne basis removes the impact of these higher grades and high grading.

Harmony's underground total cash cost per tonne milled in South Africa has consistently been lower than Gold Fields.

**Harmony is a more cost efficient underground
operator than Gold Fields**

Harmony's operating cost performance in South Africa has consistently been superior to Gold Fields

Over the past 3 years, Gold Fields' South African underground Rand per kg cost has risen by over 33%

In the last quarter, despite a 29% higher South African underground grade, Gold Fields' Rand per kg cost was not significantly different from Harmony's

Harmony is confident that its focus on addressing the working cost structure of its operations, including successful implementation of CONOPS, is delivering results and that it is on track to achieve its cost targets of R77,000 per kg by December 2004 and R75,000 per kg by June 2005

In contrast, despite its materially higher ore grade, Gold Fields has had difficulty showing progress towards its recently stated initial target of R70,000 per kg

Over the last five quarters, between 20% and 40% of Gold Fields' South African cash operating profit has been generated from surface dump re-treatment, principally from Driefontein

Harmony believes that an analysis of Gold Fields' reserve statement indicates that this level of contribution to profits is unsustainable

Harmony is a more cost efficient underground operator than Gold Fields

What has Gold Fields management achieved with its capital expenditure?

They say

Over the last year Gold Fields has spent R870 million in capex in our South African operations, and over the past five years we have spent R4.8 billion on our South African assets we also potentially have R10 billion worth of capital development projects in the South African pipeline alone.

Ian Cockerill, Gold Fields CEO (19 October 2004)

We say

We acknowledge the amount of money Gold Fields has spent over the past 5 years, but question what they have been able to achieve? As a matter of fact, this expenditure has produced very limited results

As for the future South African projects:

certain projects of a less critical nature have been excluded and / or deferred

Gold Fields Annual Report 2004

Gold Fields has spent significant levels of capital expenditure in South Africa in the past four years, but has achieved little in terms of:

increasing production

reducing operating costs

increasing reserves

Gold Fields management has little to show

for its major capital outlays

**Despite high levels of capital expenditure,
Gold Fields has reduced its development**

Over the past two years, Gold Fields has cut its total development metres by 18%, whilst Harmony increased its development by 15%

Over the past year, Gold Fields reef development has decreased by 29%

Gold Fields has reduced the replacement rate of developed reserves

Harmony has maintained or increased its reserve replacement

Gold Fields management has little to show for its major capital outlays

Despite high levels of capital expenditure, Gold Fields South African production has fallen, whilst operating costs have increased

Gold Fields high capex spend has not increased production

Gold Fields South African underground production has declined over the past 4 years

Gold Fields high capex spend has not reduced production costs (even in R/kg terms) relative to Harmony

Gold Fields management has little to show for its major capital outlays

Despite high levels of capital expenditure,

Gold Fields reserves have fallen

Despite the significant level of capital expenditure, the level of Gold Fields South African reserve base has fallen by approximately 16% since 1999

In contrast, Harmony has seen its level of reserves rise by approximately 148% over the same period

In addition, Gold Fields reserve grade has closely followed the prevailing gold price, whilst Harmony has continued to improve its reserve grade over time

Gold Fields under-developed ore bodies need the gold price to rise in order to sustain grades and tonnes

Shareholders will reap the rewards of their assets in the hands of the premier South African operator

**How does Gold Fields cost structure impact
their economic reserves?**

They say

Over the past five years we have invested, in terms of capital investment, R4.8 billion, essentially in the development of new long life shafts, new metallurgical facilities, improved underground environmental conditions. We have increased the amount of ore reserve that we have developed. Five years ago we had something like anywhere between 6 to 11 months of developed ore reserves, at our major operations. Today we stand at well over 20 months of developed reserves

Ian Cockerill, Gold Fields CEO (25 October 2004)

We say

Gold Fields reserves are highly sensitive to the Rand gold price

The norm in South African gold mining is to have 24-36 months of developed ore reserves to retain mining flexibility to cater for unexpected geological and gold price changes and other events such as seismicity

Harmony believes that Gold Fields current 20 months developed reserve position is inadequate and its reserve position will be further threatened by recent development cuts

Gold Fields South African reserves are **highly sensitive** to changes in the Rand gold price, despite their higher grades

10% fall in Rand gold price equates to a 45% fall in reserves, as the Driefontein and Kloof underground projects become uneconomic

Harmony's reserves (and underground projects) are **less sensitive** to changes in the Rand gold price

10% fall in Rand gold price equates to only an 11% fall in reserves

Gold Fields South African reserves are highly sensitive to changes in the Rand gold price

How do Harmony's cost savings impact Gold Fields' reserves?

Gold Fields' reserves would have significant upside potential under Harmony's management, who estimate that

Harmony's 15% cost savings would have the same effect on reserves as a 15% increase in the Rand gold price to R103,500 per kg from R90,000 per kg

the effect of this would be to increase Gold Fields' reserves by 36% and bring the below infrastructure projects in the money

Project	Breakeven Gold Price under Gold Fields management (R/kg)	Reserves below infrastructure (m oz)	Potential Reserves (m oz)
Driefontein 9#	97,382		11.1
Driefontein 5#	85,057	8.3	
Kloof KEA	89,056	3.4	
Kloof EBA	86,198	10.9	
Total		22.6	11.1

Source: Gold Fields 2004 mineral resource and reserve statement

Harmony's optimisation of capital expenditure will reduce the break-even gold price of the projects

Projects would be viable, thereby increasing reserves

Reduced pay limits increase Gold Fields' reserves

under Harmony management

Gold Fields itself may be about to experience cash issues in South Africa

The trend of Gold Fields' cash flow from operating activities indicates an inability to continue to fund future South African capital expenditure or working cost development at historic levels

even before taking into account the funding required in relation to the approximately R400 million per annum interest payable on the Mvelaphanda Resources loan

Harmony estimates that Gold Fields has already cut working cost development by an annualised R150 million

Gold Fields has already burned approximately R1.9 billion over the past six quarters

Furthermore, this money is mostly flowing offshore

Gold Fields shareholders have carried this investment and are being urged to pass it on to IAMGold at the point of realising returns and at a discount

Gold Fields' cash flow indicates a significantly negative trend

Gold Fields is painting a misleading picture of

Harmony's balance sheet

Harmony operations are no longer absorbing cash:

investment over the last few quarters has been maintained to reposition the mines for the strong Rand environment

no cut backs have been made in Harmony's working cost development

the vast majority of this restructuring is now completed

the company's margins in September 2004 showed significant improvement

Harmony's working cost margin

Ounces	Working cost R /kg	September 2004
Very profitable	Below R70,000 / kg	57%
Profitable	Below R83,000 / kg	83%
Loss making	Balance	17%
	Overall cash operating profit margin	6.2%

Source: Harmony's September 2004 results

The last few quarters have been affected by the strong Rand

Harmony has cut its cloth according to the Rand and gold price conditions without destroying its future

As CONOPS is implemented, realising the inherent cost savings potential, Harmony believes that it will enjoy significant benefits, as already demonstrated in Harmony's strong September 2004 results

Harmony has R1,013 million in cash and cash equivalents as at 30 September 2004. In addition, Harmony has a total of R850 million committed bank financing in place, of which R650 million is undrawn

Harmony's financial future is secure

The real story behind funny accounting

Harmony's accounting policies are signed off by the same major international accounting firm as Gold Fields

furthermore, Harmony and Gold Fields share the same audit partner

Harmony's presentation of restructuring costs as exceptional items is entirely correct under South African GAAP

Harmony's presentation is completely transparent and net profits clearly show the effect of such exceptional items

Gold Fields has not incurred many restructuring costs:

Gold Fields sells the assets which need restructuring rather than making the hard decisions itself and absorbing the restructuring costs

Harmony's operating costs follow the same definition as Gold Fields' total cash costs, which form the basis for the calculation of R/kg cost statistics. Harmony presents these transparently on the income statement rather than Gold Fields' practice of disclosure in the notes to accounts

In September 2004, Gold Fields took a R426 million write-off on its investment in the Beatrix Oryx shaft

this follows an earlier write-off of R1.7 billion in 2001

within days of publishing the audited financial year ended June 2004 Annual Report, Gold Fields stumbled upon 5 million new ounces of gold in this 15 year old mine where the geology is very well known (Business Report, 22 October 2004)

the combination of these phenomena will have a one-time significant beneficial effect on Gold Fields' net operating profit calculation

Gold Fields sells or writes-down assets

which need restructuring

What is the true analysis of Gold Fields' contribution to the enlarged group?

They say

Based on the Board of Gold Fields' perception of relative fundamental value the proposed exchange ratio vastly overvalues Harmony's asset contribution to any potential combination.

We say

As a matter of fact, on more appropriate metrics, Gold Fields' shareholders are receiving a more than equitable share

Gold Fields Board of Directors (19 October 2004)

Contrary to the analysis produced by Gold Fields, and unlike the proposed IAMGold transaction, Gold Fields' shareholders are clearly well rewarded on a relative contribution basis

Harmony's superior organic growth and upside justifies a higher current rating than Gold Fields

Furthermore, Gold Fields' shareholders will avoid the value leakage from the proposed IAMGold transaction

**Harmony's proposed merger is more than
equitable to Gold Fields' shareholders**

Where has Gold Fields performance been impressive?

Whilst Gold Fields South African production has fallen, its international asset portfolio has grown significantly

Since late 2003, the vast majority of Gold Fields capex has been spent on its international asset portfolio which Gold Fields proposes to sell to IAMGold

The most impressive performing Gold Fields assets are those that are being sold on the cheap to IAMGold

Where has Gold Fields performance been impressive?

Whilst Gold Fields South African profit contribution was high from December 2001 to March 2003, its international asset portfolio now accounts for the majority of operating profit

Over the past six years, Gold Fields South African reserve base has fallen by approximately 16% while its international reserves have grown by over 700%

The most impressive performing Gold Fields assets are those that are being sold on the cheap to IAMGold

**Gold Fields proposes selling its international
assets at a significant undervaluation and its
defence is deeply flawed**

They say

Our shareholders largely feel that the IAMGold transaction that we're doing is the best option for them, because it releases the most value, and it has the greatest growth prospects going into the future

Willie Jacobsz, Gold Fields Investor Relations (21 October 2004)

...I think that what people don't understand is that when you enter into a contractual obligation you're obliged to see that through and that's exactly the situation we're in with IAMGold

Ian Cockerill, Gold Fields CEO (3 November 2004)

We say

Harmony believes that, if the proposed IAMGold transaction is completed, Gold Fields shareholders will be left with control of orphaned, mature, capital expenditure-intensive assets in South Africa that have been prematurely put into harvest mode. Aside from this, Gold Fields will only have a 70% share in its own international assets, will be prevented from competing internationally in its own right and is promised potential further dilution as the enlarged IAMGold uses its paper to fund acquisitions

Gold Fields has undervalued its international assets and proposes selling them on the cheap

selling assets at a substantial discount (1.1x P/NPV) to Gold Fields' own rating (approximately 2.1x P/NPV)

the truth is that the assets have been valued well below the value at which they are currently in Gold Fields, even when most commentators assume that the international assets are more highly rated than Gold Fields' average rating

Gold Fields' defence of the proposed IAMGold transaction is both desperate and deeply flawed

unusually, the deal has been motivated by the impact on the target's (IAMGold's) share price

on Gold Fields' own logic, they should have sold the assets even more cheaply, then IAMGold's price would have gone up even more

the rise in the IAMGold share price since the announcement simply measures value leakage from Gold Fields to IAMGold shareholders

**Gold Fields' defence of the IAMGold transaction
now relies purely on contractual obligation**

An analysis of the share prices reveals that Gold Fields re-rating claims are unjustified

The principal flaw in Gold Fields' methodology is in relation to the significance of the movement in share prices since announcement of the proposed IAMGold transaction

Observation

In the two months following the announcement of the proposed IAMGold transaction, Gold Fields traded in line with Harmony

The Gold Fields share price was not hit by the value leakage from the proposed IAMGold transaction in the two months following the announcement

The announcement of the proposed IAMGold transaction did not impact on Gold Fields' share price (either positively or negatively). IAMGold's share price was a big out-performer, reflecting its status as the total winner in this proposed transaction

Harmony's Commentary

The uplift observed in the Gold Fields share price from 10 August 2004 to 9 October 2004 was due to sector issues rather than the proposed IAMGold transaction, as generally reflected in research analyst commentary

The market awaited the result of the IAMGold re-rating, the shareholder response to the transaction (likelihood of completion) and the outcome of Gold Fields putting itself into play

Gold Fields' share price in the two months following the announcement of the proposed IAMGold transaction did not reflect the benefits of a North American listing. The share price only outperformed its peers in the two weeks prior to Harmony's announcement, based on inaccurate rumours of a bid by Norilsk

**Gold Fields' defence of the IAMGold transaction
now relies primarily on contractual obligation**

Transferring the international assets at

US\$1.5bn was well below market

no re-rating would justify that

Harmony believes that the reason for the rise in the IAMGold share price is that the market has properly assessed the value of the assets being contributed by Gold Fields, serving to underline the fact that the proposed transaction leaks enormous value to IAMGold shareholders and that Gold Fields intends to sell its own assets very cheaply

The greater the market uplift, the more the market is illustrating the value leakage inherent in the proposed transaction

(1) As disclosed by Gold Fields

(2) See through calculation based on the proposed 351,690,218 shares to be issued to Gold Fields as per announcement of the transaction multiplied by the C\$ price of the IAMGold share on the date, net of the C\$0.50 dividend attributed to IAMGold shareholders and converted to US\$ using the day's exchange rate

For Gold Fields shareholders to break even, Harmony calculates that the IAMGold share price needs to increase to approximately C\$14.54 (cum-dividend), a premium of 108% for IAMGold

Harmony's proposed merger creates significant value

NUM rejects the proposed IAMGold transaction

The National Union of Mineworkers (NUM) has made clear its position regarding the proposed IAMGold transaction:

We are very clear about the IAMGold deal. We hate South African companies that want to be something else. We think the IAMGold deal neglects the South African assets and we reject it. Gwede Mantashe, NUM General Secretary, as reported by MineWeb (20 October 2004)

Harmony's proposed merger will not lead to sweeping job cuts amongst miners

The bulk of any retrenchments will be at a corporate, not worker level and the unions understand this

In the medium term, Harmony intends to negotiate with all stakeholders in relation to the implementation of CONOPS at Gold Fields' operations in those mines that will benefit from it. Based on our experience, CONOPS has been a job creator when implemented in Harmony's mines

CONOPS is a shift arrangement that allows mines to operate seven days a week in line with international best practice

Over the past 8 years Harmony has saved 45,000 jobs

In the medium to long term, and through the successful implementation of the Harmony Way, Gold Fields' assets will have longer lives which will encourage job preservation

Harmony invests heavily on the development of both its people and its ore bodies

The Harmony Way preserves jobs

Gold Fields legal actions disenfranchise

shareholders

They say

Q: Criminal provisions? Do you want to put Bernard Swanepoel in jail? Has he irritated you that much?

Willie Jacobsz: Well, he broke the law. It's our job as custodians of our shareholders' rights to look at this very, very closely, to get legal advice, and where there's been a clear breach of the law, as in this case, we have a fiduciary duty to actually act (Moneyweb interview, 27 October 2004)

We say

The purpose of these tactics is clearly to divert attention away from the fundamental issues of shareholder value and to prevent Gold Fields shareholders from benefiting from the significant value inherent in the Harmony offers. Harmony questions whether these tactics serve the interests of Gold Fields shareholders. Harmony believes that the tactic is deliberately designed to maximise confusion and to disenfranchise Gold Fields' own shareholders

Since Harmony announced its proposed merger, the Gold Fields board has conducted a campaign to disenfranchise its shareholders, including:

withholding the register of Gold Fields' members in an attempt to prevent Gold Fields shareholders from receiving the proposed merger document

threatening to interdict Harmony from posting the proposed merger document

challenging the SRP's approval of the proposed merger

applying to the Competition Authorities to delay the early settlement offer

applying to the High Court to prevent Harmony from implementing the proposed merger at all

suing in the United States to seek to enjoin the early settlement offer from proceeding

Harmony believes that the board of Gold Fields has a duty to act in the best interests of its shareholders. None of these actions does this

Harmony believes that the effect of these actions is to deprive Gold Fields shareholders from benefiting from the significant value inherent in Harmony's proposed merger

**Why doesn't Gold Fields' management trust its
own shareholders to decide for themselves?**

Gold Fields' management is attempting to

disenfranchise its own shareholders

Harmony offers...

They say

As of Monday's close (18 October), the premium was in fact less than a tenth of Harmony's stated 29%

Ian Cockerill, Gold Fields CEO (19 October 2004)

We say

Gold Fields' arguments on the offer premium are inaccurate. Harmony's proposed merger represents a premium of 29% to Gold Fields' average 30 business day volume weighted average price on 14 October to help eliminate the distorting effect of the rise in the Gold Fields share price in the two weeks prior to announcement, based on inaccurate rumours of a bid by Norilsk

The 29% premium compares favourably to the Gold Fields and Harmony share prices pre-bid speculation

Gold Fields and Harmony traded broadly at a 1:1 exchange ratio prior to the circulation of inaccurate bid rumours in the 2 weeks prior to announcement

these rumours contributed to a 15% rise in Gold Fields' share price in one week

it would be misleading and not conventional practice to refer to a premium based on a share price which included significant bid speculation

therefore, Harmony calculated the premium based on the conventional practice of quoting an average 30 business day volume weighted average price to help eliminate this distorting effect

a full and fair, upfront premium

Harmony offers...

The premium offered compares favourably to premia paid in the South African market...

Harmony offers Gold Fields shareholders a premium greater than the average for public offers in South Africa between 2001 and 2003

and in the rest of the world

Harmony offers Gold Fields shareholders a premium greater than that paid on unsolicited all share offers in the Rest of the World since January 2001

a full and fair, upfront premium

Harmony offers...

Harmony offers Gold Fields shareholders a premium to the trading multiples of comparable gold companies

Harmony offers Gold Fields shareholders a premium to multiples paid on recent comparable transactions

a full and fair, upfront premium

JPMorgan believes in the value of the Harmony

share price and Harmony's operating

superiority

JPMorgan has supported Harmony in relation to a whole series of transactions for many years, most recently acting as the Lead Manager on the issue of R1.7 billion worth of equity-linked securities in May of this year while Harmony was trading at over R95 per share

conversion of bond was priced at R131.00 per share

JPMorgan has also sold Harmony shares to the public at R136.00 and R88.50 in the past 18 months

Representatives from JPMorgan approached Bernard Swanepoel on several occasions prior to the launch of Harmony's proposed merger to suggest that Harmony should acquire Gold Fields' South African assets

It was the representatives of JPMorgan's belief that Harmony's superior operating efficiencies could extract significant synergy benefits from the acquisition of Gold Fields' South African assets

On the day prior to the launch, Bernard Swanepoel received a text message from a senior JPMorgan banker on the relationship team unambiguously endorsing Harmony's status as the best manager of assets

My thoughts [are] with you You are best manager

of assets senior JPMorgan banker, 17 October 2004

Key features of Harmony s proposed merger

Share for share offers for 100% of Gold Fields

1.275 new Harmony s