



GOLD FIELDS

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To: Peter Simpson;
KGS Regional Sales Manager; Africa

Cc:

From: Peet van Schalkwyk
General Manager

Date: Wednesday, 10 December 2007

Re: **Damang Completes Upgrade of Gravity
Circuit**

Ghana, West Africa; Work is now complete on a recent upgrade of the gravity circuit at Goldfields' Damang Mine in Ghana. The newly configured circuit was commissioned in July 2007 and the circuit has been fully operational since August 2007.



Charles Amoah, Metallurgical Manager (left) and Christo Bothma, Acting Engineering Manager (right) standing at one of the KC-XD48 Knelson concentrators.

Directors:

J.D. Cockerill (Chairman), J.L. Botha (Managing Director), G. Baldwin, J.F. Conway, N.H. Kuyfman, E.G. Kusi, H. Anshah, M. M'Ear

This upgrade represents the final step in a long process of improving gravity recovery at Damang. When originally commissioned the plant was equipped with two other centrifugal concentrators. There was an expectation that these units would recover more fine gold from the circuit than Knelson units, however this was never realized even when the units were tried at higher G forces.

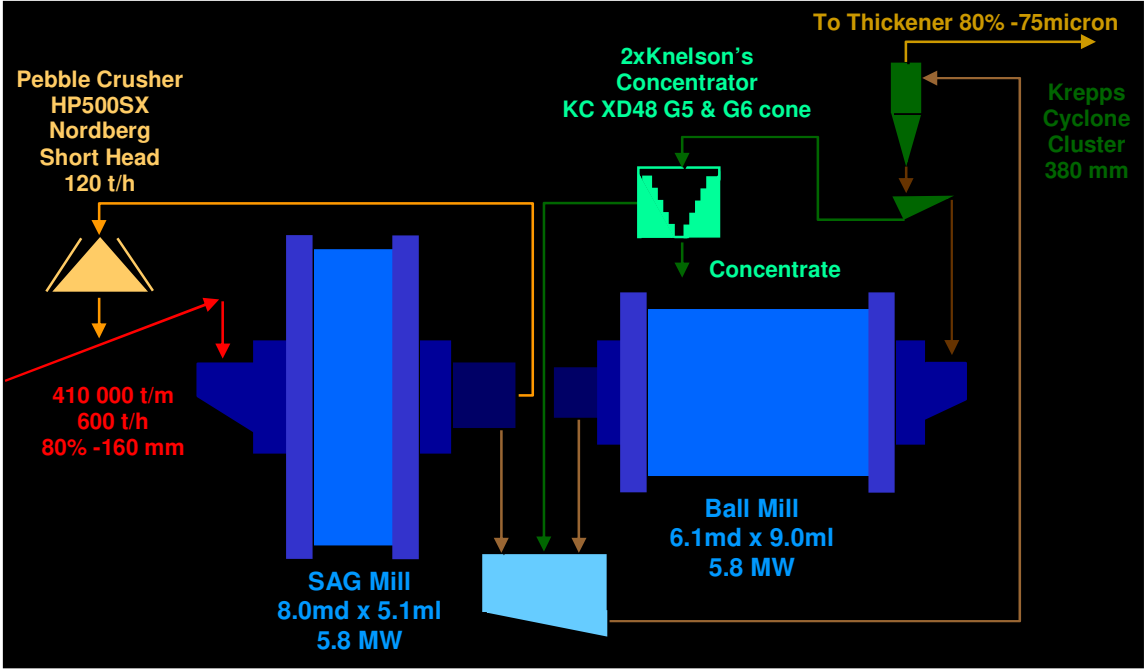
In mid 2003 a Knelson model KC-XD48 with nominal capacity equivalent to each of the other centrifuges was installed in parallel with them. An immediate benefit was realised as seen in the table below.

In July 2006 a second gravity screen was installed, again realising increased recovery, and in 2007 the two original centrifuges were replaced with a second KC-XD48.

“As indicated in the table below, results thus far have been extremely good. We’ve steadily increased our gravity recovery from 20.1% in 2002 to 36.3% at present” stated Charles Amoah, Metallurgical Manager at Damang. “Ore source has not changed significantly and we therefore attribute these step-changes in gravity recovery predominantly to the Knelsons.”

Year	% Gravity Recovery	Comments
2002	20.1	2 x other centrifugal concentrators
2003	19.6	2 x other centrifugal concentrators
2004	21.4	2 x other concentrators + 1 x Knelson (installed in Q3 of 2004)
2005	27.2	2 x concentrators + 1 x Knelson (after first full year of KC operation)
2006	34.5	2 x other concentrators + 1 x Knelson (after installation of dedicated gravity feed screen to Knelson)
2007	36.3	2 x Knelsons + 2 x Screens (after upgrade to 2 Knelsons and dedicated feed screens)

The circuit as depicted in the flow diagram now consists of two KCXD48 concentrators treating approximately 30% of the mill circulating load.



Some of the other benefits that we've seen since getting the new circuit fully operational are:

- (i) reduced final tails grade and an increase in overall plant recovery of 2.1% due to increase gravity recovery, which in our case amounts to 10.4 Kg/month of additional Au which at today's gold price resulted in a 30 days payback." This is based on the extra gold recovered after the upgrade
- (ii) Increased mechanical availability
- (iii) Maintenance cost has come down by USD 25,132 per month at the gravity circuit after installing the KC-XD 48 units.

Peet Van Schalkwyk