

## Risk management

Wescoal remains ever mindful of risks to the overall operation. Our risks can be categorised into broad categories, as indicated below:

Risk	Mitigation strategy
One main customer	<p>Wescoal Mining's only product is Eskom grade coal, and there is a natural tendency to have a large part of the business exposed to one client.</p> <p>Wescoal Trading, to an extent, helps Wescoal to diversify the client base slightly.</p>
Escalating cost of production at Khanyisa	<p>The strip ratio at Khanyisa Colliery is high relative to other operations and will remain as such until the Elandspruit Colliery is open.</p>
Life of mine	<p>Wescoal is currently involved in negotiations to extend the life of mine to at least 2017 at both Khanyisa and Intibane collieries.</p>
Skills shortage	<p>Experienced staff across the business is hard to find, but Wescoal is involved in skills training programmes and makes use of sub-contractors.</p>
Legislation	<p>Wescoal Mining is affected by the MRPOA and requirements such as water use licences and rezoning requirements. Wescoal is compliant with all legislation and where legislation is still in the form of a proposed bill, Wescoal will continue to follow the requirements closely and react accordingly.</p>
Primary producers competing with Trading Division	<p>Utilising supply from Wescoal Mining.</p>