

Gold Fields Limited : Costs Contained Despite Seasonal Decline in Production

19.05.2011 | [CNW](#)

JOHANNESBURG, May 19, 2011 /CNW/ -- Gold Fields Limited (NYSE & JSE: GFI) today announced net earnings for the March 2011 quarter of R1,100 million compared with a loss of R777 million in the December 2010 quarter and earnings of R316 million in the March 2010 quarter. In US dollar terms net earnings for the March 2011 quarter were US\$158 million, compared with a loss of US\$106 million in the December 2010 quarter and earnings of US\$44 million in the March 2010 quarter.

March 2011 quarter salient features:

- Group attributable gold production 830,000 ounces, 5 per cent higher than corresponding quarter last year;
- Total cash cost up 4 per cent to R168,455 per kilogram (US\$751 per ounce) in line with corresponding quarter last year;
- Net operating costs reduced for the third successive quarter;
- NCE margin up 1 percentage point to 21 per cent; and
- Process of acquiring minorities in Peru completed and Ghana commenced.

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

"Gold production of 830,000 ounces in the March 2011 quarter was 5 per cent higher than the corresponding quarter a year ago (793,000 ounces). The fall of 8 per cent from the previous quarter was due to the traditional Christmas break in South Africa.

Sound cost control in all Regions has resulted in net operating costs decreasing from R5,015 million (US\$724 million) in the December quarter to R4,878 million (US\$699 million) in the March quarter as operations continue to benefit from business process re-engineering (BPR). This is the third quarter in a row that net operating costs have been reduced. Despite the relatively high fixed cost nature of the business, total cash cost increased quarter on quarter by only 4 per cent from R161,894 per kilogram (US\$728 per ounce) to R168,455 per kilogram (US\$751 per ounce) despite lower production in the March quarter compared with the December quarter. Cost containment allowed Gold Fields to increase its NCE margin to 21 per cent. Our intention is to position the Group to generate sustainable margins at a range of long-term gold prices.

Safety remains Gold Fields' single most important operational and sustainability issue. This is embodied in our promise that "if we cannot mine safely, we will not mine". To this end, we deeply regret the five fatalities reported this quarter. Despite a significant reduction in fatalities over the past three years, we have not shown an improvement over the last three quarters. Subsequently we are applying even greater rigour to our safety initiatives, centred mainly around strategies to engineer out risks, increased focus on compliance to standards and behavioural change.

Our growth strategy continues apace. Resource definition drilling continues at the Chucapaca project in Peru, with twelve drills currently on site. Drilling results demonstrate strong grade and structural continuity within the current resource model, and suggest that mineralisation is still open to the west. In parallel, work is ongoing on collecting data for the feasibility study, including metallurgical test work and the environmental impact assessment (EIA). A substantial community engagement and socio-economic programme is underway in the Chucapaca project area.

In the Philippines, exploration at the Far South East project is ramping up with five underground diamond drill rigs operating. Three more rigs are expected to be commissioned during the June 2011 quarter.

The metallurgical drilling programme at the Arctic Platinum project in Finland was completed. Two 50 tonne ore samples are now available for pilot plant flotation, which is scheduled to start in the June 2011 quarter and completed in the September 2011 quarter.

At the Yanfolila project in southern Mali, an inferred Mineral Resource of 740,000 gold equivalent ounces was declared as at December 2010. The resource delineation drilling programme is continuing and we

expect further meaningful increases in our resource position during 2011. In addition, a scoping study is planned for later in the year.

Due to the progress we have made on these projects we are well positioned to achieve our goal of the Group having a profile of 5 million ounces per annum either in production or in development by 2015.

At the end of the March quarter, Gold Fields Corona (BVI) Limited, a wholly owned subsidiary of Gold Fields Limited made a voluntary purchase offer to acquire the outstanding common voting shares and investment shares of Gold Fields La Cima that were not already owned. The offer closed on 15 April 2011 with a high percentage take-up bringing our effective economic shareholding in La Cima (Cerro Corona) to 98.5 per cent from 80.7 per cent. This transaction was partially financed by a draw-down of existing debt facilities.

We have also entered into a binding agreement with IAMGOLD Corporation to acquire its 18.9 per cent minority stake in our Tarkwa and Damang mines in Ghana, for a cash consideration of US\$667 million. The completion of the proposed acquisition, which is subject to certain conditions precedent being met, including Gold Fields shareholders approval, is expected by 31 July 2011.

These transactions are low risk acquisitions in line with our strategy of increasing our offshore exposure and acquiring 100 per cent of our operating assets where possible.

We have published our Integrated Annual Report for the six months to 31 December 2010. This marks an important change for Gold Fields, as it represents our first attempt at 'integrated' reporting, blending our operational, sustainability and financial performance. The integrated report provides a holistic understanding of Gold Fields performance, risks and opportunities and exciting long-term prospects. I encourage you to read the report."

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 annualised production of 3.6 million gold equivalent ounces from eight operating mines in Australia, Ghana, Peru and South Africa. Gold Fields also has an extensive and diverse global growth pipeline with four major projects in resource development and feasibility, with construction decisions expected in the next 18 to 24 months. Gold Fields has total attributable gold equivalent Mineral Reserves of 76.7 million ounces and Mineral Resources of 225.4 million ounces. Gold Fields is listed on the JSE Limited (primary listing), the New York Stock Exchange (NYSE), NASDAQ Dubai Limited, Euronext in Brussels (NYX) and the Swiss Exchange (SWX).

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/104638--Gold-Fields-Limited---Costs-Contained-Despite-Seasonal-Drop-in-Production.html>

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