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24. BORROWINGS

Accounting policy

Borrowings are recognised initially at fair value, net of transaction costs incurred, where applicable and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(a) R4.5 billion Facilities

On 13 December 2013, Sibanye cancelled and replaced the Bridge Loan Facilities by drawing R2 billion under the R4.5 billion Facilities (the R4.5 billion Facilities), the balance may be applied to ongoing capital expenditure, working capital and general corporate expenditure requirements, where required.

Terms of the R4.5 billion Facilities

Facility:	– R2.5 billion revolving credit facility (RCF) – R2.0 billion term loan facility (Term Loan)
Interest rate:	JIBAR (Quoted at 5.22% at year–end)
Interest rate margin:	– RCF: 2.85% (Repricing possible if Sibanye is released as guarantor under the Notes, refer to note 17) – Term Loan: 2.75% (Repricing possible if Sibanye is released as guarantor under the Notes, refer to note 17)
Term of loan:	Three years
Repayment period:	The Term Loan will be repaid in equal six-monthly instalments of R250 million, with the R750 million balance due for settlement on final maturity, being 13 December 2016.
Security:	Sibanye have lodged and registered a security package for its obligation under the R4.5 billion Facilities. The security package includes a cession over certain bank accounts, accounts receivables, certain insurance policies proceeds, material contracts, shares in material subsidiaries and a general notarial bond over movable assets on the mine properties. Sibanye will also have to register mortgage bonds over substantially all of the properties (excluding mining rights) covering the Driefontein mining operation and special notarial bonds over the gold plants and main infrastructure of the Driefontein mining operation.

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
–	**208.3**	Loans advanced	**2,000.0**	–
–	**(0.9)**	Financing costs capitalised	**(9.1)**	–
–	**(14.9)**	Translations adjustment	**–**	–
–	**192.5**	**Balance at end of the year**	**1,990.9**	–
		Reconciliation of facilities:		
–	**192.5**	Term loan	**1,990.9**	–
–	**–**	RCF	**–**	–
–	**192.5**	**Total facilities utilised**	**1,990.9**	–

24. BORROWINGS (continued)

(b) Bridge Loan Facilities

On 28 November 2012, Sibanye entered into a R6.0 billion term loan and RCF (the "Bridge Loan Facilities") reducing to R5.0 billion as detailed below.

Terms of the Bridge Loan Facilities

Facility:	– R2.0 billion RCF (Facility A) increased to R3.0 billion after it was amended in July 2013 – R4.0 billion term loan facility (Facility B) reduced to R3.0 billion after it was amended in July 2013 – Facility A and B would have reduced to R2.5 billion on the earliest of the Group declaring a final dividend in respect of 2013 or 12 months after the unbundling date
Interest rate:	JIBAR
Interest rate margin:	– 3.0% for 12 months after unbundling – 3.5% for last six months of the facilities – If Sibanye was not released as guarantor under the Notes within six months of unbundling, being 18 August 2013, the margin would have increased to 3.25% and 3.75% for the seven to 12 month and 13 to 18 month periods after unbundling, respectively
Term of loan:	18 months after the unbundling date.
Repayment period:	Full payment of the outstanding amount on maturity of the loan, being 18 August 2014
Cancellation:	These facilities were cancelled and repaid on 13 December 2013

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
–	**–**	Balance at beginning of the year	**–**	–
–	**476.0**	Loans advanced	**4,570.0**	–
–	**(476.0)**	Loans repaid	**(4,570.0)**	–
–	**–**	Translation adjustment	**–**	–
–	**–**	**Balance at end of the year**	**–**	–

(c) Short-term credit facilities

Sibanye utilised uncommitted loan facilities from some of the major banks to fund the capital expenditure and working capital requirements at its operations.

These facilities had no fixed terms, were short-term in nature and interest rates were market related. Borrowings under these facilities were guaranteed by Gold Fields.

On the date of unbundling, these facilities were refinanced by drawing down under the Bridge Loan Facilities as detailed in (b).

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
–	**142.4**	Balance at beginning of the year	**1,220.0**	–
149.0	**57.3**	Loans advanced	**550.0**	1,220.0
–	**(184.4)**	Loans repaid	**(1,770.0)**	–
(6.6)	**(15.3)**	Translation adjustment	**–**	–
142.4	**–**	**Balance at end of the year**	**–**	1,220.0

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24. BORROWINGS (continued)

(d) Long-term credit facilities

Sibanye and GFO (collectively the "Borrowers") entered into various RCFs with some of the major banks in South Africa with tenors between three and five years. The purpose of these facilities was to finance capital expenditure, general corporate and working capital requirements and to refinance existing borrowings.

Terms of the revolving credit facilities

Facility:	– R1.0 billion RCF entered into on 9 December 2009 – R500.0 million RCF entered into on 8 March 2010 – R2.0 billion RCF entered into on 15 December 2011
Interest rate:	JIBAR
Interest rate margin:	– R1.0 billion RCF: 3.00% – R500.0 million RCF: 2.85% – R2.0 billion RCF: 1.95%
Term of loan:	– R1.0 billion RCF matures on 30 June 2013, being 3.5 years – R500.0 million RCF maturing on 10 March 2013, being three years – R2.0 billion RCF maturing on 19 December 2016, being five years
Repayment period:	Full payment of outstanding amounts were due on maturity
Guarantors:	Gold Fields and certain of its subsidiaries: GF Holdings, GFO, Orogen, Newshelf 899 Proprietary Limited (Newshelf) and Sibanye
Cancellation:	These facilities were cancelled and repaid on 18 February 2013

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
–	**350.1**	Balance at beginning of the year	**3,000.0**	–
366.3	**52.1**	Loans advanced	**500.0**	3,000.0
–	**(364.6)**	Loans repaid	**(3,500.0)**	–
(16.2)	**(37.6)**	Translation adjustment	**–**	–
350.1	**–**	**Balance at end of the year**	**–**	3,000.0

Summary

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
–	**192.5**	(a) R4.5 billion Facilities	**1,990.9**	–
–	**–**	(b) Bridge Loan Facilities	**–**	–
142.4	**–**	(c) Short-term credit facilities	**–**	1,220.0
350.1	**–**	(d) Long-term credit facilities	**–**	3,000.0
492.5	**192.5**	**Gross borrowings**	**1,990.9**	4,220.0
(259.0)	**(48.3)**	Current portion of borrowings	**(499.5)**	(2,220.0)
233.5	**144.2**	**Non-current borrowings**	**1,491.4**	2,000.0

24. BORROWINGS (continued)

US dollar		Figures in million	SA rand	
2012	**2013**		**2013**	2012
		The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the reporting dates are as follows:		
142.4	**–**	Six months or less	**–**	1,220.0
350.1	**192.5**	Floating rate with exposure to change in JIBAR	**1,990.9**	3,000.0
492.5	**192.5**	**Non-current borrowings**	**1,990.9**	4,220.0
		The Group has the following undrawn borrowing facilities:		
788.3	**241.8**	Committed [1]	**2,500.0**	6,756.1
–	**48.3**	Uncommitted	**499.7**	–
788.3	**290.1**	**Total undrawn facilities**	**2,999.7**	6,756.1
		All of the above facilities have floating rates. The uncommitted facilities have no expiry dates. The undrawn committed facilities have the following expiry dates:		
58.3	**–**	– within one year	**–**	500.0
–	**241.8**	– later than two years and not later than three years	**2,500.0**	–
730.0	**–**	– later than three years and not later than five years	**–**	6,256.1
788.3	**241.8**		**2,500.0**	6,756.1

[1] During 2012, Sibanye was also a borrower under two Gold Fields group RCFs totalling US$1.5 billion. Sibanye never utilised these facilities and they were cancelled on 15 February 2013.

25. ENVIRONMENTAL REHABILITATION OBLIGATION

Significant accounting judgements and estimates

The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Accounting policy

Provisions are recognised when the Group has a present obligation, legal or constructive resulting from past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with applicable environmental and regulatory requirements.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure.