SASOL LTD
Form 20-F
October 12, 2012

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As filed with the Securities and Exchange Commission on 12 October 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

o **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the year ended 30 June 2012**

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

o **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-31615

Sasol Limited

(Exact name of registrant as Specified in its Charter)

Republic of South Africa
(Jurisdiction of Incorporation or Organisation)

1 Sturdee Avenue, Rosebank 2196
South Africa
(Address of Principal Executive Offices)

Christine Ramon, Chief Financial Officer, Tel. No. +27 11 441 3435, Email christine.ramon@sasol.com
1 Sturdee Avenue, Rosebank 2196, South Africa
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
American Depositary Shares	New York Stock Exchange
Ordinary Shares of no par value*	New York Stock Exchange

*

Listed on the New York Stock Exchange not for trading or quotation purposes, but only in connection with the registration of American Depositary Shares pursuant to the requirements of the Securities and Exchange Commission.

Securities registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

644 825 216 Sasol ordinary shares of no par value
25 547 081 Sasol preferred ordinary shares of no par value
2 838 565 Sasol BEE ordinary shares of no par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **Yes ý No o**

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. **Yes o No ý**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes ý No o**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232 405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes o No o**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ý Accelerated filer o Non-accelerated filer o

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP o International Financial Reporting Standards as issued by the International Accounting Standards Board ý Other o

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 o Item 18 o

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes o No ý**

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PRESENTATION OF INFORMATION

We are incorporated in the Republic of South Africa as a public company under South African Company law. Our consolidated financial statements for the financial years ended 30 June 2008, 2009, 2010, 2011 and 2012 included in our corporate filings in South Africa were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

For purposes of this annual report on Form 20-F, we have prepared our consolidated financial statements in accordance with IFRS. Our consolidated financial statements for each of the financial years ended 30 June 2008, 2009, 2010, 2011 and 2012 have been audited.

As used in this Form 20-F:

"rand" or "R" means the currency of the Republic of South Africa;

"US dollars", "dollars", "US$" or "$" means the currency of the United States (US);

"euro", "EUR" or "€" means the common currency of the member states of the European Monetary Union;

"GBP" means British Pound Sterling, the currency of the United Kingdom (UK);

"CAD" means Canadian dollar, the currency of Canada;

"JPY" means Japanese Yen, the currency of Japan; and

"AUD" means Australian dollar, the currency of Australia.

We present our financial information in rand, which is our reporting currency. Solely for your convenience, this Form 20-F contains translations of certain rand amounts into US dollars at specified rates. These rand amounts do not represent actual US dollar amounts, nor could they necessarily have been converted into US dollars at the rates indicated. Unless otherwise indicated, rand amounts have been translated into US dollars at the rate of R8,31 per US dollar, which was the closing rate for customs purposes of the rand as reported by Thomson Reuters on 28 September 2012.

All references in this Form 20-F to "years" refer to the financial years ended on 30 June. Any reference to a calendar year is prefaced by the word "calendar".

Besides applying barrels (b or bbl) and standard cubic feet (scf) for reporting oil and gas reserves and production, Sasol applies the Système International (SI) metric measures for all global operations. A ton, or tonne, denotes one metric ton equivalent to 1 000 kilograms (kg). Sasol's reference to metric tons should not be confused with an imperial ton equivalent to 2 240 pounds (or about 1 016 kg). Barrels per day, or bpd, or bbl/d, is used to refer to our oil and gas production.

In addition, in line with a particular South African distinction under the auspices of the South African Bureau of Standards (SABS), all Sasol global reporting emanating from South Africa uses the decimal comma (e.g., 3,5) instead of the more familiar decimal point (e.g., 3.5) used in the UK, US and elsewhere. Similarly, a hard space is used to distinguish thousands in numeric figures (e.g., 2 500) instead of a comma (e.g., 2,500).

All references to billions in this Form 20-F are to thousands of millions.

All references to the "group", "us", "we", "our", "the company", or "Sasol" in this Form 20-F are to Sasol Limited, its group of subsidiaries and its interests in associates, joint ventures and special purpose entities. All references in this Form 20-F are to Sasol Limited or the companies comprising the group, as the context may require. All references to "(Pty) Ltd." refers to Proprietary Limited, a form of corporation in South Africa which restricts the right of transfer of its shares and prohibits the public offering of its shares.

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All references in this Form 20-F to "South Africa" and "the government" are to the Republic of South Africa and its government. All references to the "JSE" are to the JSE Limited or Johannesburg Stock Exchange, the securities exchange of our primary listing. All references to "SARB" refer to the South African Reserve Bank. All references to "PPI" and "CPI" refer to the South African Producer Price Index and Consumer Price Index, respectively, which are measures of inflation in South Africa. All references to "GTL" and "CTL" refer to our gas-to-liquids and coal-to-liquids processes, respectively.

Certain industry terms used in this Form 20-F are defined in the Glossary of Terms.

Unless otherwise stated, presentation of financial information in this annual report on Form 20-F will be in terms of IFRS. Our discussion of business segment results follows the basis used by the group executive committee (GEC) (the company's chief operating decision maker) for segmental financial decisions, resource allocation and performance assessment, which forms the accounting basis for segmental reporting, that is disclosed to the investing and reporting public.

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FORWARD-LOOKING STATEMENTS

We may from time to time make written or oral forward-looking statements, including in this Form 20-F, in other filings with the United States Securities and Exchange Commission, in reports to shareholders and in other communications. These statements may relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, developments and business strategies. Examples of such forward-looking statements include, but are not limited to:

- statements regarding our future results of operations and financial condition and regarding future economic performance;
- statements regarding recent and proposed accounting pronouncements and their impact on our future results of operations and financial condition;
- statements of our business strategy, plans, objectives or goals, including those related to products or services;
- statements regarding future competition, volume growth and changes in market share in the South African and international industries and markets for our products;
- statements regarding our existing or anticipated investments (including the gas-to-liquids (GTL) projects in North America, Uzbekistan and Nigeria, the GTL joint venture in Qatar, the polymers investment in Iran, the potential development of a coal-to-liquid (CTL) projects in India and other investments), acquisitions of new businesses or the disposition of existing businesses;
- statements regarding our estimated oil, gas and coal reserves as well as statements regarding the estimates of our contingent resources based on definitions provided by the Society of Petroleum Engineers. Contingent resources do not constitute, and should not be confused with reserves. Contingent resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from a known accumulation by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. There is therefore uncertainty as to the portion of the volumes identified as contingent resources that will be commercially producible;
- statements regarding the probable future outcome of litigation and the future development in legal and regulatory matters;
- statements regarding future fluctuations in refining margins and crude oil, natural gas and petroleum product prices;
- statements regarding the demand and cyclicality of petrochemical product prices;
- statements regarding changes in the manufacturers' fuel pricing mechanism in South Africa and their effects on fuel prices, our operating results and profitability;
- statements regarding future fluctuations in exchange and interest rates;
- statements regarding total shareholder return;

statements regarding cost reduction targets and initiatives;

statements regarding our plans to expand the South African retail and commercial markets for liquid fuels;

statements regarding our current or future products and anticipated customer demand for these products;

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statements regarding acts of war, terrorism or other events that may adversely affect the group's operations or that of key stakeholders to the group; and

statements of assumptions underlying such statements.

Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated in such forward-looking statements. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include among others, and without limitation:

the outcomes in developing regulatory matters and the effect of changes in regulation and government policy;

the political, social and fiscal regime and economic conditions and developments in the world, especially in those countries in which we operate;

the outcomes of legal proceedings;

our ability to maintain key customer relations in important markets;

our ability to improve results despite increased levels of competitiveness;

the continuation of substantial growth in significant developing markets, such as India;

the ability to benefit from our capital investment programme;

the capital cost of projects (including material, engineering and construction cost);

growth in significant developing areas of our business;

changes in the demand for and international prices of crude oil, gas, petroleum and chemical products and changes in foreign currency exchange rates;

the ability to gain access to sufficient competitively priced gas and coal reserves and other commodities;

environmental legislation and the impact of environmental legislation and regulation on our operations and our access to natural resources;

developments in Iranian sanctions programmes;

our success in continuing technological innovation;

our ability to maintain sustainable earnings despite fluctuations in foreign currency exchange rates and interest rates;

our ability to attract and retain sufficient skilled employees; and

our success at managing the foregoing risks.

The foregoing list of important factors is not exhaustive; when making investment decisions, you should carefully consider the foregoing factors and other uncertainties and events, and you should not place undue reliance on forward-looking statements. Forward-looking statements apply only as of the date on which they are made and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

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ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES

We are a public company incorporated under the company law of South Africa. Most of our directors and officers reside outside the United States, principally in South Africa. You may not be able, therefore, to effect service of process within the United States upon those directors and officers with respect to matters arising under the federal securities laws of the United States.

In addition, most of our assets and the assets of our directors and officers are located outside the United States. As a result, you may not be able to enforce against us or our directors and officers judgements obtained in United States courts predicated on the civil liability provisions of the federal securities laws of the United States.

There are additional factors to be considered under South African law in respect of the enforceability, in South Africa (in original actions or in actions for enforcement of judgments of US courts) of liabilities predicated on the US federal securities laws. These additional factors include, but are not necessarily limited to:

South African public policy considerations;

South African legislation regulating the applicability and extent of damages and/or penalties that may be payable by a party;

the applicable rules under the relevant South African legislation which regulate the recognition and enforcement of foreign judgments in South Africa; and

the South African courts' inherent jurisdiction to intervene in any matter which such courts may determine warrants the courts' intervention (despite any agreement amongst the parties to (i) have any certificate or document being conclusive proof of any factor, or (ii) oust the courts' jurisdiction).

Based on the foregoing, there is no certainty as to the enforceability in South Africa (in original actions or in actions for enforcement of judgements of US courts) of liabilities predicated on the US federal securities laws.

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

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ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

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ITEM 3. KEY INFORMATION

3.A Selected financial data

The following information should be read in conjunction with "Item 5 Operating and Financial Review and Prospects" and the consolidated financial statements, the accompanying notes and other financial information included elsewhere in this annual report on Form 20-F.

The financial data set forth below for the years ended as at 30 June 2012, 2011 and 2010 and for each of the years in the three-year period ended 30 June 2012 have been derived from our audited consolidated financial statements included in Item 18 of this annual report on Form 20-F.

Financial data at 30 June 2009 and 2008 has been derived from the group's previously published audited consolidated financial statements, adjusted for the amendments to IAS 19, Employee Benefits, which are not included in this document.

The financial data at 30 June 2012, 2011 and 2010 and for each of the years in the three-year period ended 30 June 2012 should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements.

The audited consolidated financial statements from which the selected consolidated financial data set forth below have been derived were prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

	Year ended					
	30 June 2008	30 June 2009	30 June 2010	30 June 2011	30 June 2012	30 June[1] 2012 (US$ in millions)
	(Rand in millions)					
	(except per share information and weighted average shares in issue)					
Income Statement data:						
Turnover	129 943	137 836	122 256	142 436	169 446	20 391
Operating profit	33 816	24 666	23 937	29 950	36 758	4 423
Profit attributable to owners of Sasol Limited	22 417	13 648	15 941	19 794	23 583	2 838
Statement of Financial Position data:						
Total assets[3]	139 904	145 296	155 873	177 445	203 753	24 519
Total equity[3]	78 695	85 706	96 425	109 860	128 314	15 441
Share capital	20 176	27 025	27 229	27 659	27 984	3 368
Per share information (Rand and US$):						
Basic earnings per share	37,30	22,90	26,68	32,97	39,10	4,71
Diluted earnings per share	36,78	22,80	26,54	32,85	38,95	4,69
Dividends per share[2]	13,00	8,50	10,50	13,00	17,50	2,11
Weighted average shares in issue (in millions):						
Average shares outstanding basic	601,0	596,1	597,6	600,4	603,2	603,2
Average shares outstanding diluted	609,5	614,0	615,5	614,5	616,2	616,2

(1) Translations into US dollars in this table are for convenience only and are computed at the closing rate of Thomson Reuters on 28 September 2012 of R8,31 per US dollar. You should not view such translations as a representation that such amounts represent actual US dollar amounts.

(2) Includes the final dividend which was declared subsequent to the reporting date and is presented for information purposes only. No provision for this final dividend has been recognised.

(3) Amounts for 2008, 2009, 2010 and 2011 have been restated. The group's accounting policy in respect of employee benefits has been amended due to the adoption of the amendments to IAS 19, Employee Benefits. This change in accounting policy has been applied

retrospectively and prior year comparative figures have been restated. Refer to Note 1 of "Item 18-Financial statements".

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Exchange rate information

The following table sets forth certain information with respect to the rand/US dollar exchange rate for the years shown:

Rand per US dollar for the year ended 30 June or the respective month	Average[1]	High	Low
2008[2]	7,30	8,25	6,43
2009[3]	9,04	11,88	7,17
2010[3]	7,59	8,36	7,20
2011[3]	7,01	7,75	6,57
2012[3]	7,78	8,58	6,67
2013[4]	8,26	8,52	8,08
April 2012	7,84	8,01	7,65
May 2012	8,18	8,54	7,72
June 2012	8,38	8,58	8,17
July 2012	8,24	8,52	8,08
August 2012	8,28	8,47	8,09
September 2012 (up to 28 September 2012)	8,27	8,42	8,17

(1) The average exchange rates for each full year are calculated using the average exchange rate on the last day of each month during the period. The average exchange rate for each month is calculated using the average of the daily exchange rates during the period.

(2) Based on the noon buying rate as published by the Federal Reserve Bank of New York.

(3) Based on the closing rate of Thomson Reuters.

(4) The average exchange rates for the period 1 July 2012 to 28 September 2012 are calculated using the average exchange rate on the last day of each month and as at 28 September 2012 during the period. The average exchange rate for each month and as at 28 September 2012 is calculated using the average of the daily exchange rates during the period.

On 28 September 2012, the closing exchange rate of rand per US dollar as reported by Thomson Reuters was R8,31/US$1.

3.B Capitalisation and indebtedness

Not applicable.

3.C Reasons for the offer and use of proceeds

Not applicable.

3.D Risk factors

Fluctuations in exchange rates may adversely affect our business, operating results, cash flows and financial condition

The rand is the principal functional currency of our operations. However, a large part of our group's turnover is denominated in US dollars and some part in euro, derived either from exports from South Africa or from our manufacturing and distribution operations outside South Africa. Approximately 90% of our turnover is linked to the US dollar as petroleum prices in general and the price of most petroleum and chemical products are based on global commodity and benchmark prices which are quoted in US dollars. A significant part of our capital expenditure is also US dollar-denominated, as it is directed to investments outside South Africa or constitutes materials, engineering and construction costs imported into South Africa. The majority of our costs are either rand based for

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South African operations or euro based for European operations. Accordingly, fluctuations in the exchange rates between the rand and US dollar and/or euro may have a material effect on our business, operating results, cash flows and financial condition.

During 2012, the rand/US dollar exchange rate averaged R7,78 and fluctuated between the high of R8,58 and the low of R6,67. This compares to an average exchange rate of R7,01 during 2011 which fluctuated between the high of R7,75 and the low of R6,57. Subsequent to 30 June 2012, the rand has on average weakened against the US dollar and the euro.

The rand exchange rate is impacted by various international and South African economic and political factors. Although the exchange rate of the rand is primarily market-determined, its value at any time may not be an accurate reflection of its underlying value, due to the potential effect of, among other factors, exchange controls. For more information regarding exchange controls in South Africa see "Item 10.D Exchange controls".

We use derivative instruments to protect us against adverse movements in exchange rates on certain transactional risks in accordance with our group hedging policies. See "Item 11 Quantitative and qualitative disclosures about market risk".

Fluctuations in refining margins and crude oil, natural gas and petroleum product prices may adversely affect our business, operating results, cash flows and financial condition

Market prices for crude oil, natural gas and petroleum products may fluctuate as they are subject to local and international supply and demand fundamentals and factors over which we have no control. Worldwide supply conditions and the price levels of crude oil may be significantly influenced by international cartels, which control the production of a significant proportion of the worldwide supply of crude oil, and by political developments, especially in the Middle East, North Africa and Nigeria. Other factors which may influence the aggregate demand and hence affect the markets and prices for petroleum products in regions which influence South African fuel prices through the Basic Fuel Price (BFP) price formula (used for the calculation of the refinery gate price of petroleum products in South Africa) and/or where we market these products include changes in economic conditions, the price and availability of substitute fuels, changes in product inventory, product specifications and other factors. In recent years, prices for petroleum products have fluctuated widely.

During 2012, the dated Brent crude oil price averaged US$112,42/b and fluctuated between the high of US$128,14/b and the low of US$88,69/b. This compares to an average dated Brent crude oil price of US$96,48/b during 2011, which fluctuated between the high of US$126,64/b and the low of US$70,61/b.

A substantial proportion of our turnover is derived from sales of petroleum and petrochemical products. Through our equity participation in the National Petroleum Refiners of South Africa (Pty) Ltd. (Natref) crude oil refinery, we are exposed to fluctuations in refinery margins resulting from differing fluctuations in international crude oil and petroleum product prices. We are also exposed to changes in absolute levels of international petroleum product prices through our synthetic fuels and oil operations. Fluctuations in international crude oil prices affect our results mainly through their indirect effect on the BFP price formula, see "Item 4.B Business overview "Sasol Synfuels" and "Sasol Oil", as well as the impact on oil derived feedstock. Prices of petrochemical products and natural gas are also affected by fluctuations in crude oil prices.

We use derivative instruments to protect us against day-to-day US dollar oil price and rand to US dollar exchange rate fluctuations affecting the acquisition cost of our crude oil needs. See "Item 11 Quantitative and qualitative disclosures about market risk". While the use of these instruments may provide some protection against short-term fluctuations in crude oil prices it does not protect us against

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longer term fluctuations in crude oil prices or differing trends between crude oil and petroleum product prices.

We are unable to accurately forecast fluctuations in refining margins and crude oil, natural gas and petroleum products prices. Fluctuations in any of these may have a material adverse effect on our business, operating results, cash flows and financial condition.

Cyclicality in petrochemical product prices may adversely affect our business, operating results, cash flows and financial condition

The demand for chemicals and especially products such as solvents, olefins, surfactants, fertilisers and polymers is cyclical. Typically, higher demand during peaks in the industry business cycles leads producers to increase their production capacity. Although peaks in the business cycle have been characterised by increased selling prices and higher operating margins, in the past such peaks have led to overcapacity with supply exceeding demand growth. Low periods during the industry business cycle are characterised by a decrease in selling prices and excess capacity, which can depress operating margins. The expected capacity additions in the next few years, could put downward pressure on prices of chemical products. Lower prices for chemical products may have a material adverse effect on our business, operating results, cash flows and financial condition.

We may not be able to exploit technological advances quickly and successfully

Most of our operations, including the gasification of coal and the manufacture of synfuels and petrochemical products, are highly dependent on the development and use of advanced technologies. The development, commercialisation and integration of the appropriate advanced technologies can affect, among other things, the competitiveness of our products, the continuity of our operations, our feedstock requirements and the capacity and efficiency of our production.

It is possible that new technologies or novel processes may emerge and that existing technologies may be further developed in the fields in which we operate. Unexpected rapid advances in employed technologies or the development of novel processes can affect our operations and product ranges in that they could render the technologies we utilise or the products we produce obsolete or less competitive in the future. Difficulties in accessing new technologies may impede us from implementing them and competitive pressures may force us to implement these new technologies at a substantial cost. Examples of new technologies which may in the future affect our business include the following:

- The development and commercialisation of non-hydrocarbon-dependent energy carrier technologies, including the further development of fuel cells or the large scale broadening of the application of electricity to drive motor vehicles. These may be disruptive to the use of hydrocarbon and refined crude oil-derived fuels;

- The development of improved fuels (and associated automotive technologies) from a crude oil base with equivalent properties to that of Fischer-Tropsch derived fuels, which may erode the competitive advantage of Fischer-Tropsch fuels; and

- The development by competitors of next generation catalysts in which catalyst performance is manipulated, resulting in highly selective and high purity chemical products, which may render the use of our mixed feed stream catalytic-based production processes uncompetitive.

We cannot predict the effect of these or other technological changes or the development of new processes on our business or on our ability to provide competitive products. Our ability to compete will depend on our timely and cost-effective implementation of new technological advances. It will also depend on our success in commercialising these advances in spite of competition we face.

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In addition to the technological challenges, a large number of our expansion projects are integrated across a number of Sasol businesses. Delays with the development of an integrated project might accordingly have an impact on more than one Sasol business.

If we are unable to implement new technologies in a timely or cost-efficient manner, or penetrate new markets in a timely manner in response to changing market conditions or customer requirements, we could experience a material adverse effect on our business, operating results, cash flows and financial condition.

Our GTL and CTL projects may not prove sufficiently viable or as profitable as planned

We have constructed a gas-to-liquids (GTL) plant in Qatar and are involved in constructing a GTL plant in Nigeria. In addition, we are considering opportunities for further GTL and coal-to-liquids (CTL) investments in other areas of the world. GTL opportunities are being investigated in Uzbekistan (front end engineering and design phase), the US (feasibility phase) and Canada (feasibility phase was completed by the end of June 2012). A CTL project is being investigated in India (pre-feasibility phase). The development of these projects, solely or through joint ventures or associates, is a capital-intensive process and requires us to commit significant capital expenditure and devote considerable management resources in utilising our existing experience and know-how, especially in connection with Fischer-Tropsch synthesis technologies. See "Item 4.B Business overview Sasol Synfuels International".

The processes used and the products developed by these projects may also give rise to patent risks in connection with the use of our GTL and CTL technologies. See below "Intellectual property risks may adversely affect our products or processes and our competitive advantage".

We consider the development of our GTL and CTL projects as a major part of our strategy for future growth and believe that the markets for GTL and CTL have room for further expansion. In assessing the viability of our GTL and CTL projects, we make a number of assumptions relating to specific variables, mainly including:

access to sufficient competitively priced gas or coal reserves;

prices of crude oil, petroleum products and gas;

sales opportunities and risks in the relevant countries;

fluctuations in the exchange rate of the US dollar and other currencies against the rand;

fluctuations in interest rates;

fiscal dispensation in the countries in which we invest;

capital cost of our facilities, including material, engineering and construction costs;

operating costs, including manpower, services, supplies, utilities;

technology and catalyst performance;

conditions in the countries in which we operate, including factors relating to political, social and economic conditions;

the availability of skilled workers to construct and operate the plants;

timely completion of projects; and

environmental regulations, specifically in respect to emissions to the atmosphere and control thereof.

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Significant variations in any one or more of the above factors that are beyond our control, or any other relevant factor, may adversely affect the profitability or even the viability of our GTL and CTL investments. In view of the resources invested in these projects and their importance to our growth strategy, problems we may experience as a result of these factors may have a material adverse effect on our business, operating results, cash flows and financial condition and opportunities for future growth.

Increasing exposure related to investments in associates and joint venture companies may adversely affect our business, operating results, cash flows and financial condition

We have invested in a number of associates and joint ventures as part of our strategy to expand operations globally. We are considering opportunities for further upstream GTL and CTL investments, as well as related opportunities in chemicals, to continue our local and global expansion. The development of these projects may require investments in associates and joint ventures, most of which are aimed at facilitating entry into countries and/or sharing risk with third parties. Although the risks are shared, the objectives of associates and joint venture partners, their ability to meet their financial and/or contractual obligations, their behaviour, as well as the increasing complexity of country specific legislation and regulations, may impact negatively on our reputation and/or result in disputes and/or litigation, all of which may have a material adverse effect on our business, operating results, cash flows and financial condition and constrain the achievement of our growth objectives.

We may not achieve projected benefits of acquisitions or divestments

We may pursue strategic acquisitions or divestments. With any such transaction there is the risk that any benefits or synergies identified at the time of acquisition may not be achieved as a result of changing or incorrect assumptions or materially different market conditions, or other factors. Furthermore, we could be found liable for past acts or omissions of the acquired business without any adequate right of redress.

In addition, delays in the sale of assets or reductions in value realisable may arise due to changing market conditions. Failure to achieve expected values from the sale of assets or delays in expected receipt or delivery of funds may result in higher debt levels, underperformance of those businesses and possible loss of key personnel.

We may face constraints in obtaining the expected level of financing to pursue new business opportunities or support existing projects

As at 30 June 2012, we had authorised approximately R79 billion of group capital expenditure in respect of projects in progress, of which we had spent approximately R33 billion by 30 June 2012. In addition, we are considering opportunities for additional GTL and CTL investments as well as related opportunities in chemicals. Our capital expenditure plans, requirements and project pipeline are subject to a number of risks, contingencies and other factors, some of which are beyond our control, and therefore the actual future capital expenditure and investments may differ significantly from the current planned amounts.

Our operating cash flow and banking facilities may be insufficient to meet all of these expenditures, depending on the timing and cost of development of these and other projects as well as operating performance and utilisation of our banking facilities. As a result, new sources of capital may be needed to meet the funding requirements of these developments, to fund ongoing business activities and to pay dividends. Our ability to raise and service significant new sources of capital will be a function of macroeconomic conditions, the condition of the financial markets, future prices for the products we sell, our operational performance and operating cash flow and debt position, among other factors. Our ability to raise further debt financing in the future and the cost of such financing will depend on, among other factors, our credit rating at the time, which may be affected by our ability to

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maintain our outstanding debt and financial ratios at levels acceptable to the credit ratings agencies, our business prospects or other factors.

As a result, in the event of unanticipated operating or financial challenges, any dislocation in financial markets or new funding limitations, our ability to pursue new business opportunities, invest in existing and new projects, fund our ongoing business activities and retire or service outstanding debt and pay dividends, could be constrained, all of which could have an impact on our business, operating results, cash flows and financial condition.

There are country-specific risks relating to the countries in which we operate that could adversely affect our business, operating results, cash flows and financial condition

Several of our subsidiaries, joint ventures and associates operate in countries and regions that are subject to significantly differing political, social, economic and market conditions. See "Item 4.B Business Overview" for a description of the extent of our operations in the main countries and regions. Although we are a South African domiciled company and the majority of our operations are located in South Africa, we also have significant energy businesses in other African countries, chemical businesses in Europe, the US, the Middle East and Asia, a joint venture in a GTL facility in Qatar, joint ventures in Canada, Iran and Uzbekistan and an economic interest in a GTL project in Nigeria.

Particular aspects of country-specific risks that may have a material adverse impact on our business, operating results, cash flows and financial condition include:

(a) Political, social and economic issues

We have invested or are in the process of investing in significant operations in African, European, North American, Asian and Middle Eastern countries that have in the past, to a greater or lesser extent, experienced political, social and economic uncertainty. Government policies, laws and regulations in countries in which we operate or plan to operate may change in the future. There is also a risk that our plants that were constructed during buoyant market conditions will have to operate in markets in which product prices may have declined, as we are currently experiencing. The impact of such changes on our ability to deliver on planned projects cannot be ascertained with any degree of certainty and such changes may therefore have an adverse effect on our operations and financial results.

(b) Inflation and fluctuations in interest rates

Macro-economic factors, such as inflation and higher interest rates could adversely impact our ability to contain costs and to ensure cost-effective debt financing in countries in which we operate.

In South Africa, consumer price index inflation increased to 5,9% in 2012 from 3,9% in 2011 and 5,7% in 2010. With inflation remaining relatively well contained within the SARB 3-6% inflation targeting range, unemployment at still uncomfortably high levels, weak domestic economic growth conditions and an uncertain global economic growth backdrop, the SARB decided to cut its policy-interest rate to 5,0% in July 2012 from 5,5%. Producer price index inflation increased to 8,6% in 2012 from 6,8% in 2011 and 1,4% in 2010.

In March 2012, the National Energy Regulator of South Africa (NERSA) announced that Eskom's, South Africa's state-owned electricity provider, electricity tariffs will rise by approximately 16% in 2012 and 2013 against an earlier published 26% increase. Despite this lower-than-expected increase, it remains above the 6% inflation target ceiling and continues to pose challenges for the economy and the inflation outlook. Food and fuel price trends also remain key risks to the inflation outlook, but these risks are, in our view, outweighed by an uncertain global economic environment and relatively subdued growth conditions in South Africa. As such, it is currently expected that monetary policy will

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remain accommodative, where we expect the SARB to maintain the policy interest rate at its current level of 5,0% until late in the 2013 calendar year.

(c) Transportation, water and other infrastructure

The infrastructure in some countries in which we operate, such as rail infrastructure, electricity and water supply may need to be further upgraded and expanded and in certain instances possibly at our own cost. Water, as a resource, is becoming increasingly limited as world demand for water increases. In South Africa, the risk that water may become significantly limited is exacerbated by the fact that it is one of the drier countries in the world. Water use by our operations varies widely depending largely on feedstock and technology choice. While a GTL plant is typically a net producer of water, a CTL process has a significant water requirement, driven by the need to produce hydrogen and additional cooling requirements. Although various technological advances may improve the water efficiency of our processes, we may experience limited water availability and other infrastructural challenges, which could have a material adverse effect on our business, operating results, cash flows, financial condition and future growth.

(d) Disruptive industrial action

The majority of our employees worldwide belong to trade unions. These employees comprise mainly general workers, artisans and technical operators. In July 2011, disputes over wage increases in South Africa led to general industrial action, which resulted in disruptions to production and supply of products to the markets. During August to October 2012, the mining and transport sectors in South Africa experienced significant disruptions and violence due to strikes and other industrial action by employees. This may spread to other mining sectors, including our coal mines. Although we have constructive relations with our employees and their unions, we cannot assure you that significant labour disruptions will not occur in the future nor have significant consequences on the South African economy.

(e) Exchange control regulations

South African law provides for exchange control regulations which apply to transactions involving South African residents, including both natural persons and legal entities. These regulations may restrict the export of capital from South Africa, including foreign investments. The regulations may also affect our ability to borrow funds from non-South African sources for use in South Africa, including the repayment of these borrowings from South Africa and, in some cases, our ability to guarantee the obligations of our subsidiaries with regard to these funds. These restrictions may affect the manner in which we finance our transactions outside South Africa and the geographic distribution of our debt. See "Item 10.D Exchange controls" and "Item 5.B Liquidity and capital resources".

(f) Localisation issues

In some countries, our operations are required to comply with local procurement, employment equity, equity participation and other regulations which are designed to address country-specific social and economic issues.

In South Africa, there are various transformation initiatives with which we are required to comply. We embrace and will engender or participate in initiatives to bring about meaningful transformation in South Africa. We consider these initiatives to be a strategic imperative and we acknowledge the risk of not vigorously pursuing them.

We are a participant in transformation charters in the liquid fuels and mining industry in South Africa, pursuant to which we have undertaken to enable historically disadvantaged South Africans to hold at least 25% equity ownership in our liquid fuels business and 26% equity ownership, by 2014, in our mining business.

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The Minister of Trade and Industry published the Codes of Good Practice for broad-based black economic empowerment (BEE) on 9 February 2007, effective from the date of publication. These codes provide a standard framework for the measurement of broad-based BEE across all sectors of the economy, other than the mining industry.

We have complied with the current requirements of said codes and other requirements of the Liquid Fuels Charter, Mining Charter and the Codes of Good Practice for broad-based BEE. We believe that the long-term benefits to the company and our country should outweigh any possible short-term adverse effects, but we cannot assure you that future implications of compliance with these requirements or with any newly imposed conditions will not have a material adverse effect on our shareholders or business, operating results, cash flows and financial condition. See "Item 4.B Empowerment of historically disadvantaged South Africans".

(g) Engineering, procurement and construction contract costs

We have a significant capital portfolio and are therefore exposed to fluctuations in the price and supply of engineering, procurement and construction services, in particular the availability of scarce technical skills and capacity. We are currently not expecting the abnormal inflationary pressures of the pre-recession period, but rather low to moderate increases as gradual economic recovery sets in. Significant fluctuations and volatility is, however, currently being observed. Scarce technical skills remain a key factor, to a varying degree in different geographical areas. Cost increases will depend on the region and market dynamics, which could have a material adverse effect on our business, operating results, cash flows and financial condition.

(h) Ownership rights

We operate in several countries where ownership of rights in respect of land and resources is uncertain and where disputes in relation to ownership or other community matters may arise. These disputes are not always predictable and may cause disruption to our operations or development plans.

(i) Stakeholder relationships

Our operations can also have an impact on local communities, including the need, from time to time, to relocate or resettle communities or infrastructure networks such as railways and utility services. Failure to manage relationships with local communities, governments and non-government organisations may harm our reputation as well as our ability to bring development projects into production. In addition, the costs and management time required to comply with standards of social responsibility, community relations and sustainability, including costs related to resettlement of communities or infrastructure, have increased substantially recently and are expected to further increase over time.

(j) Other specific country risks that are applicable to countries in which we operate and which may have a material impact on our business include:

- acts of warfare and civil clashes;
- government interventions, including protectionism and subsidies;
- regulatory, taxation and legal structure changes;
- the control of oil and gas field developments and transportation infrastructure;
- failure to receive new permits and consents;
- cancellation of contractual rights;
- expropriation of assets;

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lack of capacity to deal with emergency response situations;

the introduction of selective environmental and carbon taxes; and

social and labour unrest due to economic and political factors in host countries.

Some of the countries where we have already made, or other countries where we may consider making, investments are in various stages of developing institutions and legal and regulatory systems that are characteristic of democracies. However, institutions in these countries may not yet be as firmly established as they are in democracies in South Africa, North America and some European countries. Some of these countries are also transitioning to a market economy and, as a result, are experiencing changes in their economies and their government policies that could affect our investments in these countries.

Moreover, the procedural safeguards of the new legal and regulatory regimes in these countries are still being developed and, therefore, existing laws and regulations may be applied inconsistently. In some circumstances, it may not be possible to obtain the legal remedies provided under those laws and regulations in a timely manner.

As the political, economic and legal environments remain subject to continuous development, investors in these countries face uncertainty as to the security of their investments. Any unexpected changes in the political or economic conditions in the countries in which we operate (including neighbouring countries) may have a material adverse effect on the investments that we have made or may make in the future, which may in turn have a material adverse effect on our business, operating results, cash flows and financial condition.

Electricity supply interruptions and increases in electricity costs in South Africa could adversely affect our business, operating results, cash flows, financial condition and future growth

Sasol is capable of generating up to 50% of its total South African power supply needs internally and continues with the commissioning of additional power generation equipment to increase internal electricity generation to up to 60% of our requirements. However, our South African operations remain dependent on power generated by the state-owned utility, Eskom. During 2008, South Africa experienced significant electricity supply interruptions, and although the situation has improved since then, the possibility remains that the electricity supply will again become constrained. Although Eskom has announced a number of short- and long-term mitigation plans, we cannot assure you that we will not experience power supply interruptions which could have material adverse effects on our business, operating results, cash flows, financial condition and future growth.

Furthermore, South Africa is experiencing higher than normal electricity price increases. During February 2010, NERSA granted Eskom further price increases of 24,8%, 25,8% and 25,9% per year for the three years in terms of the multi-year pricing dispensation (the first of which came into effect in July 2010). However, the cost increases for electricity for 2012 have been reduced to 16%. We have entered into a power purchase agreement with Eskom which mitigates these price increases to some extent. However, any sharp increase in electricity costs may have material adverse effects on our business, operating results, cash flows, financial condition and future growth.

We may not be in compliance with laws or regulations in the countries in which we operate

The industry in which we operate is highly regulated and requires compliance with a myriad of laws and regulations, governing matters such as minerals, trading in petroleum products, safety, health and environment, in our South African and global operations. Non-compliance can impact business performance dramatically. Although systems and processes are in place, monitored and improved upon, to ensure compliance with applicable laws and regulations, we cannot assure you that we will be in compliance with all laws and regulations at all times. Any failure to comply with applicable laws and

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regulations could have a material adverse impact on our business, operating results, cash flows and financial condition.

New South African mining legislation may have an adverse effect on our mineral rights

Since the enactment of the Mineral and Petroleum Resources Development Act, 28 of 2002, (MPRDA) in May 2004, all mineral rights have been placed under the custodianship of the state, which grants prospecting and mining rights for prospecting and mining activities. Our subsidiary, Sasol Mining (Pty) Ltd., has been successful in converting its prospecting permits and mining authorisations (old order rights) to new order prospecting and mining rights in terms of the MPRDA. The new order mining rights, known as converted mining rights, became effective on 29 March 2011. The converted new order mining rights in respect of the Secunda area have been granted for a period of ten years, while those in respect of the Mooikraal operations have been granted for a period of thirty years. Our converted mining rights may, on application, be renewed for further periods not exceeding thirty years each. Prospecting rights are granted for five years, with one further renewal of three years. Even though the MPRDA provides the criteria to be met to obtain renewal, no guarantee can be given that the converted mining rights or prospecting rights will be renewed.

If a holder of a prospecting right or mining right conducts prospecting or mining operations in contravention of the MPRDA, the new order rights can be suspended or cancelled by the Minister of Mineral Resources if the entity, upon receiving a notice of breach from the Minister, fails to remedy such breach. The MPRDA and applicable provisions in the National Environmental Management Act impose additional responsibilities with respect to environmental management as well as the prevention of environmental pollution, degradation or damage from mining and/or prospecting activities.

The Mining Charter, which is intended to facilitate the transformation of the South African mining industry, was reviewed during the 2009 and 2010 calendar years, and the revised Mining Charter became effective as from 13 September 2010. Although the revised Mining Charter was intended to only be an amendment of the previous Mining Charter, it has replaced the original Mining Charter and introduced a number of new elements. A number of uncertainties exist with regard to the interpretation of some of the elements of the revised Mining Charter. The scorecard reporting template released by the Department of Mineral Resources also added further elements, not contained in the revised Mining Charter.

We cannot assure you that these changes will not affect our operations and mining rights in the future, and as a result have a material adverse effect on our business, operating results, cash flows and financial condition. See "Item 4.B Business overview Regulation of mining activities in South Africa".

New legislation in South Africa on petroleum and energy activities may have an adverse impact on our business, operating results, cash flows and financial condition

The Petroleum Products Amendment Act (the Act) requires persons involved in the manufacturing, wholesale and retail sale of petroleum products to obtain relevant licences for such activities. Sasol Oil, Natref and Sasol Synfuels submitted applications for their respective operations, and the Sasol Oil and Sasol Synfuels wholesale licence applications have been approved and issued. The Natref manufacturing licence application is still under review by the Department of Energy. Nevertheless, these facilities continue to operate, as being persons who, as of the effective date of the Act, manufactured petroleum products, they are deemed to be holders of a licence until their applications have been finalised. Until these applications have been finalised, we cannot assure you that the conditions of the licences may not have a material adverse impact on our business, operating results, cash flows and financial condition. See "Item 4.B Business overview Regulation of petroleum-related activities in South Africa".

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The Department of Energy will, by 2017, implement new fuel specifications and standards, which are aligned to EURO 5 fuel specifications, to reduce the environmental impact caused by vehicle emissions. The introduction of the new specifications and standards by 2017 will require capital investment in our manufacturing facilities. We cannot assure you that these new specifications will not have a material adverse effect on our business, operating results, cash flow and financial condition.

The Department of Energy has embarked on a process of reviewing the methodology for the determination of margins relating to the regulated fuel price mechanism known as the Regulatory Accounting System. The ultimate goal of the Regulatory Accounting System is to achieve a uniform and transparent set of regulatory accounts, whereby costs are allocated on predetermined methods, thereby providing certainty to investors with regard to the return on assets throughout the petroleum industry value chain (wholesale, coastal storage and handling, secondary storage, secondary distribution and the benchmark service station). The final implementation thereof has been postponed by two years to allow for amendment of the commercial agreements between oil company franchisors and fuel retail franchisees. We cannot assure you that the final cost allocation model will not have a material adverse effect on our business, operating results, cash flow and financial condition.

The Gas Act regulates matters relating to gas transmission, storage, distribution, liquefaction and re-gasification activities. NERSA has published guidelines for determining transmission and storage tariffs for piped-gas in South Africa, as well as a methodology to determine maximum gas prices. The implementation and enforcement of these tariffs and prices may have a material adverse effect on our business, operating results, cash flow and financial condition.

Although we negotiated a ten year regulatory dispensation (expiring in March 2014) with the South African government with respect to the supply of Mozambican natural gas to the South African market, we cannot assure you that the provisions of the Gas Act will not have a material adverse impact on our business, operating results, cash flows and financial condition. See "Item 4.B Business overview Regulation of gas related activities in South Africa".

Changes in safety, health and environmental regulations and legislation and public opinion may adversely affect our business, operating results, cash flows and financial condition

Failure to comply with applicable safety, health and environmental laws, regulations or permit requirements may result in fines or penalties or enforcement actions, including regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, installation of pollution control equipment, decommissioning or other remedial actions, any of which could entail significant expenditures.

We are subject to a wide range of general and industry-specific environmental, health and safety and other legislation in jurisdictions in which we operate. Environmental requirements govern, among other things, exploration, mining and production activities, land use, air emissions, use of renewable energy, energy efficiency, use of water, wastewater discharge, waste management, decommissioning and site remediation. Compliance with these laws, regulations, permits, licences and authorisations is a significant factor in our business, and we incur, and expect to continue to incur, significant capital and operating expenditures in order to continue to comply with applicable laws, regulations, permits, licences and authorisations. These laws and regulations and their enforcement are likely to become more stringent over time. We may be required in some cases to incur additional expenditure in order to comply with such legislation. Similarly, public opinion is growing more sensitive to consumer health and safety, environmental and climate change protection matters, and, as a result, markets may apply pressure on us concerning certain of our products, manufacturing processes, transport and distribution arrangements. As a result of these additional costs of compliance and other factors, including pressures related to public opinion, we may be required to withdraw certain products from the market, which

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could have a material adverse effect on our business, operating results, cash flows and financial condition.

We continue to take remedial actions at a number of sites due to soil and groundwater contamination. The process of investigation and remediation can be lengthy and is subject to the uncertainties of site specific factors, changing legal requirements, developing technologies, the allocation of liability among multiple parties and the discretion of regulators. Accordingly, we cannot estimate with certainty the actual amount and timing of costs associated with site remediation.

In order to continue to comply with these safety, health and environmental licences, laws and regulations, we may have to incur costs which we may finance from our available cash flows or from alternative sources of financing. We may be required to provide for financial security for environmental rehabilitation in the form of a trust fund, guarantee, deposit or other methods as may be required by legislation imposing obligations in respect of decommissioning and rehabilitation of environmental impacts. No assurance can be given that changes in safety, health and environmental laws and regulations or their application or the discovery of previously unknown contamination or other liabilities will not have a material adverse effect on our business, operating results, cash flows and financial condition.

In addition, our manufacturing processes may utilise and result in the emission of substances with potential health risks. We also manufacture products which may pose health risks. Although we apply a duty of care principle and implement health and safety, product stewardship, the Chemical and Allied Industries' Association Responsible Care programme and other measures to eliminate or mitigate associated potential risks, we may be subject to liabilities as a result of the use or exposure to these materials or emissions.

Regulation of greenhouse gas emissions could increase our operational cost and reduce demand for our products

Continued political attention to issues concerning climate change, the role of human activity in it, and potential mitigation through regulation could have a material impact on our operations and financial results. International agreements and national or regional legislation and regulatory measures to limit greenhouse emissions are currently in various stages of discussion or implementation.

For instance, the Kyoto Protocol envisions a reduction of greenhouse gas emissions through market-based regulatory programmes, technology-based or performance-based standards or a combination of them. South Africa has entered into a voluntary non-binding agreement to take, subject to certain conditions, nationally appropriate mitigation action to enable a 34% deviation below "business as usual" emissions growth trajectory by 2020, and 42% by 2025. Current measures in South Africa have already resulted in increased compliance costs for power suppliers that are passed to us in the form of levies for electricity generated from fossil fuels. These levies may increase substantially over time. In addition, the South African government has published a climate change response green paper in November 2010 and issued a carbon tax discussion paper in December 2010. This policy process, culminated in the publication of a Climate Change Response White Paper, in November 2011 and, in the February 2012 budget review, a new option for a possible carbon tax design was announced by the South African Minister of Finance. A detailed carbon tax policy document is expected before the end of the 2012 calendar year.

These and other greenhouse gas emissions-related laws, policies and regulations may result in substantial capital, compliance, operating and maintenance costs. The level of expenditure required to comply with any laws and regulations is uncertain and will depend on a number of factors including, among others, the sectors covered, the greenhouse gas emissions reductions required by law, the extent to which we would be entitled to receive any emission allowance allocations or would need to purchase compliance instruments on the open market or through auctions, the price and availability of emission

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allowances and credits, and the impact of legislation or other regulation on our ability to recover the costs incurred through the pricing of our products. Material price increases or incentives to conserve or use alternative energy sources could reduce demand for products we currently sell and adversely affect our sales volumes, revenues and margins.

We are subject to competition and antitrust laws

Violations of competition/antitrust legislation could expose the group to administrative penalties and civil claims and damages, including punitive damages, by entities which can prove they were harmed by such conduct. Such penalties and damages could be significant and have an adverse impact on our business, operating results, cash flows and financial condition. In addition, there is also the significant reputational damage that accompanies findings of such contraventions as well as imprisonment or fines for individuals in some countries where antitrust violations are a criminal offence. Competition authorities are increasingly engaging with each other to exchange information relating to potential violation of antitrust laws and enforce antitrust laws.

The South African Competition Commission is conducting investigations into the piped gas, coal mining, petroleum, fertilisers and polymer industries. The group has cooperated with competition authorities to deal pro-actively with non-compliance matters. We continue to interact and cooperate with the South African Competition Commission in respect of leniency applications as well as in the areas that are subject to the South African Competition Commission investigations. Refer to "Item 4.B Business overview Legal proceedings and other contingencies". Although it is our policy to comply with all laws, and notwithstanding training and compliance programmes, we could nonetheless contravene competition or antitrust laws and be subject to the imposition of fines, criminal sanctions and/or civil claims and damages. This could have a material adverse impact on our business, operating results, cash flows and financial condition.

The competition law compliance risks mentioned above will be aggravated in South Africa when the Competition Amendment Act of 2009 becomes effective. This act will introduce individual criminal liability for collusion as well as the concept of a "complex monopoly". This could have a material adverse impact on our business, operating results, cash flows and financial condition.

We may not be successful in attracting and retaining sufficient skilled employees

We are highly dependent on the continuous development and successful application of new technologies. In order to achieve this, we need to maintain a focus on recruiting and retaining qualified scientists and engineers as well as artisans and operators. In addition, we are dependent on highly skilled employees in business and functional roles to establish new business ventures as well as to maintain existing operations.

Globally the demand for personnel with the range of capabilities and experience required in our industry is high, and success in attracting and retaining such employees is not guaranteed. Natural attrition rates have remained depressed as a result of the global economic downturn. Some areas of the global economy are showing signs of recovery and there is a risk that our scientific, engineering, artisans, operators and project execution skills base may be constrained over time because of, for example, natural attrition and a shortage of people being available in these disciplines in the jurisdictions in which we operate. The quality and availability of skills in certain labour markets is impacted by the challenges within the education and training systems in certain countries in which we operate, such as South Africa and Mozambique. The retention of staff is particularly challenging in South Africa, where in addition to global industry shortages of skilled employees, we and our competitors are also required to achieve employment equity targets. Localisation and other similar legislation in countries in which we operate are equally challenging to the attraction and retention of sufficiently skilled employees.

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The shortage of skilled employees will be further exacerbated as global economic recovery progresses and we compete with a global industry for skilled and experienced employees. Failure to attract and retain people with the right capabilities and experience could negatively affect our ability to introduce and maintain the appropriate technological improvements to our business, our ability to successfully construct and commission new plants or establish new business ventures. This may have a material adverse effect on our business, operating results, cash flows and financial condition.

Intellectual property risks may adversely affect our freedom to operate our processes and sell our products and may dilute our competitive advantage

Our various products and processes, including most notably, our chemical, CTL and GTL products and processes have unique characteristics and chemical structures and, as a result, are subject to confidentiality and/or patent protection, the extent of which varies from country to country. Rapid changes in our technology commercialisation strategy may result in a misalignment between our intellectual property protection filing strategy and the countries in which we operate. The disclosure of our confidential information and/or the expiry of a patent may result in increased competition in the market for our products and processes, although the continuous supplementation of our patent portfolio mitigates such risk to an extent. In addition, aggressive patenting by our competitors, particularly in countries like the US and China, may result in an increased patent infringement risk and may constrain our ability to operate in our preferred markets.

A significant percentage of our products can be regarded as commodity chemicals, some of which have unique characteristics and chemical structure. These products are normally utilised by our clients as feedstock to manufacture specialty chemicals or application-type products. We have noticed a worldwide trend of increased filing of patents relating to the composition of product formulations and the applications thereof. These patents may create pressure on those of our clients who market these product formulations which may adversely affect our sales to these clients. These patents may also increase our risk to exposure from limited indemnities provided to our clients of these products. Patent-related pressures may adversely affect our business, operating results, cash flows and financial condition.

We believe that our proprietary technology, know-how, confidential information and trade secrets, provide us with a competitive advantage. A possible loss of experienced personnel to competitors, and a possible transfer of know-how and trade secrets associated therewith, may negatively impact this advantage. In addition, the patenting by our competitors of technology built on our know-how obtained through former employees may result in additional risk.

Similarly, operating and licensing technology in countries in which intellectual property laws are not well established and enforced may result in an inability to effectively enforce our intellectual property rights. The risk of some transfer of our know-how and trade secrets to our competitors is increased by the increase in the number of licences granted under our intellectual property, as well as the increase in the number of licensed plants which are brought into operation through entities which we do not control. As intellectual property warranties and indemnities are provided under each new licence granted, the cumulative risk increases accordingly.

The above risks may adversely affect our business, operating results, cash flows and financial condition.

Increasing competition by products originating from countries with low production costs may adversely affect our business, operating results, cash flows and financial condition

Certain of our chemical production facilities are located in developed countries, including the US and Europe. Economic and political conditions in these countries result in relatively high labour costs and, in some regions, relatively inflexible labour markets. Increasing competition from regions with

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lower production costs and more flexible labour markets, for example the Middle East, India and China, exerts pressure on the competitiveness of our chemical products and, therefore, on our profit margins. This could result in the withdrawal of particular products or the closure of specific facilities. We cannot assure you that increasing competition from products originating from countries with lower production costs will not result in withdrawal of our products or closure of our facilities, which may have a material adverse effect on our business, operating results, cash flows and financial condition.

We may face potential costs in connection with industry-related accidents or deliberate acts of terror causing property damage, personal injuries or environmental contamination

We operate coal mines, explore for and produce oil and gas and operate a number of plants and facilities for the manufacture, storage, processing and transportation of oil, chemicals and gas, related raw materials, products and wastes. These facilities and their respective operations are subject to various risks, such as fires, explosions, leaks, ruptures, discharges of toxic hazardous substances, soil and water contamination, flooding and land subsidence, among others. As a result, we are subject to the risk of experiencing, and have in the past experienced, industry-related incidents. Our facilities are also subject to the risk of deliberate acts of terror.

Our main Sasol Synfuels production facilities are concentrated in a relatively small area in Secunda, South Africa. This facility utilises feedstock from our mining and gas businesses, whilst the chemical and oil businesses rely on the facility for the raw materials it produces. Accidents and acts of terror may result in damage to our facilities and may require shutdown of the affected facilities, thereby disrupting production, increasing production costs and may even disrupt the mining, gas, chemicals and oil businesses which make up a significant portion of our total income. Furthermore, accidents or acts of terror at our longstanding operations may have caused, or may in future cause, environmental contamination, personal injuries, health impairment or fatalities and may result in exposure to extensive environmental remediation costs, civil litigation, the imposition of fines and penalties and the need to obtain or implement costly pollution control technology.

It is Sasol's policy to procure appropriate property damage and business interruption insurance cover for its production facilities above acceptable deductible levels at acceptable commercial premiums. However, full cover for all loss scenarios may not be available at acceptable commercial rates, and we cannot give any assurance that the insurance procured for any particular year would cover all potential risks sufficiently or that the insurers will have the financial ability to pay all claims that may arise.

The costs we may incur as a result of the above or related factors could have a material adverse effect on our business, operating results, cash flows and financial condition.

Our coal, synthetic oil, natural oil and natural gas reserve estimates may be materially different from quantities that we eventually recover

Our reported coal, natural oil and gas reserves are estimated quantities based on applicable reporting regulations that under present and anticipated conditions have the potential to be economically mined, processed or produced.

There are numerous uncertainties inherent in estimating quantities of reserves and in projecting future rates of production, including factors which are beyond our control. The accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgement.

Reserve estimates will require revision based on actual production experience and other factors, including extensions and discoveries. In addition, regulatory changes, market prices, increased production costs and other factors may result in a revision to estimated reserves. Significantly revised

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estimates may have a material adverse effect on our business, operating results, cash flows and financial condition. See "Item 4.D Property, plants and equipment".

There is a possible risk that sanctions may be imposed on Sasol by the US government, the European Union or the United Nations as a result of our existing chemicals investments in Iran

There are possible risks posed by the potential imposition of US, European Union or United Nations economic sanctions in connection with activities we are undertaking in the polymers field in Iran. For a description of our activities in Iran see "Item 4.B Business overview Sasol Polymers".

The risks primarily relate to two sanctions programmes administered by the US government: the Iranian Transactions Regulations (ITRs) administered by the US Treasury Department Office of Foreign Assets Control (OFAC) and the Iran Sanctions Act (ISA), as amended by the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010 and the Iran Threat Reduction and Syria Human Rights Act of 2012 and supplemented by US executive orders, administered by the US Department of State.

The ITRs prohibit or restrict most transactions between US persons and Iran. The ITRs do not apply directly to either Sasol or the group entities involved in activities in Iran, because none of them would be considered US persons under these regulations. Nonetheless, because the group is a multinational enterprise, the ITRs may apply to certain entities associated with the group, including US employees, investors and certain subsidiaries.

We take measures to mitigate the risk that our US employees, investors and certain subsidiaries of the group to which the ITRs apply will violate the ITRs as a result of their respective affiliations with the group.

However, we cannot predict OFAC's enforcement policy in this regard, and it is possible that OFAC may take a different view of the measures we have implemented. In such event, US persons or affiliates associated with the group may be subject to a range of civil and criminal penalties.

The ISA was adopted by the US government in 1996, and subsequently amended, with the objective of denying Iran the ability to support acts of international terrorism and fund the development or acquisition of weapons of mass destruction. In addition, the US Congress continues to consider amendments to the ISA that could subject a broader range of business or investment activities to sanctions.

In its amended form, the ISA grants the President of the US discretion in imposing sanctions on companies that, among other things, make certain investments in Iran or provide goods, services, technology or support above certain thresholds that could directly and significantly contribute to Iran's ability to develop its petroleum or petrochemical industries.

Should the US government determine that some or all of our activities in Iran are investments in the petroleum or petrochemical industry or provide goods, services, technology or support for Iran's domestic production of petrochemical products or refined petroleum products, as defined by the ISA, the President of the US may, in his discretion, impose sanctions against Sasol. These sanctions could include restrictions on our ability to obtain credit from US financial institutions, restrictions on our ability to procure goods, services and technology from the US, restrictions on our ability to make sales into the US, restrictions on our ability to operate in the US, of blocking of Sasol's property within US jurisdiction, in which case transactions in our securities and distributions to US individuals and entities with respect to our securities would also be prohibited.

We cannot predict future interpretations of the provisions of the ISA or the implementation policy of the US government with respect to the ISA. We cannot assure you that our activities in Iran will not be deemed sanctionable under the current US sanction programme.

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Additionally, recent developments in US, European Union and United Nations Iranian sanctions programmes have increased the risks of doing business related to Iran. We cannot assure you that as a result of these developments our activities in Iran will not be adversely impacted and that there will not be a material adverse impact on our business, operating results, cash flows and financial condition. We continue to evaluate the risks and implications of these sanctions on our investments and activities in Iran and are in a process of divesture from our Iranian activities, however, we cannot assure you as to the timing or terms of such divesture, particularly in light of the impact of the Iranian sanctions programmes on the divesture process.

Legislation by US states that may require US public pension funds to divest of securities of companies with certain Iran-related activities could adversely affect our reputation with US investors or the market price of our shares

Several US states have enacted or are considering legislation that may require US state pension funds to divest securities of companies that have certain business operations in Iran. The terms of these provisions differ from state to state, and we cannot predict which legislation, if any, would require state pension funds to divest our shares. If a substantial number of our shares were to be divested as a result of state legislation, or the perception be created that the divestiture is required to occur, our reputation with US investors or the market price of our shares could be adversely affected.

The exercise of voting rights by holders of American Depositary Receipts is limited in some circumstances

Holders of American Depositary Receipts (ADRs) may exercise voting rights with respect to the ordinary shares underlying their American Depositary Shares (ADSs) only in accordance with the provisions of our deposit agreement (Deposit Agreement) with The Bank of New York Mellon, as the depositary (Depositary). For example, ADR holders will not receive notice of a meeting directly from us. Rather, we will provide notice of a shareholders meeting to The Bank of New York Mellon in accordance with the Deposit Agreement. The Bank of New York Mellon has undertaken in turn, as soon as practicable after receipt of our notice, to mail voting materials to holders of ADRs. These voting materials include information on the matters to be voted on as contained in our notice of the shareholders meeting and a statement that the holders of ADRs on a specified date will be entitled, subject to any applicable provision of the laws of South Africa and our Memorandum of Incorporation, to instruct The Bank of New York Mellon as to the exercise of the voting rights pertaining to the shares underlying their respective ADSs on a specified date. In addition, holders of our ADRs will be required to instruct The Bank of New York Mellon how to exercise these voting rights.

Upon the written instruction of an ADR holder, The Bank of New York Mellon will endeavour, in so far as practicable, to vote or cause to be voted the shares underlying the ADSs in accordance with the instructions received. If instructions from an ADR holder are not received by The Bank of New York Mellon by the date specified in the voting materials, The Bank of New York Mellon will not request a proxy on behalf of such holder. The Bank of New York Mellon will not vote or attempt to exercise the right to vote other than in accordance with the instructions received from ADR holders.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct The Bank of New York Mellon to vote the shares underlying your ADSs. In addition, The Bank of New York Mellon and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and there may be no recourse if your voting rights are not exercised as you directed.

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Sales of a large amount of Sasol's ordinary shares and ADSs could adversely affect the prevailing market price of the securities

Historically, trading volumes and liquidity of shares listed on the JSE Limited (JSE) have been low in comparison with other major markets. The ability of a holder to sell a substantial number of Sasol's ordinary shares on the JSE in a timely manner, especially in a large block trade, may be restricted by this limited liquidity. The sales of ordinary shares or ADSs, if substantial, or the perception that these sales may occur and be substantial, could exert downward pressure on the prevailing market prices for the Sasol ordinary shares or ADSs, causing their market prices to decline.

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ITEM 4. INFORMATION ON THE COMPANY

4.A History and development of the company

Sasol Limited, the ultimate holding company of our group, is a public company. It was incorporated under the laws of the Republic of South Africa in 1979 and has been listed on the JSE Limited (JSE) since October 1979. Our registered office and corporate headquarters are at 1 Sturdee Avenue, Rosebank, 2196, South Africa, and our telephone number is +27 11 441 3111. Our agent for service of process in the United States is Puglisi and Associates, 850 Library Avenue, Suite 204, P.O. Box 885, Newark, Delaware 19715.

In 1950, the South African government formed our predecessor company, the South African Coal, Oil and Gas Corporation Limited, to manufacture fuels and chemicals from indigenous raw materials. In October 1979, Sasol Limited was listed on the JSE, and 70% of its share capital was privatised. We used the proceeds from the private and public issue to acquire 100% shareholding in our synthetic fuels plant at Sasolburg (Sasol One), in the Free State province, about 80 kilometres (km) south of Johannesburg and 50% shareholding in Sasol Two in Secunda, 145 km southeast of Johannesburg in the Mpumalanga province and our third synfuels and chemicals plant also in Secunda, Sasol Three, from the Industrial Development Corporation of South Africa Limited (IDC). During 1983, we acquired the IDC's remaining interest in Sasol Two and the remaining interest in Sasol Three was acquired effective 1 July 1990. Subsequently, the interest in our share capital held by the South African government through the IDC was further reduced to its current 7,9%.

In 1982, our American Depositary Receipts (ADRs) were quoted on the National Association of Securities Dealers Automated Quotations (NASDAQ) National Market through an unsponsored ADR programme, which was later converted to a sponsored ADR programme in 1994. With effect from 9 April 2003, we transferred our listing to the New York Stock Exchange (NYSE).

Based in Johannesburg and formed in 1997, Sasol Synfuels International (Pty) Ltd. (SSI), our GTL and CTL technology marketing and support subsidiary, is responsible for developing, implementing and managing international business ventures based on our proprietary technology. Over the past years, we have been exploring opportunities through SSI to exploit the Sasol Slurry Phase Distillate (Sasol SPD) process technology for the production of high-quality, environment-friendly diesel and other higher-value hydrocarbons from natural gas and coal. In October 2000, we signed agreements with Chevron for the creation of Sasol Chevron, a 50:50 global joint venture founded on gas-to-liquids (GTL) technology. In 2009, Sasol and Chevron reviewed and optimised their business model for co-operation with respect to their GTL ambitions and agreed, in future, to work together directly and on a case-by-case basis and not through the Sasol Chevron joint venture, which will only be used to support the GTL project in Nigeria.

In Nigeria, where SSI has a 10% interest in the 32 400 bbl/day Escravos GTL project, construction progressed steadily and commissioning of certain utility sections of the facility has been completed with the start of beneficial operations targeted towards the end of 2013.

In July 2001, we signed a joint venture agreement with Qatar Petroleum to establish ORYX GTL (Qatar Petroleum 51% interest and Sasol 49% interest). The joint venture constructed a GTL plant located at Ras Laffan Industrial City to produce high quality synfuels from Qatar's natural gas resources. The plant started producing on specification product during the first quarter of the 2007 calendar year and the first product was sold in April 2007. ORYX GTL is focused on stability, availability and sustainability consistently producing above design capacity of 32 400 barrels a day (bbl/d) since a maintenance shutdown early in the second half of the year. A variety of upgrades and changes over the last years resulted in exceptional plant performance which was coupled with an excellent safety record. ORYX GTL's proven capability over long periods gives us confidence that this can be sustained and they are working on a further expansion and investigating options to add more

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value to the plant's output. We also continue to engage with the Qatari government to expand Sasol's activities in Qatar by evaluating potential projects related to GTL, GTL value adds and chemicals.

In February 2003, we signed a joint venture agreement with the Pars Petrochemical Company, a subsidiary of the National Petrochemical Company (NPC) of Iran. The NPC has since been involved in a privatisation process and shareholding has partially moved to a state pension fund for the military (SATA). The joint venture (Arya Sasol Polymer Company (ASPC)), on behalf of both joint venture parties, constructed a polymer plant designed to produce one million tons of ethylene to be converted into polyethylene or exported as ethylene. The complex comprises one ethane cracker for producing polymer-grade ethylene and two polyethylene plants. The ethane cracker was commissioned in November 2007. The low-density polyethylene plant and high-density polyethylene plant reached beneficial operation in 2009. We have initiated a review of our activities in and with Iran and for that purpose, have commenced a process to divest of our ASPC investment. This process could have an effect on the assets and facilities that we hold in Dubai and China.

On 11 October 2007, Sasol Mining announced the implementation of a black economic empowerment (BEE) transaction valued at approximately R1,8 billion. A black-women controlled coal mining company, Ixia Coal (Pty) Ltd. (Ixia Coal), acquired 20% of Sasol Mining's shareholding through the issue of new shares. The transaction increased Sasol Mining's BEE ownership component by approximately 20%, and when considered together with the Sasol Inzalo share transaction, Sasol Mining's BEE ownership is over 40%. The transaction was finalised on the conversion of mining rights on 29 March 2010 and the approval of the Competition Tribunal of South Africa on 1 September 2010. The effective date of the Ixia Coal transaction was 29 September 2010, when the remaining conditions precedent were met. Refer to "Item 5A Operating results Broad-based Black Economic Empowerment transactions".

On 16 May 2008, our shareholders approved our broad-based BEE transaction valued at approximately R24 billion (at R380 per share) at that time, which resulted in the transfer of beneficial ownership of approximately 10% of Sasol Limited's issued share capital to our employees and a wide spread of black South African BEE participants. This transaction will provide long-term sustainable benefits to all participants and has a tenure of 10 years. The following BEE participants acquired indirect or direct ownership in Sasol's issued share capital as follows:

Sasol employees and black managers through the Sasol Inzalo Employee Trust and Sasol Inzalo Management Trust (Employee Trusts) 4,0%;

The Sasol Inzalo Foundation 1,5%;

Selected participants 1,5%; and

The black public through:

- The funded invitation 2,6%; and
- The cash invitation 0,4%.

The Employee Trusts and the Sasol Inzalo Foundation were funded entirely through Sasol facilitation whilst the selected participants and the black public participating, through the funded invitation, were funded by way of equity contributions and preference share funding (including preference shares subscribed for by Sasol). The black public participating, through the cash invitation, were financed entirely by the participants from their own resources.

The effective date of the transaction for the Employee Trusts and the Sasol Inzalo Foundation was 3 June 2008. The effective date of the transaction for the selected participants was 27 June 2008 and the effective date for the black public invitations was 8 September 2008. Refer to "Item 5A Operating results Broad-based Black Economic Empowerment transactions".

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In February 2006, Sasol initiated engagements with key stakeholders in India to establish an enabling environment within which to evaluate the potential for a CTL project in India. This resulted in the decision to open a representative office in Mumbai in February 2007. Sasol and the Tata group of India signed agreements in July 2008 to form a 50:50 joint venture company, which has been allocated a portion of the North of Arkhapal and Srirampur coal blocks in the Talche coalfield in the State of Orissa for the development of a potential CTL project in India. In January 2010, the joint venture company initiated a pre-feasibility study for the project. This study is underway, and during the first half of the 2013 calendar year, the parties will decide whether to proceed with a full feasibility study.

In April 2009, Sasol, Uzbekneftegaz, the national oil and gas company of Uzbekistan, and PETRONAS of Malaysia (the participants), signed a heads of agreement to evaluate the feasibility of GTL and upstream co-operation in Uzbekistan. On 15 July 2009, Sasol signed a joint venture agreement with Uzbekneftegaz and PETRONAS, to form a joint venture called Uzbekistan GTL LLC, a limited liability company, with each partner having a one third participating interest. A joint feasibility study for the development and implementation of this GTL project in Uzbekistan, with an estimated nominal capacity of 38 000 bbl/d commenced. The feasibility study was completed in the middle of the 2011 calendar year. The Uzbekistan GTL project was presented for approval to the government of Uzbekistan in September 2011, during which time, an investment agreement was concluded between the Government of Uzbekistan, Uzbekistan GTL LLC and the participants in the project. The participants agreed to increase Sasol and Uzbekneftegaz's equity interests in Uzbekistan GTL LLC to 44,5% each, resulting in PETRONAS having an 11% interest. Following the approval from the Government of Uzbekistan and the participants, the front end engineering and design phase (FEED) of the GTL project in Uzbekistan commenced in October 2011, and it is expected that the FEED work will be completed during the second half of the 2013 calendar year.

In 2011, Sasol acquired from Talisman Energy Inc. (Talisman), a 50% stake in the Farrell Creek and Cypress A unconventional (shale/tight gas) assets situated in the Montney Basin of British Columbia, Canada. The acquired assets include associated gas gathering systems and processing facilities.

In the first quarter of 2011, Sasol, together with Talisman, initiated a feasibility study to determine the technical and commercial viability of a GTL plant in Western Canada. The feasibility study was completed by the end of June 2012. We are expecting to finalise our assessment of the feasibility study and take the decision of whether or not to proceed to the FEED phase in the second half of the 2012 calendar year. Our partner, Talisman, for internal reasons, has decided that they will not be exercising their right to participate in the FEED phase of the project.

In the 2011 calendar year, Sasol completed a pre-feasibility study into a possible integrated GTL and chemicals facility in Louisiana in the US. After the successful completion of the pre-feasibility study, the Sasol board approved that the project proceed to feasibility study phase. These studies are expected to be completed in the second half of the 2012 calendar year. The decision whether or not to proceed to FEED phase will be taken thereafter.

In the 2011 calendar year, Sasol commenced a pre-feasibility study to assess the technical and commercial viability of a world-scale ethane cracker and associated ethylene derivatives in Louisiana, US. These studies are expected to be completed in the second half of the 2012 calendar year. The decision whether to proceed to FEED phase will be taken thereafter.

At our annual general meeting of 23 November 2006, shareholders approved that the directors be granted the authority to acquire up to 10% of Sasol Limited ordinary shares by way of a general repurchase. This authority was renewed by shareholders at subsequent annual general meetings. As at 30 June 2012, a total of 8 809 886 Sasol ordinary shares (30 June 2011 8 809 886; 30 June 2010 8 809 886), representing 1,44% (30 June 2011 1,45%; 30 June 2010 1,46%) of the issued share

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capital of the company, excluding the Sasol Inzalo share transaction, is held by its subsidiary, Sasol Investment Company (Pty) Ltd. These shares are held as treasury shares and do not carry any voting rights. At the annual general meeting held on 25 November 2011, shareholders granted the authority to the Sasol directors to repurchase up to 10% of Sasol's issued securities. No shares were repurchased during 2012.

As of 30 June 2012, we were one of the largest JSE listed companies by Sasol ordinary shares market capitalisation (R220 788 million in respect of the Sasol ordinary shares), with total consolidated turnover of R169 446 million in 2012. We employ more than 34 000 people worldwide in our operations.

Capital expenditure

In 2012, we invested approximately R29 billion, compared with R21 billion in 2011 and R16 billion in 2010, in capital expenditure (on a cash flow basis excluding capitalised borrowing costs and including projects entered into by our joint ventures) to sustain and enhance our existing facilities and to expand operations. Capital expenditure incurred on key projects to expand our operations includes:

Projects[1]	Business categories	30 June 2012	30 June 2011	30 June 2010
		(Rand in millions)		
Pipeline expansion 1 compressor	Sasol Gas	**486**	177	186
Additional gasifiers in gas production	Sasol Synfuels	**284**	661	
Reforming gas improvement project	Sasol Synfuels	**433**	557	
Power generation with open cycle turbines	Sasol Synfuels	**41**	307	842
16th Oxygen train project	Sasol Synfuels	**106**	559	970
10th Sasol advanced synthol reactor	Sasol Synfuels	**171**	378	463
Gas heated heat exchange reformers	Sasol Synfuels	**669**	608	354
Ethane and heavier hydrocarbons	Sasol Synfuels	**233**		
3rd Catalyst plant in Sasolburg, South Africa	Sasol Synfuels International	**68**	218	465
Uzbekistan GTL plant	Sasol Synfuels International	**72**		
Canadian shale gas exploration and development	Sasol Petroleum International	**6 441**	1 242	
Mozambique exploration and development	Sasol Petroleum International	**391**	675	484
West Africa development	Sasol Petroleum International	**93**	197	83
Gas exploration project in Australia	Sasol Petroleum International	**276**		
Ethylene purification unit	Sasol Polymers	**673**	675	109
2nd and 3rd Octene trains	Sasol Solvents		124	
Ethylene tetramerisation project in North America	Sasol Olefins & Surfactants	**809**	68	
Limestone ammonium nitrate (LAN) replacement project	Other chemical businesses	**350**	367	
Fischer-Tropsch wax expansion project	Other chemical businesses	**2 884**	1 720	564
Sasolburg gas power engines	Other businesses	**949**		
Other projects[2]	Various	**1 954**	1 920	2 080
		17 383	10 453	6 600

(1) The amounts include business development costs and our group's share of capital expenditure of joint ventures. The amounts exclude borrowing costs capitalised. These amounts were approved by our board of directors. We hedge all our major South African capital expenditure in foreign currency immediately upon commitment of the expenditure or upon approval of the project.

(2) Includes property, plant and equipment, assets under construction and intangible assets.

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Key projects to meet legal and environmental obligations as well as to sustain existing operations during 2012 include:

Projects[1]	Business categories	30 June 2012	30 June 2011	30 June 2010
		(Rand in millions)		
Mining renewal	Sasol Mining	**121**	92	
Thubelisha shaft to maintain Twistdraai colliery operation	Sasol Mining	**530**	1 175	752
Refurbishments of continuous miners	Sasol Mining	**85**	61	60
Impumelelo colliery to maintain Brandspruit mine operation	Sasol Mining	**584**	155	88
Major shutdown and statutory maintenance	Sasol Synfuels	**1 636**	1 412	1 484
Replacement of air heater systems at boiler 9	Sasol Synfuels	**9**	193	301
Improvement of synthol total feed compressors	Sasol Synfuels	**41**	117	266
Selective catalytic cracker baseline optimisation project	Sasol Synfuels	**37**	31	231
Ash-lock project	Sasol Synfuels	**120**	90	181
Volatile organic compounds abatement programme	Sasol Synfuels	**321**	252	64
Replacement of steam turbines at steam plant	Sasol Synfuels	**104**	113	60
Refurbishment of the utility cooling water towers	Sasol Synfuels	**58**	68	55
Change plant to reduce benzene fuel	Sasol Synfuels	**18**	30	25
Secunda Natref pipeline project	Sasol Oil	**213**	279	155
Project wholesale logistics	Sasol Oil	**305**	199	
Replace hydrofluoric acid relief gas scrubber and external regenerator	Sasol Oil	**95**	165	
Diesel unifier project	Sasol Oil	**96**	77	154
Depot expansion project	Sasol Oil	**8**	73	148
Shutdown and statutory maintenance	Sasol Oil	**200**	49	
ORYX GTL statutory maintenance	Sasol Synfuels International	**29**	110	264
Upgrade of central processing facility at Sasol Petroleum Temane	Sasol Petroleum International	**18**	52	77
Mozambique onshore drilling	Sasol Petroleum International		129	
Replacement of Infrachem laboratory	Other chemical businesses	**56**	104	101
Replacement of cranes	Other businesses	**41**	15	27
Replacement of information management systems and software	Other businesses	**216**	188	127
Other projects to sustain existing operations[2]	Various	**5 967**	3 973	4 577
Expenditure related to environmental obligations	Various	**587**	961	126

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Projects[1]	Business categories	30 June 2012	30 June 2011	30 June 2010
		(Rand in millions)		
Expenditure incurred relating to safety regulations	Various	**282**	49	185
		11 777	10 212	9 508

(1) The amounts include business development costs and our group's share of capital expenditure of joint ventures. The amounts exclude borrowing costs capitalised. These amounts were approved by our board of directors. We hedge all our major South African capital expenditure in foreign currency immediately upon commitment of the expenditure or upon approval of the project.

(2) Includes property, plant and equipment, assets under construction and intangible assets.

Included in the above capital expenditure, we invested approximately R49 million in intangible assets (including investments made by joint ventures), mainly in respect of software, patents and trademarks during the year. For a discussion of the method of financing capital expenditure, refer to "Item 5.B Liquidity and capital resources liquidity".

Capital commitments

As at 30 June 2012, we had authorised approximately R79 billion of group capital expenditure in respect of projects in progress, of which we had spent approximately R33 billion by 30 June 2012. Of the unspent capital commitments of R46 billion, R17 billion has been contracted for. Of this amount, we expect to spend R25 billion in 2013, R16 billion in 2014 and the remainder thereafter. For more information regarding our capital commitments refer to "Item 5.B Liquidity and capital resources liquidity" and "Item 5.F Capital and contractual commitments".

We expect to spend approximately R38 billion of our capital commitments on projects in South Africa, R1 billion in other African countries, R5 billion in North America, R2 billion in Europe and the remainder on projects in other regions. The following table reflects key projects approved by the Sasol Limited board and contracted which were not yet completed at 30 June 2012:

Project	Business categories	Total cost approved and contracted (Rand in millions)	Estimated beneficial operation (Calendar year)
Thubelisha mine	Sasol Mining	3 084	2012
Impumelelo mine	Sasol Mining	2 954	2014
Shondoni colliery	Sasol Mining	3 533	2015
Gauteng network pipeline project	Sasol Gas	1 134	2013
Gas heated heat exchange reformers	Sasol Synfuels	2 357	2013
De-bottlenecking of cold separation	Sasol Synfuels	601	2013
Improvement of synthol total feed compressors	Sasol Synfuels	514	2014
Volatile organic compounds abatement programme	Sasol Synfuels	856	2014
Water recovery growth	Sasol Synfuels	607	2014
Additional gasifiers in gas production	Sasol Synfuels	1 293	2012
Coal tar filtration project	Sasol Synfuels	620	2015
Replacement of tar tanks and separators	Sasol Synfuels	600	2015

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Project	Business categories	Total cost approved and contracted (Rand in millions)	Estimated beneficial operation (Calendar year)
3rd Catalyst plant in Sasolburg, South Africa	Sasol Synfuels International	988	2012
Canadian shale gas exploration and development	Sasol Petroleum International	4 569	2012
Fischer-Tropsch wax expansion project	Other chemicals businesses	6 014	2014
Ethylene purification unit	Sasol Polymers	1 743	2013
Ethylene tetramerisation project in North America	Sasol Olefins & Surfactants	1 424	2013
Secunda Natref pipeline project	Sasol Oil	719	2012
Depot expansion project	Sasol Oil	619	2013
Limestone ammonium nitrate (LAN) replacement project	Sasol Nitro	923	2012
Sasolburg gas power engines	Other businesses	1 281	2013

The amounts include business development costs and our group's share of capital expenditure of joint ventures.

In 2012, no additional amounts (2011 R148 million and 2010 R1 266 million) were committed by the group for further development of the Escravos GTL project.

4.B Business overview

Sasol is an international integrated energy and petrochemicals company that leverages the talent and expertise of our more than 34 000 people working in 38 countries. We develop and commercialise technologies, and build and operate world-scale facilities, to produce a range of product streams, including liquid fuels, chemicals and electricity.

While continuing to support our home-base of South Africa, Sasol is expanding internationally based on a unique value proposition, which links our diverse businesses into an integrated value chain supported by top-class functions. Our ability to deliver sustainable shareholder value is premised on developing our people, keeping them safe and healthy, contributing meaningfully to the social and economic development of the countries and communities within which we work, and doing so in an environmentally responsible way. Sasol is listed on the Johannesburg Stock Exchange in Johannesburg (JSE: SOL) and the New York Stock Exchange (NYSE: SSL), with headquarters in Johannesburg, South Africa.

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Our activities

Sasol believes that its ability to compete and grow sustainably is contingent on internal collaboration, knowledge and resource sharing, as well as building effective external partnerships and joint ventures in different markets, territories and cultural contexts. We cluster our businesses according to common business drivers. Clustering, which involves creating linkages among logically related businesses that allow for strategic consistency and operational efficiencies, has been increasingly adopted by world-class companies to become recognised best practice. The group's structure is organised into three focused business clusters South African Energy Cluster, International Energy Cluster and Chemical Cluster.

We divide our operations into the following segments:

South African Energy Cluster

Sasol Mining. We mine approximately 40,0 million tons (Mt) of saleable coal per year, mostly for gasification feedstock and utilities coal for our complexes in Secunda and Sasolburg, in South Africa, and export approximately 2,8 Mt of coal annually. Sasol Mining accounted for 2% of our total external segmental turnover in 2012.

Sasol Gas. We distribute and market Mozambican-produced natural gas and Secunda-produced methane-rich gas to customers in the Gauteng, Mpumalanga, Free State, North-West and KwaZulu-Natal provinces of South Africa. We also have a 49% interest in Spring Lights Gas (Pty) Ltd., a BEE gas marketing company in Durban, and a 50% interest in Republic of Mozambique Pipeline Investments Company (Pty) Ltd. (Rompco), a company which owns, operates and maintains the 865 km cross-border pipeline that conveys natural gas from the Temane central processing facility in Mozambique to the gas network in South Africa. Sasol Gas accounted for 2% of our total external segmental turnover in 2012.

Sasol Synfuels. We operate the world's only commercial coal-based synfuels manufacturing facility at Secunda. We produce synthesis gas through coal gasification and natural gas reforming, using our proprietary technology to convert synthesis gas into synthetic fuel components, chemical feedstock and pipeline gas. Sasol Synfuels accounted for 1% of our total external segmental turnover in 2012.

Sasol Oil. We market fuels blended at Secunda and refined through our 63,64% interest in the Sasolburg Natref refinery (South Africa's only inland crude oil refinery). Products include petrol, diesel, jet fuel, illuminating paraffin, liquid petroleum gas (LPG), fuel oils, bitumen, motor and industrial lubricants and sulphur. We have 260 Sasol branded service stations, including five Sasol branded integrated energy centres and 144 Exel service stations in South Africa and export fuels through third parties to several South African Development Community (SADC) countries. Sasol Oil accounted for 39% of our total external segmental turnover in 2012.

Other. This segment currently includes costs related to the pre-feasibility study for the potential expansion of our synthetic fuels capacity in South Africa known as Project Mafutha.

International Energy Cluster

Sasol Synfuels International. We develop, implement and manage international business ventures based on our proprietary technology, through our GTL and CTL technology, marketing and support subsidiary. SSI's primary focus is on securing opportunities to advance Sasol's GTL and CTL ambitions. SSI accounted for 3% of our total external segmental turnover in 2012.

Sasol Petroleum International. We manage our global upstream oil and natural gas interests and activities including exploration, appraisal, development and production. We produce, as operator,

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natural gas and condensate from the onshore Temane and Pande fields in Mozambique, oil in Gabon from the VAALCO Gabon (Etame) Inc. operated offshore Etame, Avouma and Ebouri oilfield cluster and natural gas and condensate from the Talisman operated Farrell Creek and Cypress A unconventional (shale/tight gas) assets in Canada. We hold exploration interests in West and Southern Africa and the Asia Pacific region. We are mandated to pursue upstream exploration opportunities in the regions where we have interests and in other geographic areas, for the exploration and development of gas resources to supply feedstock to potential future Sasol GTL plants. SPI accounted for 1% of our total external segmental turnover in 2012.

Chemical Cluster

Sasol Polymers. We operate plants at Sasolburg and Secunda in South Africa and supply ethylene, propylene, polyethylene, polypropylene, polyvinyl chloride, chlor-alkali chemicals and mining reagents to domestic and international customers. We also have joint venture monomer and polymer interests in Malaysia and Iran, and marketing facilities in China and Dubai. Sasol Polymers accounted for 12% of our total external segmental turnover in 2012.

Sasol Solvents. We operate plants in South Africa and Germany and supply a diverse range of solvents (ketones and alcohols), co-monomers (hexene and octene), acrylates and associated products. We also have a maleic anhydride joint venture in Germany with Huntsman Corporation. Sasol Solvents accounted for 10% of our total external segmental turnover in 2012.

Sasol Olefins & Surfactants. We operate plants in Germany, Italy, the US, the Slovak Republic, China and United Arab Emirates and supply surfactants, linear alkylbenzene, surfactant intermediates, n-paraffins, n-olefins, C_6-C_{22} alcohols, ethylene and other organic intermediates to customers worldwide as well as specialty aluminas, silica aluminas and hydrotalcites. Sasol Olefins & Surfactants accounted for 22% of our total external segmental turnover in 2012.

Other chemical businesses. We are involved in a number of other activities in the chemicals industry, both in South Africa and abroad, which, among others, include production and marketing of other chemical products, like waxes, fertilisers and mining explosive products. These activities accounted for 8% of our total external segmental turnover in 2012.

Other businesses

Other. We are involved in a number of other activities in the energy and chemicals industries, both in South Africa and abroad, which, among others, are technology research and development, and our financing activities as well as alternative energy activities.

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The following tables present our total external turnover after the elimination of inter-segment turnover by business operation and geographic market in accordance with IFRS:

	South African Energy Cluster				International Energy Cluster			Chemical Cluster				
2012	**Sasol Mining**	**Sasol Gas**	**Sasol Synfuels**	**Sasol Oil**	**Other**	**Sasol Synfuels International**	**Sasol Petroleum International**	**Sasol Polymers**	**Sasol Solvents**	**Sasol Olefins and Surfactants**	**Other chemicals**	**Other businesses**	**Total**
						(Rand in millions)							
South Africa	25	3 950	963	62 668				8 363	1 455	240	6 408	29	84 101
Rest of Africa	34	17		2 958		369	155	2 231	191	206	871	7	7 039
Europe	502		239	1 174		3 968	1 293	1 101	7 168	19 775	3 654		38 874
Middle East and India	491		1			844		3 019	1 319	341	361		6 376
Far East	485							2 316	1 099	2 735	462		7 097
North America (incl. Canada)			46				330		3 635	12 824	1 317		18 152
South America			1					636	578	652	332	5	2 204
Southeast Asia and Australasia	719		18			1		2 286	1 984	271	315	9	5 603
Turnover	**2 256**	**3 967**	**1 268**	**66 800**		**5 182**	**1 778**	**19 952**	**17 429**	**37 044**	**13 720**	**50**	**169 446**

	South African Energy Cluster				International Energy Cluster			Chemical Cluster				
2011	**Sasol Mining**	**Sasol Gas**	**Sasol Synfuels**	**Sasol Oil**	**Other**	**Sasol Synfuels International**	**Sasol Petroleum International**	**Sasol Polymers**	**Sasol Solvents**	**Sasol Olefins and Surfactants**	**Other chemicals**	**Other businesses**	**Total**
						(Rand in millions)							
South Africa	36	3 159	1 004	51 034				7 614	1 366	262	5 449	6	69 930
Rest of Africa	90	11		3 028		191	107	2 010	175	206	672	8	6 498
Europe	285		149	203		2 259	1 034	998	7 011	17 313	3 721	4	32 977
Middle East and India	867		4			1 265		2 752	1 409	358	407	4	7 066
Far East	235		5					1 718	1 229	2 252	311		5 750
North America (incl. Canada)	40		28				70		2 964	9 936	1 237	(1)	14 274
South America			2					575	529	581	337		2 024
Southeast Asia and Australasia	476		16					1 318	1 473	208	420	6	3 917
Turnover	**2 029**	**3 170**	**1 208**	**54 265**		**3 715**	**1 211**	**16 985**	**16 156**	**31 116**	**12 554**	**27**	**142 436**

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	South African Energy Cluster				International Energy Cluster			Chemical Cluster				
2010	**Sasol Mining**	**Sasol Gas**	**Sasol Synfuels**	**Sasol Oil**	**Other**	**Sasol Synfuels International**	**Sasol Petroleum International**	**Sasol Polymers**	**Sasol Solvents**	**Sasol Olefins and Surfactants**	**Other chemicals**	**Other businesses**	**Total**
					(Rand in millions)								
South Africa	55	2 962	541	44 137				7 409	1 136	166	5 350	132	61 888
Rest of Africa	92	12	10	3 016		71	48	1 422	155	153	625	11	5 615
Europe	309	12	288	769		1 719	868	415	6 307	12 923	3 486	6	27 102
Middle East and India	758		10			492		2 265	1 321	295	297	13	5 451
Far East	70		8					1 613	1 115	1 775	105		4 686
North America			3	6					2 941	8 923	1 173	2	13 048
South America	20		2					148	537	432	304		1 443
Southeast Asia and Australasia	392		17	4				964	913	107	611	15	3 023
Turnover	**1 696**	**2 986**	**879**	**47 932**		**2 282**	**916**	**14 236**	**14 425**	**24 774**	**11 951**	**179**	**122 256**

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Our strategy

Our primary strategic focus is to increase shareholder returns through:

- continuously improving our existing foundation businesses in Southern Africa, Europe, North America, Middle East and Asia;
- commercialising our technology internationally through our accelerated GTL growth strategy and selected CTL opportunities;
- increasing natural gas reserves through exploration and acquisitions that complement our GTL value proposition; and
- pursuing chemical growth opportunities where we possess either a feedstock, technology or market advantage.

In addition, we are working to develop low carbon electricity as our third major value chain, alongside liquid fuels and chemicals. We are also exploring renewable and lower carbon energy options such as solar power, hydroelectricity and natural gas based opportunities, as well as biofuels and biomass.

Continuously improving our existing foundation businesses To drive improved operational performance and improve margins we continue to pursue two corporate-wide initiatives focused upon operations and marketing excellence. These initiatives operate across all Sasol operations and businesses and are a key part of Sasol's strategy to more effectively extract the value of the company's existing integrated asset base, proprietary technology and product portfolio.

Commercialising and expanding our Fischer-Tropsch GTL and CTL technology growth prospects We have made further progress in growing our GTL businesses based on the Sasol SPD process in natural gas-rich regions. The Sasol SPD process allows us to monetise underutilised gas resources by converting them into GTL kerosene, superior quality diesel, naphtha and higher value chemicals in line with global trends towards cleaner fuel and reduced emissions to the environment. We continue to assess various opportunities in a number of countries and, in support of this growth driver, our team of researchers continues to advance our next-generation GTL technology, including our proprietary low-temperature Slurry Phase Fischer-Tropsch reactor and cobalt based catalysts.

We have chosen to pursue selected CTL growth opportunities, with only the possibility of implementing a CTL project in India still being actively pursued. Following the decision not to proceed with Project Mafutha (a prospective 80 000 bpd CTL project in Limpopo, a province in South Africa), the company has decided to conduct a pre-feasibility study to establish a coal mine, supplying coal to other viable markets in Limpopo.

The prospects for GTL plants are somewhat more promising, in light of the availability of gas at various locations in the world. Our project in Uzbekistan has entered the FEED phase, which is progressing according to schedule, and is expected to be completed during the second half of the 2013 calendar year. Our feasibility study relating to a project in Canada was completed by the end of June 2012. We are expecting to finalise our assessment of the feasibility study and take the decision of whether or not to proceed to the FEED phase in the second half of the 2012 calendar year. Our partner, Talisman, for internal reasons, has decided that they will not be exercising their right to participate in the FEED phase of the project. A possible integrated GTL and chemicals facility in Louisiana in the US is at the feasibility stage. This study is expected to be completed during the second half of the 2012 calendar year. The decision whether or not to proceed to the FEED phase will be taken thereafter. In addition to these projects, we continue to explore other opportunities for GTL including an expansion of the facility in Qatar.

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In support of this growth driver, our team of researchers continues to advance our next-generation GTL technology, including our proprietary low-temperature Slurry Phase Fischer-Tropsch reactor and cobalt-based catalysts. These improvements are included in the designs for the new facilities as they are released for commercial application.

Growing our chemicals portfolio The chemical cluster represents the second leg in Sasol's portfolio, in addition to energy and fuels, and is divided into five business units: Sasol Solvents, Sasol Olefins & Surfactants (Sasol O&S), Sasol Nitro, Sasol Wax and Sasol Polymers. In South Africa, the chemical businesses are closely integrated in, and add substantial value to the Fischer-Tropsch value chain. We operate related chemical businesses in Europe, Middle East, Asia and North America in geographies and industries in which we enjoy either a feedstock, market or technology advantage.

We are pursuing substantial growth opportunities in our chemicals portfolio through the development of a world-scale cracker facility at Lake Charles in the US and the extraction of greater high value chemical feedstock from our existing and potential future GTL platforms (feasibility stage). With the exception of Sasol Nitro, all of our business units stand to benefit from these developments, allowing Sasol O&S, Sasol Solvents and Sasol Wax, in particular, to enhance their existing positions in selected products through higher value feedstock.

Outside of these opportunities, our chemical businesses continue to pursue a strategy to improve the operating performance of our existing assets and grow in selected areas of competitive advantage. In this regard, Sasol Solvents is progressing with the construction of the world's first commercial ethylene tetramerisation unit at the Sasol O&S Lake Charles production site in the US. The planned capacity for this facility is 100 000 tons per annum of combined 1-octene and 1-hexene which are co-monomers used in the plastics industry. Sasol O&S and Sasol Wax continue to add value through a focus on improved operational and product margin improvements. These efforts are focused upon creating value from the unique properties of many of the products that arise from Sasol's proprietary chemicals technologies. Sasol Nitro is driving further improvements in operational performance through the commissioning of a new limestone ammonium nitrate (LAN) granulation facility in Secunda, South Africa. We have conducted a review of its activities in Iran and have commenced a process to divest of our Arya Sasol Polymer Company (ASPC) investment. This process could have an effect on the assets and facilities that we hold in Dubai and China.

Mature and develop upstream hydrocarbon opportunities We manage global upstream oil and gas interests and activities including exploration, appraisal, development and production. As operator, we produce natural gas and condensate from the onshore Temane and Pande gas fields in Mozambique, oil in Gabon from the VAALCO Gabon (Etame) Inc. operated offshore Etame, Avouma and Ebouri oil field cluster and natural gas and condensate from the Talisman operated Farrell Creek and Cypress A unconventional (shale/tight gas) assets in Canada. We continue our efforts to expand the upstream asset base in order to supply feedstock gas for existing and possible new downstream businesses. For that purpose, we continue to pursue a growth plan to a) maximise production from existing assets; b) expand our exploration portfolio; c) consider acquisition options; and d) investigate unconventional gas opportunities. The acquisition, in 2011, of the Farrell Creek and Cypress A unconventional (shale/tight gas) assets and, in 2012, of the coal bed methane licences in Botswana, has been part of the growth strategy to acquire upstream gas positions to support Sasol's integrated GTL ambitions.

Sasol Gas continues to focus on growing the South African gas market following the successful introduction of natural gas from Mozambique in 2004.

Develop and grow new energy opportunities We are developing and commercialising new technologies, and exploring renewable and lower carbon energy as well as carbon capture and storage solutions. Sasol New Energy is working to ensure that the group develops low carbon electricity as our third major value chain, alongside liquid fuels and chemicals.

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During September 2012, Sasol New Energy invested GBP15 million in the UK-based OXIS Energy as a strategic investment. OXIS Energy has developed next-generation battery technology that offers superior energy density to current lithium-ion batteries, as well as being inherently safer. This is the latest addition to Sasol New Energy's expanding portfolio of new energy technologies.

South African Energy Cluster

Sasol Mining

Nature of the operations and principal activities

In South Africa, we have three coal mining operations:

Secunda Mining Complex, consisting of four underground mines (Bosjesspruit, Brandspruit, Middelbult and Syferfontein) at Secunda from which 36,1 Mt of coal (including 4,9 Mt of coal purchased) was supplied to Sasol Synfuels, our primary customer;

Export Complex (situated in the Secunda Mining Complex), supplied by the Twistdraai mine at Secunda, producing coal for the international market (export coal sales of 2,8 Mt) and local market (coal sales of 0,1 Mt) as well as a secondary product (middlings), of 1,8 Mt, supplied to Sasol Synfuels; and

Sigma: Mooikraal Mine. The Sigma: Mooikraal mine near Sasolburg was brought into operation to supply utility coal to the group's utility plants in Sasolburg at a rate of about 2,0 Mt a year. It replaced the depleted Mohlolo underground operation and the Wonderwater high-wall operation, which are undergoing final closure and rehabilitation.

During 2012, total production was 40,0 Mt of coal, compared to 38,6 Mt in the previous year. The 2011 year was a low base for comparison, due to a major planned shutdown at Sasol Synfuels. We have created additional capacity by adding three production sections. Production in the export plant was affected by new geological information relating to the Thubelisha shaft, which has a significant impact on the planned future operation of the mine. This resulted in lower productivity and high costs at certain sections of the Twistdraai colliery. The change in the geological grids at Twistdraai colliery has a negative impact on the product yields for export coal.

Operational statistics

	2012	**2011**	**2010**
	(Mt, unless otherwise stated)		
Sigma mine	**1,9**	1,9	2,0
Secunda mines	**38,1**	36,7	40,6
Total production	**40,0**	38,6	42,6
Saleable production from all mines[(1)]	**38,4**	37,3	41,0
External coal purchases mainly from Anglo Operations	**4,9**	4,6	4,7
Sales to Sasol Infrachem, Sasolburg	**2,0**	2,0	1,9
Sales to Sasol Synfuels, Secunda	**37,9**	37,7	39,3
Additional South African market sales	**0,1**	0,1	0,1
Export sales (primarily Europe)	**2,8**	2,8	3,0
Total sales including exports	**42,8**	42,6	44,3
Production tons per continuous miner (mining production machine) per shift (t/cm/shift)	**1 438**	1 458	1 535

(1)

Saleable production equals our total production minus discard and includes both product sold and movements in stockpiles.

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Principal markets

We extract and supply coal mainly to our Synfuels and chemical plants under terms and conditions which are determined on an arm's length basis. We export approximately 7% of our production. In 2012, external sales, primarily exports, remained at 2,9 Mt, consistent with 2011. In a volatile currency market, average US dollar export prices achieved decreased by 1%, while the rand weakened by 11% compared with the prior year.

Marketing opportunities for coal in both the international and domestic utility market continue to be explored. Our exports are currently constrained by our throughput entitlement at the Richards Bay Coal Terminal.

External market opportunities

International CTL projects. In support of SSI, we are involved in CTL project studies in India. At this stage, our role is to evaluate the coal feedstock supply in terms of the reserve base, the ability to mine the feedstock, pricing of feedstock, quality requirements of the coal for gasification and safety issues.

Mafutha Mining project. We were awarded a prospecting right in respect of the Limpopo West reserves in August 2007. The prospecting right was extended for the maximum period permitted by the Mineral and Petroleum Resources Development Act (Act 28 of 2002) (MPRDA) after its initial term and expired on 2 September 2012. The prospecting right is committed to the Eyesizwe Sasol Waterberg Joint Venture. Exxaro Coal Mpumalanga (previously known as Eyesizwe Coal) and Sasol Mining respectively hold a 51% and 49% participation right in terms of the prospecting joint venture agreement. It was the intent of the joint venture to exploit this coal resource mainly for a CTL market, i.e. Project Mafutha. During late 2010, work on Project Mafutha was suspended. In view of the government's National Development Plan relating to the Waterberg coal resource area, which was communicated in December 2011, the GEC requested in January 2012 that Sasol Mining investigate options to exploit possible future business opportunities relating to the Limpopo West reserves independent of the CTL market. Based on the outcome of study results completed in May 2012, Sasol Mining submitted a mining right application on behalf of the Eyesizwe Sasol Waterberg Joint Venture in August 2012. It is planned to complete a feasibility study by December 2012, with subsequent project studies to follow in the 2013 calendar year.

Seasonality

The demand for coal by our synfuels and chemical plants is consistent throughout the year. The export coal demand is consistent, mainly in Europe and Asia. Even though the demand for coal is seasonal in certain regions, our sales are planned to ensure even shipment of coal throughout the year.

Marketing channels

We make use of both a direct and an agency sales model as the chosen channels to market our products to third parties. There are a limited number of agents representing Sasol Mining in their specific geographic markets. These agents operate on a commission basis and are authorised to act as intermediaries only with the aim of promoting our product and providing after-sales service. All sales require approval by Sasol Mining before they may be concluded with the customer.

Factors on which the business is dependent

Being part of the Sasol value chain, we continually engage with Sasol Synfuels to ensure optimal delivery and utilisation of our coal resources. We also have dedicated strategic and long-term planning

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departments to ensure that mining and other related activities are performed in accordance with our strategic plans for the future.

Also refer to Item 4B "Business overview Regulation of mining activities in South Africa".

Property, plants and equipment

Sasol Mining operates six mines for the supply of coal to Sasol Synfuels, Sasol Infrachem (utility coal only) and the external market. The annual production of each mine, the primary market to which it supplies coal and the location of each mine are indicated in the table below:

			Production (Mt)		
Mine	**Market**	**Location**	**2012**	**2011**	**2010**
Bosjesspruit	Sasol Synfuels	Secunda	**7,3**	6,8	7,6
Brandspruit	Sasol Synfuels	Secunda	**7,1**	6,5	8,0
Middelbult	Sasol Synfuels	Secunda	**7,4**	7,6	8,5
Syferfontein	Sasol Synfuels	Secunda	**10,0**	9,7	9,9
Twistdraai	Export/Sasol Synfuels[(1)]	Secunda	**6,3**	6,1	6,6
Sigma : Mooikraal	Sasol Infrachem	Sasolburg	**1,9**	1,9	2,0
			40,0	38,6	42,6

(1) The secondary product from the export beneficiation plant is supplied to Sasol Synfuels.

Some of our mines are approaching the end of their useful lives and we are developing new mines and shafts to sustain consistent supply. During April 2010, we started with shaft sinking operations of Twistdraai colliery's new Thubelisha Shaft. Unforeseen dolerite intrusions and a substantial "burnt coal area" have resulted in delays of the underground development until August 2013. This delay will, however, not impact on delivery to the market as the main surface facilities and overland conveyer system was completed and is in operation from 2012. Approval for the construction of the Impumelelo colliery, which will replace the ageing Brandspruit mine, was obtained in November 2010. Shaft sinking at the new Impumelelo colliery started in August 2011 and is progressing as planned. Shaft sinking activities are in progress on three shafts (man/material, ventilation and incline shafts). The ventilation shaft is planned to reach the coal seam in the first half of the 2013 calendar year. Construction activities are scheduled to be completed to accept the first production section from Brandspruit by the second half of the 2014 calendar year.

Construction work at the Shondoni colliery, which will replace the current Middelbult mine production, started during February 2012. This colliery is planned to come into operation in the second half of the 2015 calendar year.

Coal handling facility Sasol Coal Supply (SCS)

SCS at Secunda is responsible for the conveyance of coal from the mine mouth to a stock holding facility. Coal from the different mines are blended in order to homogenise the product that is then conveyed to Sasol Synfuels as required.

Beneficiation plant

A coal beneficiation plant is operated at Secunda to enable us to supply export quality coal for the international market. The design throughput of the plant is 10,5 Mt per annum. The plant feedstock is supplied by Twistdraai mine via overland conveyor belts of approximately 20 km in length. The new Twistdraai Thubelisha shaft conveyor, which is approximately 17 km in length, will replace the current conveyor system over the next few years.

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Sasol Gas

Nature of the operations and its principal activities

Established in 1964, originally as the South African Gas Distribution Corporation Limited (Gascor), Sasol Gas operates and maintains an approximately 2 500 km pipeline network in South Africa and Mozambique. Sasol Gas is a shareholder in Rompco and Spring Lights Gas (Pty) Ltd. (Spring Lights Gas).

As part of the Natural Gas Project for the development, production and transportation of natural gas from Mozambique, Rompco was established as the owner of the Mozambique to Secunda gas transmission pipeline (MSP).

Initially, Rompco was a wholly owned subsidiary of Sasol Gas Holdings. Pursuant to the Rompco Shareholders' Agreement, the South African and Mozambican governments' nominated shareholders, namely the South African Gas Development Company (Pty) Ltd. (iGas) and Companhia de Moçambicana de Gasoduto, S.A.R.L (CMG), were afforded a deferred option to purchase in aggregate up to 50% of the shareholding in Rompco. With effect from 1 July 2005, iGas exercised its option to purchase 25% of the shares in Rompco. CMG exercised its option with effect from 2 August 2006. The shareholding by government nominated entities positively impacted the political risk profile of the investment in Rompco and the MSP.

As part of Sasol Gas's commitment to broad-based BEE, Sasol Gas formed a joint venture company, Spring Lights Gas, with Coal Energy and Power Resources Limited (CEPR), in 2002 to which it sold a portion of its marketing business in KwaZulu-Natal, a province in South Africa. CEPR has sold its 51% share in Spring Lights Gas to another broad-based BEE consortium, Kwande Ziko in 2012. Spring Lights Gas has realised substantial growth in the market since its inception.

Since 1996, Sasol Gas has been using the Lilly pipeline owned by Transnet SOC Limited (Transnet), operated by its division Transnet Pipelines, for the transportation of gas to the KwaZulu-Natal market. During 2005, we renewed the gas transportation agreement with Transnet Pipelines to continue to use the pipeline for a duration of 17 years (until 2022), with an option to extend the agreement.

In 2011, Sasol Gas commenced a project to construct the R1,6 billion Gauteng Network Pipeline (GNP). This project entails the construction of a 156 km, 26 inch gas transmission pipeline between Secunda and Sasolburg, South Africa. It is anticipated that this facility will be commissioned during the first half of the 2013 calendar year.

Principal markets

Sasol Gas markets methane-rich gas, produced by Sasol Synfuels and natural gas produced from gas fields in Mozambique. In the energy market, pipeline gas competes with crude oil-derived products, electricity and coal in various industries, such as ceramics, glass, metal, manufacturing, chemical, food and pulp and paper.

The pipeline gas segment makes up a small part of the overall energy industry in South Africa. The market has grown as a result of the introduction of natural gas from Mozambique since 2004. The current supply of 152,7 mega gigajoule per annum (MGJ/a) of pipeline gas increased from 148,2 MGJ/a in 2011. Compared to developed countries, in the short- to medium-term, South Africa is a small consumer of natural gas as a percentage of its total energy requirements. However, there is the opportunity to increase sales of environmentally preferred natural gas. Environmental and technological trends together with new environmental legislation are expected to entice customers to convert to gas as a substitute for environmentally less desirable energy sources. During 2012, natural gas volumes sold

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were 129,8 mega gigajoule (MGJ) compared to 125,8 MGJ in 2011. Methane rich gas volumes sold were 22,6 MGJ in 2012 compared to 24,4 MGJ in 2011.

Sasol Gas supplies 61,8 MGJ/a of gas to approximately 550 industrial and commercial customers in the South African provinces of Mpumalanga, Gauteng, KwaZulu-Natal, North-West and the Free State. Besides marketing pipeline gas to these customers, natural gas is also supplied as feedstock to Sasol's facilities in Sasolburg and Secunda.

Seasonality

The total South African demand for gas is consistent throughout the year and is generally not subject to seasonal fluctuations due to moderate temperature variances between seasons and the absence of a significant domestic market.

Raw materials

The natural gas purchased in Mozambique, from an un-incorporated joint venture (UJV), consisting of Sasol Petroleum Temane Limitada (SPT), a subsidiary of Sasol Petroleum International, International Finance Corporation (IFC) and Companhia Moçambicana de Hidrocarbonetos, S.A.R.L (CMH), is transported by Rompco to Secunda in South Africa. Methane-rich gas is purchased from the Sasol Synfuels facility in Secunda. The UJV has been supplying Sasol Gas with natural gas since 2004 and Sasol Synfuels has been supplying methane-rich gas to Sasol Gas since 1994.

Marketing channels

Approximately 98% of the products produced by Sasol Gas are sold to end-use industrial customers by our own sales and marketing personnel. We also supply a small number of traders and reticulators who sell the gas to their own customers.

Factors on which the business is dependent

Licences and regulations

We have obtained, from the National Energy Regulator of South Africa (NERSA), the necessary licences required in terms of the Gas Act to operate our gas transmission and distribution facilities and to engage in our trading activities. As and when expansion of our distribution and transmission facilities is required we apply for the required construction licences from NERSA. Sasol Gas prices its gas in terms of the Market Value Pricing methodology, as set out in the Regulatory Agreement with the South African government. This pricing dispensation expires in March 2014. Sasol Gas is currently developing a new pricing mechanism that will apply from March 2014.

Refer to Item 4B "Business overview Regulation of pipeline gas activities in South Africa" for additional information.

Property, plants and equipment

The MSP natural gas transmission pipeline owned by Rompco is a 26 inch carbon steel underground pipeline of 865 km. The pipeline starts from the natural gas central processing facility (CPF) at Temane in Mozambique and ends at the pressure protection station (PPS) in Secunda. The instantaneous capacity of the pipeline is 136 MGJ/a, with an annual average of 120 MGJ/a without any additional compression along the pipeline. In 2010, Rompco commissioned its first compressor station near Komatipoort in South Africa. This facility supplies midpoint compression and enables the pipeline to increase gas transportation up to a nominal annual average of 166 MGJ/a, with an instantaneous pipeline capacity in excess of 170 MGJ/a.

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The inland transmission network of Gauteng is fed from the PPS at Nigel. The network is operated at a maximum pressure of 3 550 kPa and the capacity of the transmission network is approximately 89 MGJ/a. These pipelines supply various low pressure distribution areas as well as some customers directly. Where these lines enter into various distribution areas, a pressure reduction station reduces the pressure to 625 kPa. The southern part of the inland network ends in Sasolburg.

The Secunda, Witbank and Middelburg distribution network receives methane-rich gas from Sasol Synfuels. The maximum operating pressure for this pipeline is 3 000 kPa and the capacity of the network is approximately 10 MGJ/a. Methane-rich gas, similar to that which is supplied to Witbank and Middelburg, is compressed and fed into the Transnet Pipelines transmission pipeline to supply our customers in the KwaZulu-Natal province. The maximum operating pressure for this transmission pipeline is 5 300 kPa and the capacity of the network is approximately 21 MGJ/a.

Sasol Synfuels

Nature of the operations and principal activities

Sasol Synfuels, based in Secunda, operates a coal and gas based synthetic fuels manufacturing facility. We produce syngas primarily from low-grade coal with a smaller portion of feedstock being natural gas. The process uses advanced high temperature Fischer-Tropsch technology to convert syngas into a range of synthetic fuel components, as well as industrial pipeline gas and chemical feedstock. Feedstreams are produced that are used for the production of chemical and polymer building blocks, including ethylene, propylene, ammonia, phenols, alcohols and ketones. We operate the world's largest oxygen production facilities (according to Air Liquide, the French industrial gas company), currently consisting of 16 units.

The Sasol Natural Gas Growth Project (SNGGP) phase 1(a) was approved by the Sasol Limited board during March 2010. The total approved amount of R13,2 billion, consists of capital and feasibility funds. This investment will result in an increase in production of approximately 3,2% on a sustainable basis as well as additional electricity generation from gas turbines. Sasol Synfuels has incurred total costs of R10,5 billion to 30 June 2012. This was in respect of the SNGGP phase 1(a), including R641 million for pre-feasibility and feasibility studies. On the clean fuel specification programme phase 1(b), an amount of R358 million has been approved for feasibility studies and basic development, with a total expected capital investment of R5,1 billion. The core scope of phase 1(b) is to address expected future fuel specification changes. Future related projects and growth opportunities will be considered.

Principal markets

Sasol Synfuels sells fuel components and heavy fuel oils to Sasol Oil, and methane-rich gas is sold to Sasol Gas. Chemical feedstocks are sold to the chemical divisions of Sasol and its joint venture partners, including Merisol. Such feedstocks are processed and marketed for a wide range of applications locally and abroad. Ammonia and sulphur are sold to the fertiliser and explosives industries.

Raw materials

The main feedstock components used by Sasol Synfuels in the production process are low grade coal obtained from Sasol Mining and natural gas obtained from Sasol Gas. Prices of low grade coal are determined with using an arms length pricing mechanism for Sasol Mining, while the price of natural gas is determined by the international price of Brent crude oil, the rand /US dollar exchange rate as well as the South African Producer Price Index.

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Marketing channels

The bulk of our products are sold to other Sasol business units. A very small volume of carbon products are directly marketed to clients locally and abroad, via commercial distribution channels. Sasol Infrachem acts as a marketing agent for the selling of ammonia mainly to the South African fertiliser industry.

Property, plants and equipment

Specific product volumes

	2012	2011	2010
		(Mt)	
Total production volumes	**7,2**	7,1	7,4

	2012	2011	2010
	(% of total production)		
Liquid and gaseous fuels	**59**	60	62
Petrochemical feedstock	**32**	32	29
Nitrogenous and other feedstock for fertilisers and explosives	**7**	6	7
Carbon, tar and other products	**2**	2	2

Sasol Synfuels is continuing the development of an operations excellence approach suitable for Sasol Synfuels' manufacturing activities. Greater energy efficiency is also being pursued through new programmes aimed at reducing overall unit cost, improving environmental performance and assuring the reliability of electricity supply. Sasol Synfuels has completed the construction of a 200 megawatt power-generation plant at Secunda. Beneficial operation for the gas turbine plants were achieved during July 2010. This facility was commissioned on natural gas but will eventually use waste-gas streams as an energy source to reduce costs and reduce negative environmental impact as well as achieve overall improved site energy efficiency. Subsequently, a 68 megawatt heat recovery steam generator system (HRSG), which further increases the electricity generation capacity of Sasol Synfuels, was commissioned during 2012. The total cost incurred for the system was R740 million.

Sasol Synfuels was faced with numerous challenges with regards to stable plant operations during the first half of the 2012 year. Despite these challenges, plant integrity and reliability were restored from November 2011 resulting in improved production volumes during the second half of 2012. Sasol Synfuels embarked on a plant restoration drive in order to ensure sustainable plant operations. The operations excellence programme is aimed at further improving long-term plant reliability and stability.

Sasol Synfuels continues to advance a series of major environmental projects as part of a wider group initiative in South Africa to reduce our environmental footprint and enhance operational efficiency.

Sasol Synfuels are also focusing on opportunities to reduce volumes of low-level volatile organic compounds (VOCs), as well as emissions of sulphur oxides (SOx) and oxides of nitrogen (NOx). These projects are in various development phases. The volatile organic compounds abatement project was approved in stages, with final approval given during November 2009. The total amount approved for the project is R1,9 billion.

Sasol Synfuels has approved an amount of R5,6 billion for environmental projects to date. This amount includes spending on black product remediation, rehabilitation of the waste ash site, dolomite pits, the reduction of VOC emissions, the sulphuric acid plant and the coal tar filtration project. As 30 June 2012, the total expenditure to date on these projects amounted to R2,2 billion, with the remaining R3,4 billion to be spent in the future.

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In March 2010, capital expenditure amounting to R1,4 billion was approved by the Sasol Limited board to install an additional reformer (17th) in order to acquire additional reforming capacity. The reforming gas improvement project reached beneficial operation in May 2012.

In March 2010, the Sasol Limited board approved a total amount of R1,9 billion for the Sasol Fixed Bed Dry Bottom Gasifiers project. Two of four new gasifiers were commissioned successfully during April 2012 and June 2012, respectively.

The Sasol Limited board also approved an additional R1,0 billion for the replacement of tar tanks and separators during March 2012. This will ensure that the production capacity of the Secunda complex is maintained. The total amount approved for the project is R2,0 billion.

Sasol Oil

Nature of the operations and principal activities

Sasol Oil encompasses the established liquid fuels, bitumen, heating fuels and lubricants marketing activities of Sasol through our wholesale, commercial and retailing interests, featuring both the Sasol and the Exel brands. Operations include fuel blending and storage facilities at our Secunda operations to turn fuel components procured from Sasol Synfuels into market ready products. Sasol Oil is also responsible for crude oil procurement, shipping and the subsequent refining of crude oil through our majority shareholder interest in the Natref refinery in Sasolburg. Final product is supplied to and traded with, other licenced wholesalers operating in Southern Africa. Products include petrol, diesel, jet fuel, illuminating paraffin, LPG, fuel oils, bitumen, motor and industrial lubricants and sulphur.

Liquid fuels marketed

	2012	2011	2010
		(million m^3)	
Total liquid fuel sales	**9,57**	10,54	10,55
Total liquid fuel sales (exported)	**0,36**	0,49	0,59

Principal markets

Sasol Oil's fuel production is primarily located in South Africa's industrial heartland, where an estimated 58% of the country's petrol and diesel is consumed. Our full production of approximately 8,13 million m^3 of white products per year is insufficient to supply this market. The balance of the market is supplied from coastal refineries and imports, transported via road and rail tankers and Transnet's pipelines. Limited volumes of white products are exported overland to neighbouring countries.

Seasonality

The total South African demand for road transportation fuels is fairly consistent throughout the year. Slightly higher demand for petrol is evident during the December summer holiday period and diesel demand tends to peak during October, the summer grain planting season. Diesel demand weakens during the December holiday period in line with reduced construction activities. The demand for fuel oil and gases tends to increase in the winter season and weaken in summer. Demand during the first quarter of the calendar year is generally weaker than the annual average.

South African fuel prices are derived from international reference prices as a result of the longstanding regulatory dispensation, which is based on import alternatives. Local price seasonality is mainly as a result of northern hemisphere demand peaks for petrol during the US driving season in the summer and distillate demand during the European winter. This normally results in petrol and diesel prices being higher during our winter and summer months, respectively.

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During 2012, international diesel crack spreads have shown signs of recovery after the global economic recession. Petrol crack spreads have shown seasonal improvements. Petrol margins are, however, expected to remain under pressure due to weak demand and an increase in ethanol blending in the US. Geopolitical instability and excess refining capacity have replaced seasonality and fundamental demands as primary drivers for refining margins.

Raw materials

Sasol Oil's main raw material inputs are blending components from Sasol Synfuels, crude oil and base oils for lubricant manufacturing.

Blending components

Sasol Oil has an agreement with Sasol Synfuels to uplift fuel components, which are then blended to market specifications in Secunda. Fuel oil components from Sasol Synfuels and Natref are blended to provide customer specific heating fuel solutions. The purchase price of fuel components is referenced to international petroleum product prices, crude oil and refinery operating costs.

Crude oil

Natref historically obtained approximately 50% of its crude oil requirements from the Middle East (of the purchases from the Middle East approximately 12 000 bpd of crude oil was purchased from Naftiran Intertrade Company Limited of Iran and approximately 20 000 bpd of crude oil was purchased from Saudi Arabia) through crude oil term contracts. Purchases from Iran were terminated during February 2012. Replacement for the Iranian crude oil supply is being sourced from Saudi Arabia and the spot market. The balance, representing the other 50% of the requirement, is purchased on the spot market from West Africa and other sources. Volatility in crude oil prices has increased since the late 1990's as result of international supply/demand dynamics and geo-politics. Crude oil prices have been trading in a range of US$88,69/bbl to US$128,14/bbl in 2012, with fundamentals pushing prices towards the lower end of the price band, and geopolitical tensions relating to Iran supporting prices at the high end of the spectrum.

Crude oil is landed at Durban, South Africa, and transferred to the refinery by a 583 km pipeline owned and operated by Transnet Pipelines, a subsidiary of Transnet Limited, which is a state-owned multi-modal transport company.

Lubricant base oils
Sasol Oil owns a portion (40%) of the ESA Lubricants Blending facility of Island View in Durban. The plant is managed by Engen Petroleum and blends automotive and industrial lubricants to Sasol Oil specifications. Base oils are predominantly procured locally.

Marketing channels

Sasol Oil's marketing effort can be divided into four main areas namely sales to licenced wholesalers, direct marketing (retail and commercial markets) in South Africa, direct marketing in other African countries, as well as overland exports into Africa.

Licenced wholesalers

Sasol Oil is predominantly a bulk supplier to licenced wholesalers. Multi- national oil companies with their own South African refining capacity, namely, BP, Engen Petroleum (Engen), Royal Dutch Shell (Shell), Chevron and Total South Africa (Total), rely on Sasol to supply a part of their local marketing requirements. Another new type of licenced wholesaler, referred to as a non-refining wholesaler, has emerged over the past few years. Non-refining wholesalers tend to compete mainly in the commercial market with oil companies.

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Individual agreements that vary in terms of duration, volume, and modes of delivery, regulate the relationship between Sasol and its licenced wholesale customers. The agreed product slates reflect Sasol Oil's production slate to aid efficient and reliable supply. Product is imported to cover planned and unplanned refinery outages to ensure that supply commitments are met.

Direct markets (retail, commercial, lubricants, aviation fuel, fuel oil and bitumen)

We believe that independent access to retail and commercial markets have strategic, competitive and growth opportunities, and we intend to improve our position in the South African fuels market in this respect. Sasol Oil entered the South African retail market on 1 January 2004 with Sasol- and Exel-branded retail convenience centres. Currently our network consists of 404 service stations, including five Sasol branded integrated energy centres, across South Africa. Sasol's current national retail market share is estimated at 9,8%. We have commenced with a process to phase out the Exel brand and to convert existing retail convenience centres to the Sasol brand. New site development is progressing, although slower than anticipated, due to, amongst other things, a challenging regulatory environment.

Lubricants are marketed to targeted industrial market segments and motorists via our retail network. Efficient supply logistics are essential to operate a competitive business model. Extensive effort has been put into designing and implementing a supply chain that is comparable with international benchmarks.

In 2009, we acquired the remaining 49,9% of Exelem Aviation (Pty) Ltd. The business is now trading as Sasol Aviation (Pty) Ltd. (Sasol Aviation). Sasol Aviation focuses on jet fuel marketing at South Africa's premier airport, OR Tambo International Airport in Johannesburg, but also services other inland airports. Sasol Aviation is part of an operating consortium at OR Tambo International and its market share at the airport is approximately 8%.

The fuel oil business provides a remarkably diverse range of heating fuels and applications to industrial and mining customers. The Natref refinery is situated 670 km from the coast. The resultant lack of a bunker fuels market makes this business unit crucial to ensure sale of heavy fuels to assist in smooth refining operations at Natref.

Base bitumen is wholesaled by Sasol Oil, while Tosas Holdings (Pty) Ltd., a wholly owned subsidiary, markets value-added bitumen and applies it through construction teams.

Africa marketing

Lesotho and Swaziland are in the natural supply area of Sasol Oil's production facilities. Exel Lesotho and Exel Swaziland, wholly owned subsidiaries of Sasol Oil, acquired the marketing assets of BP in Lesotho and Swaziland in 2006 and 2007, respectively. Exel Lesotho is the marketing leader in Lesotho, with a 40% market share, and Exel Swaziland currently has 8,5% market share in Swaziland.

Sasol Oil holds a 49% interest in Petromoc e Sasol Sarl (PeSS), which is a joint venture with the Mozambican national state oil company, Petromoc. PeSS operates a network of 8 retail convenience centres and has 47 commercial customers. PeSS has an 8,0% share of the petrol and diesel market in Mozambique. Petrol, diesel, illuminating paraffin and lubricants are marketed through PeSS.

Trading exports (Africa Overland)

Export sales to other African countries are effected at the refinery gate, as Sasol Oil has no marketing assets in these countries. Volumes available for export to these markets are limited as a result of significant demand growth in South Africa.

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Factors on which the business is dependent

Activities across the value chain, including manufacturing, wholesaling and retailing, are regulated through a licensing regime. Retail pump prices of petrol, the maximum refining gate price of LPG, the maximum cylinder retail price for LPG, and a maximum single national retail price of unpacked illuminating kerosene are regulated by the Petroleum Controller under the Petroleum Products Act, 1977.

An activity specific licensing regime for the South African oil industry was introduced during 2006. Manufacturing, wholesaling and retailing of petroleum products may only be conducted once a licence has been issued by the Petroleum Controller under the Petroleum Products Act, 1977. Onerous application requirements and a lengthy licensing process may hamper the development of retail convenience centres in future. Refer to Item 4B "Business overview Regulation of petroleum-related activities in South Africa" for additional information.

NERSA, under the Petroleum Pipelines Act, sets tariffs for petroleum pipelines and approves tariffs for third party access to storage and marine loading facilities. This act grants NERSA limited discretion when applying its pricing methodologies to set tariffs, which may affect some competitors, because of different market and production locations. Sasol utilises Transnet's fuel pipeline services to transport crude oil from Durban to its Natref refinery in Sasolburg, and to transport fuel products from Natref, the Secunda tank farm and from Durban to various destinations in the South African inland. In April each year, Transnet's pipeline tariffs are adjusted. Since April 2011, pipeline tariffs from the injection points in Durban, up to the final destination in the inland, have been set equal, even though routes and costs may differ.

Property, plants and equipment

Natref refinery operational statistics [(1)]

	2012	2011	2010
Crude oil processed (million m^3)	**3,3**	3,7	3,3
White product yield (% of raw material)	**89,2**	89,9	89,7
Total product yield (%)	**98,2**	97,4	99,1

(1) Data based on our 63,64% share in Natref.

Natref is an inland refinery, focusing on the production of refined petrol and distillate fuels and producing only a small percentage of fuel oil and bitumen. It is designed to upgrade relatively heavy crude oil with a high sulphur content (sour) to yield about 90% white petroleum products. Crude oil selection and degree of upgrade are ultimately dictated by refinery configuration and overall economics. Products of the refinery include petrol, diesel, commercial propane, jet fuel, different grades of bitumen, fuel oils, sulphur and various gasses.

While Sasol Oil operates the refinery, Total participates in its management with veto rights over a number of corporate actions, including, increasing or reducing Natref's share capital, amending Natref's Memorandum of Incorporation and the rights attaching to its shares, appointing directors to serve as executive officers and determining directors' remuneration.

Under the terms of an agreement concluded between Total and Sasol, Total has the option to purchase up to 13,64% of the ordinary shares in Natref from Sasol at fair market value upon the occurrence of certain events. Since December 2003, Total has had two opportunities to increase its shareholding in Natref to 50%, the first being the termination of the Main Supply Agreements and the second the proposed transaction between Sasol and PETRONAS, which was subsequently prohibited by the South African Competition Tribunal. On both occasions Total decided not to exercise its option to increase its shareholding in Natref.

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During the 2005 upgrade to meet new fuel specifications, Natref's throughput was reduced by 11%. A decision has been made that capacity will not be increased in the foreseeable future. South African fuel specifications continue to evolve with international trends and it is expected that substantial additional investment of approximately R8,3 billion will be required between 2014 and 2017 to meet these more stringent specifications. Construction of a pipeline to integrate Sasol Synfuels and Natref has been completed and the pipeline will be fully operational by October 2012. This will facilitate and optimise the production of new specification fuels by both plants.

During 2012, the overall refinery availability amounted to 93%, mainly due to planned and unplanned shutdowns. Improved planned maintenance strategies resulted in lower unplanned down time.

International Energy Cluster

Sasol Synfuels International

Nature of operations and principal activities

Based in Johannesburg and formed in 1997, Sasol Synfuels International (Pty) Ltd. (SSI), our GTL and CTL technology marketing and support subsidiary, is responsible for developing, implementing and managing international business ventures based on our proprietary technology. SSI's primary focus is on securing opportunities to advance our GTL and CTL ambitions.

The catalyst business forms a part of SSI, and is an integral component of the Sasol Fischer-Tropsch (FT) value chain and aims to provide security of supply of quality competitive FT catalyst to the current and future GTL and CTL ventures. To support our current GTL projects, we use three 680 tons per annum cobalt catalyst manufacturing units, with two units situated in De Meern, in The Netherlands, operated and owned by BASF, and a third at our Sasolburg site, operated and owned by Sasol Cobalt Catalyst Manufacturing (Pty) Ltd. (SCCM), a wholly owned subsidiary of SSI.

The Sasol SPD process

Based on our long and extensive experience in the commercial application of Fischer-Tropsch technology, we have successfully developed the Fischer-Tropsch- based Sasol SPD process for converting natural gas into high-quality, environment-friendly GTL diesel, GTL kerosene and other liquid hydrocarbons. The SPD process consists of three main steps, each of which is commercially proven. These include:

- the Haldor Topsøe reforming technology, which converts natural gas and oxygen into syngas;
- our Slurry Phase Fischer-Tropsch technology, which converts syngas into hydrocarbons; and
- the Chevron Isocracking technology, which converts hydrocarbons into particular products, mainly diesel, naphtha and LPG.

Currently we believe, based on our knowledge of the industry and publicly available information, that on a worldwide basis we have the most extensive experience in the application of Fischer-Tropsch technology on a commercial scale. Given the increasing discovery of extensive natural gas reserves, our Sasol SPD process can be applied with significant commercial advantages in various parts of the world. As a consequence, our technology has evoked interest from countries and companies with extensive natural gas reserves as an appealing alternative for commercialising these reserves. We have been actively promoting our Sasol SPD technology and are examining opportunities with a view to commercial application for new GTL and CTL plants.

The Sasol SPD process converts natural gas into diesel and other liquid hydrocarbons, which are generally more environmentally friendly and of higher quality and performance compared to the equivalent crude oil-derived products. In view of product specifications gradually becoming more stringent, especially with respect to emissions, we believe that the option of environmentally friendly

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GTL and CTL fuels will become increasingly appealing. GTL and CTL diesel can be used with optimised engines for best performance, although it can also be utilised with current compression ignition engines. GTL diesel is currently used as a cost-competitive blend stock for conventional diesels, thereby enabling conventional diesel producers to improve the quality and capacity of their product without investing substantially in sophisticated new plants and infrastructure. We anticipate that the combined factors of GTL and CTL diesel's superior characteristics and the prevailing market conditions in developed economies will enable GTL and CTL diesel to command premium prices for either niche applications or as a blend stock for upgrading lower-specification products. The construction of GTL/CTL facilities and the production of GTL/CTL fuels require significant capital investment.

GTL and CTL developments utilising the Sasol SPD process

SSI is successfully progressing GTL projects in Canada (feasibility), the US (feasibility), Uzbekistan (front end engineering and design) and Nigeria (execution) and has achieved stable operations at ORYX GTL, in Qatar. SSI is also involved in the pre-feasibility stage for its CTL project in India. For further details on these projects, see "Item 4.A-History and development of the company".

Principal markets

The bulk of the ultra-low sulphur GTL diesel produced at ORYX GTL is sold as a blend stock with middle distillate product streams derived from conventional oil refining to produce on-specification automotive diesel. The GTL naphtha produced at ORYX GTL is sold to naphtha crackers that produce olefins such as ethylene.

The FT catalyst is currently principally sold to Sasol's GTL operations, in particular ORYX GTL in Qatar.

Seasonality

GTL product prices reflect the seasonal behaviour of global petroleum product markets.

Catalyst demand is fairly stable but is driven by higher oil prices if the GTL plant owner decides to increase diesel output to maximise profits.

Raw materials

ORYX GTL, a 51% Qatar Petroleum and 49% Sasol joint venture, purchases natural gas feedstock from Al Khaleej Gas, a joint venture between ExxonMobil Middle East Gas Marketing Limited and Qatar Petroleum, under a gas purchase agreement with a contractual minimum off-take volume. The agreement commenced in January 2006 and is valid for a term of 25 years with an option to extend for a further 7 years.

Ethanol, wax, ammonia, as well as precious and transition metals, are key input materials required to produce FT catalyst, although customers provide the precious metals. These inputs are commodities and prices will therefore be market dependent.

Marketing channels

The diesel produced by ORYX GTL is marketed by Sasol Synfuels International Marketing Limited (SSIM), under a marketing agency agreement, whereas the GTL naphtha and LPG are sold by Qatar International Petroleum Marketing Company Limited (Tasweeq).

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Factors on which the business is dependent

Technology

SSI is dependant on the successful integration of various technologies also referred to in the description of the Sasol SPD process. The continuous improvement of our cobalt catalyst performance is also key.

SCCM licences the catalyst manufacturing technology from Sasol Technology and BASF, and is dependent on catalyst technology development to improve its product offering.

Feedstock

The growth of the SSI business depends on the availability of competitively priced natural gas or coal reserves.

Remaining cost competitive

Working closely with Sasol Technology's Fischer-Tropsch process innovation teams at Sasolburg and Johannesburg, we are involved in an ongoing programme aimed at further improving competitiveness by lowering the capital and operating costs of future GTL and CTL plants. There is also a continued focus to reduce the total cost and increase the efficiency of the cobalt catalyst used in the process through improvement of the performance and total value chain of the catalyst supplied.

GTL and CTL ventures

SCCM follows a demand-supply approach, where new customer demand drives catalyst production and plant capacity. Therefore, the presence of GTL and CTL demand is key to the catalyst business sustainability.

Property, plants and equipment

Production capacity at 30 June 2012

Plant description	Location	Design capacity[1]
ORYX GTL	Ras Laffan Industrial City in Qatar	32 400 bpd (nominal)
FT 1 (catalyst plant)	De Meern, The Netherlands	680 tpa
FT 2 (catalyst plant)	De Meern, The Netherlands	680 tpa
FT 3 (catalyst plant)	Sasolburg, South Africa	680 tpa

(1) Nameplate capacity represents the total saleable production capacity. Due to the integrated nature of these facilities, the requirement for regular statutory maintenance shutdowns and market conditions, actual saleable volumes will be less than the nameplate capacity.

Sasol Petroleum International

Nature of the operations and its principal activities

In 1995, we founded Sasol Petroleum International (Pty) Ltd. (SPI) to undertake oil and gas exploration and production in selected high potential areas in West and Southern Africa. Since then, we have expanded our portfolio and currently hold equity in producing assets with proved natural oil and gas reserves in Mozambique, Gabon and Canada and exploration interests in West and Southern Africa, and the Asia Pacific region. In Mozambique, we produce natural gas and condensate from the onshore Temane and Pande fields. Gas production from the Temane field commenced in 2004 and from the Pande field in 2009. In Gabon, oil production from the VAALCO Gabon (Etame) Inc. operated offshore Etame field commenced in 2002, followed by production in 2007 and 2009 from the associated Avouma and Ebouri fields. In 2011, SPI acquired equity in the Talisman Energy Inc. operated Farrell Creek and Cypress A unconventional (shale/tight gas) producing assets in Canada.

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Principal markets and marketing channels

Mozambican production

Gas produced under the Pande-Temane Petroleum Production Agreement (PPA), other than royalty gas that is provided to the Mozambican government, is sold to Sasol Gas and to Aggreko Mocambique Limitada. The gas sold to Sasol Gas under long-term sales agreements, is exported for marketing in South Africa and for use as part of the feedstock for our chemical and synthetic fuel operations in Secunda and Sasolburg. The gas sold to Aggreko Mocambique Limitada under a short-term sales agreement, executed in 2012, is for power generation in Mozambique.

The natural gas condensate produced is currently sold at the gas processing plant under a long-term sales agreement to Temane Trading, a joint venture between Petromoc and Trafigura. The condensate is trucked to Beira, Mozambique, by the buyer for export via the port of Beira to offshore markets.

Gabon production

Oil production from the Etame Marin Permit operations is sold internationally on the open market. An annual sales contract is typically entered into for the sale of the Etame Marin Permit oil based on a competitive bidding process and sales prices are linked to international oil prices.

Canada production

Gas production from the unconventional Farrell Creek and Cypress A (shale/tight gas) assets is sold by the Talisman Sasol Montney Partnership, under a long-term marketing agreement with Talisman Energy Canada, into the North American gas market. Pricing is based on the daily realised spot market prices less transportation and marketing fees, in accordance with the terms of the marketing agreement with Talisman. The condensate is sold under the same marketing agreement.

Property, plants and equipment

Mozambican production

In Mozambique natural gas and condensate is produced from the Pande-Temane PPA asset operated by Sasol Petroleum Temane Limitada, a subsidiary of SPI. Production is from the Temane and Pande fields via a central processing facility (CPF) located some 700 km north of the Mozambican capital, Maputo.

Production capacity at 30 June 2012

Plant description	Location	Design capacity[1][2]
CPF	Pande-Temane PPA	183 MGJ/a gas

(1) Includes our attributable share of the production capacity of proportionately consolidated investees.

(2) Nameplate capacity represents the total saleable production capacity. Due to the integrated nature of these facilities, the requirement for regular statutory maintenance shutdowns and market conditions, actual saleable volumes will be less than the nameplate capacity.

Gabon production

In Gabon, oil is produced from the Etame Marin Permit asset which is operated by VAALCO Gabon (Etame) Inc. Production is from the Etame field is via subsea wells and through a floating production, storage and off-loading (FPSO) vessel which is moored offshore at the field location.

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Production from the Avouma and Ebouri fields is via minimum facilities fixed platforms which is tied back by pipelines to the Etame FPSO.

Production capacity at 30 June 2012

Plant description	Location	Design capacity[1][2]
FPSO	Etame Marin Permit	25 000 bbl/day oil

(1) Production capacity of 100% of the joint venture. The joint venture leases the FPSO vessel from a third party.

(2) Nameplate capacity represents the total saleable production capacity. Due to the integrated nature of these facilities, the requirement for regular statutory maintenance shutdowns and market conditions, actual saleable volumes will be less than the nameplate capacity.

Canada production

In Canada, natural gas and condensate are produced from the unconventional (shale/tight gas) Farrell Creek and Cypress A assets, which are operated by Talisman. Production is via a number of field production wells, gathering lines and processing facilities located in British Columbia, Canada.

Production capacity at 30 June 2012

Plant description	Location	Design capacity[1][2]
Processing Facilities	Farrell Creek and Cypress A, Montney Basin, British Columbia, Canada	320 million standard cubic feet per day (MMscf/day) gas

(1) Includes our attributable share of the production capacity of proportionately consolidated investees.

(2) Nameplate capacity represents the total saleable production capacity. Due to the integrated nature of these facilities, the requirement for regular statutory maintenance shutdowns and market conditions, actual saleable volumes will be less than the nameplate capacity.

Chemical Cluster

Sasol Polymers

Our polymer-related activities are managed in two separate entities, Sasol Polymers, a division of Sasol Chemical Industries Limited, and Sasol Polymers International Investments (Pty) Ltd. (SPII), a subsidiary of Sasol Investment Company (Pty) Ltd. SPII manages our international operations.

Nature of the operations and its principal activities

In Sasol Polymers, we produce ethylene by separating and purifying an ethylene-rich mixture and by cracking of ethane and propane supplied by Sasol Synfuels. Propylene is separated and purified from a Fischer-Tropsch stream produced in the Sasol process. The ethylene is polymerised into low density polyethylene (LDPE), linear low density polyethylene (LLDPE) and the propylene into polypropylene (PP). We operate a fully integrated chlor-alkali/polyvinylchloride chain. Ethylene and chlorine, from on-site chlor-alkali plants, are reacted to produce vinyl chloride monomer and then polymerised to polyvinylchloride (PVC). Caustic soda, hydrochloric acid and calcium chloride are other chlor-alkali products which are produced. Liquid sodium cyanide is produced from methane, ammonia and caustic soda.

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We are a major South African plastics and chemicals operation and our vision is to be an exceptional producer of polymers and preferred supplier in our market. We supply quality monomers, polymers, chlor-alkali chemicals and mining reagents.

In South Africa, Sasol Polymers has two operating businesses:

- Polyolefins; and
- Chlor Vinyls.

In SPII, we manage the following international investments:

- Our 12% shareholding in Optimal Olefins (Malaysia) Sdn Bhd (PETRONAS Chemicals) with PETRONAS, a manufacturer of ethylene and propylene. PETRONAS Chemicals produces 600 kilotons per annum (ktpa) ethylene in an ethane/propane cracker. The cracker co-produces 90 ktpa of propylene;
- Our 40% shareholding in Petlin (Malaysia) Sdn Bhd (with PETRONAS), a manufacturer and supplier of LDPE with a capacity of 255 ktpa is operated by Petlin (Malaysia);
- Our 50% shareholding in Arya Sasol Polymer Company (ASPC) in Iran with Pars Petrochemical Company, a manufacturer and supplier of ethylene (1 000 ktpa), LDPE (300 ktpa), and medium and high density polyethylene (300 ktpa). Beneficial operation was achieved for the entire ASPC complex during 2009. The ethane cracker was fully ramped up to design capacity during 2012, while both polyethylene plants have achieved design rates; and
- A 40% share in Wesco China Limited (with Rhine Park Holdings), a polymer distributor in China and Taiwan.

We continue to evaluate the risks and implications of these sanctions on our investments and activities in Iran and are in a process of divesture from our Iranian activities.

Principal markets

Over the past three years between 66% and 75% of Sasol Polymers' revenue has been earned from sales into the South African market.

We are the sole polymer producer of PVC, LDPE and LLDPE in South Africa and have the leading share of sales of these products in South Africa, where the competition is in the form of polymer imports primarily from Asian and Middle Eastern producers. We supply 160 ktpa ethylene and 110 ktpa propylene under contract to Safripol (Pty) Ltd. (Safripol) in Sasolburg by pipeline for the production of HDPE and polypropylene, respectively. We compete directly with Safripol in the polypropylene market, where we have a large share of the South African market. Caustic soda is sold primarily in South Africa into the pulp and paper, minerals beneficiation and soap and detergent industries. We are the sole local producer of sodium cyanide solution which is sold to local gold mining industry. Sales are expected to be in line with investment in dump retreatment in association with gold and uranium prices.

Currently, we export polymers from our South African operations to the African continent, South East Asia, Europe and South America. Product from the Petlin plant in Malaysia is sold into Malaysia, India, China, Australia and New Zealand.

SPII has commenced a divestiture process of the ASPC facility.

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Seasonality

Global polymer demand does not show any marked annual seasonality although higher demand tends to arise in the third quarter of each calendar year as converters stock up for increased sales over the South African festive season.

The global polymer industry is, however, cyclical in terms of margins earned, given irregular investment patterns caused by large capital requirements and size of plants. The duration of a typical cycle has been seven years and margins can vary from low trough conditions to extreme peak conditions. During tight supply/demand periods, which usually coincide with increases in economic activity as measured by gross domestic product (GDP), margins may increase disproportionately with high peaks. Over time margins reduce as investment is stimulated or as demand slows down in line with GDP. It may happen that excess capacity is installed, which results in collapsed margins.

Raw materials

Feedstock for ethylene and propylene in South Africa is purchased from Sasol Synfuels at market-priced fuel-alternative values. The mechanism for determining the fuel-alternative value is based on the South African Basic Fuel Price (BFP) mechanism administered by the Department of Energy. Feedstock prices have increased in line with the oil price. Salt used in our chlor-alkali production process is imported from Namibia and Botswana at US dollar denominated prices. Electricity is purchased from Eskom, South Africa's state-owned electricity provider.

Feedstock namely, ethane and propane, for SPII's joint venture cracker in Malaysia (PETRONAS Chemicals, previously known as Optimal Olefins) is purchased from PETRONAS at set prices, unrelated to oil, that escalates annually in line with US inflation rates. Petlin (Malaysia) buys its ethylene feedstock from PETRONAS Chemicals at prices related to the South East Asian ethylene market. ASPC, SPII's joint venture in Iran, buys its feedstock, ethane, from the Pars Petrochemical Company at a fixed price, unrelated to the oil price. In times of high oil prices this provides a competitive advantage to the operations in Malaysia and Iran, compared to crude oil based producers.

Marketing channels

Our sales in South Africa are made directly to customers using our own marketing and sales staff. Sales offices are located in Johannesburg, Durban and Cape Town, South Africa. Account managers are responsible for management of our relationship with customers.

For exports from South African operations, an international trading business was established to sell directly into Southern Africa and through distributors and agents into East and West Africa, the Far East, Europe and South America. All sales, administration and logistics are arranged from the Johannesburg office. Half of the exports from ASPC are handled by Sasol Polymers Middle East, a marketing company established in Dubai and wholly owned by SPII.

Property, plants and equipment

The construction of a 47 000 tpa ethylene purification unit (EPU) in Sasolburg, which will yield additional ethylene to support our polymer plants to run continuously, is expected to achieve beneficial operation during the second half of the 2013 calendar year.

The Sasol Limited board approved the construction of a 50 000 tpa propylene stability unit in Secunda. This facility will enable full capacity utilisation of the polypropylene plants and is expected to achieve beneficial operation during the second half of 2014.

The following table summarises the production capacities of each of our main product areas.

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Production capacity at 30 June 2012

Product	South Africa[2]	Malaysia[1],[2]	Iran[1],[2]	Total
		(ktpa)		
Ethylene	618	72	500	**1 190**
Propylene	950	11		**961**
LDPE	220	102	150	**472**
MD/HDPE			150	**150**
LLDPE	150			**150**
Polypropylene-1	220			**220**
Polypropylene-2	300			**300**
Ethylene dichloride	160			**160**
Vinyl chloride	205			**205**
PVC	200			**200**
Chlorine	145			**145**
Caustic soda	160			**160**
Cyanide	40			**40**
Hydrochloric acid	90			**90**
Calcium chloride	10			**10**

(1) Includes our attributable share of the production capacity of proportionately consolidated investees.

(2) Nameplate capacity represents the total saleable production capacity. Due to the integrated nature of these facilities, the requirement for regular statutory maintenance shutdowns and market conditions, actual saleable volumes will be less than the nameplate capacity.

Sasol Solvents

Nature of the operations and its principal activities

We are one of the leading manufacturers and suppliers of a diverse range of solvents, co-monomers and associated products. Solvent products are supplied to customers in approximately 90 countries and are used primarily in the coatings, printing, packaging, plastics, pharmaceutical, fragrance, aerosol paint and adhesive industries, as well as in the polish, cosmetics, agriculture and mining chemicals sectors. Pentene, hexene and octene are used as co-monomers in polyethylene production. We have production facilities in South Africa at Secunda and Sasolburg and in Germany at Moers and Herne. Our product range includes ketones, glycol ethers, acetates, alcohols, acrylates, pentene, hexene and octene, fine chemicals and mining chemicals. Our joint venture with Huntsman Corporation (Sasol Huntsman) produces maleic anhydride in Europe. We believe that the breadth of our product portfolio provides a competitive advantage relative to the more limited portfolios of most of our competitors in the global market.

The successful start up of Octene train III during 2009 added an additional 100 ktpa of octene to the co-monomers product portfolio. A second 30 ktpa methyl isobutyl ketone (MiBK) in Sasolburg was commissioned in April 2010 and production has been ramped up according to plan. During 2011, the construction of the second malaeic anhydride train was completed, which resulted in an increase of 45 ktpa to 105 ktpa.

Principal markets

In 2012, approximately 1,63 Mt of products were sold worldwide. Our global business is managed from offices in Johannesburg in South Africa. We have sales offices in Europe, Asia, the Middle East and the US.

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We market our products throughout the world, with a large proportion of our alcohols being distributed in Europe. We are a leading producer of solvents in South Africa and we are a market leader in co-monomers based on production capacity. We expect to strengthen our position in the co-monomer high growth market through the commercialisation of our proprietary tetramerisation technology which involves the manufacture of octene from ethylene. The basic engineering on a 100 ktpa octene plant has been completed with beneficial operation planned for the third quarter of the 2013 calendar year. The location of the unit is at the Sasol cracker complex at Lake Charles in Louisiana, where we will benefit from plant integration economics and close location to our key customers.

Our competition varies depending on the products sold and includes a number of major international oil and chemical companies. Our competitors include ExxonMobil, Shell Chemicals, BP Chemicals, Chevron Phillips, Ineos, the Dow Chemical Company, Celanese and Eastman.

Seasonality

Production and sales volumes are generally not subject to seasonal fluctuations but tend to follow the broader global industry trends. In terms of the global cyclical nature of our products, periods of high demand and higher prices are followed by an increase in global production capacity which can depress global margins. The global economic crisis has had a detrimental effect on our sales prices, and market demand has shown signs of contraction as a result of increased volatility, caused in part by the continuing European debt crisis, as well as declining growth in China. The rising feedstock prices, on the back of increased crude oil prices partially offset by the rand weakness, have resulted in margins decreasing from the highs experienced during 2011.

Raw materials

Feedstocks for our operations in Secunda are derived mainly from Sasol Synfuels at market-priced fuel-alternative values based on the Basic Fuel Price (BFP). Fluctuations in the crude oil price and rand /US dollar exchange rate have a direct impact on the cost of our feedstocks and hence on margins. Feedstocks in Sasolburg are purchased from Sasol Polymers (based on fuel-alternative value) and Sasol Infrachem based on a long-term supply contract price with an annual inflation-linked escalation clause.

Ethylene, propylene, butylene and butane, used in our production facilities in Germany, are purchased at market prices from third party suppliers under a combination of long-term supply contracts and open market purchases.

Some products are produced by converting primary chemical commodities produced in our facilities to higher value-added derivatives. These include:

Methyl iso-butyl ketone from acetone;

Ethyl acetate from ethanol;

Ethyl and butyl acrylates from acrylic acids and the corresponding alcohols; and

Ethylene glycol butyl ethers from butanol and ethylene oxide.

Marketing channels

We operate thirteen regional sales offices and nine storage hubs in South Africa, Europe, the Asia-Pacific region, the Middle East and the US. We utilise a number of distributors and agents worldwide as an extension of our sales and marketing force to enable increased market penetration.

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A combination of product and account managers ensures continued, long-term relationships with our customers. Our in-house sales and administrative staff manage order processing, logistics and collection of payments as well as customer relationships. The use of bulk supply facilities situated in China, Dubai, Rotterdam and Antwerp in Europe, Singapore, South Africa and the US allows for timely delivery to our customers.

Factors on which the business is dependant

Our plants operate using a combination of proprietary technology developed by Sasol, primarily by Sasol Technology, as well as technology licenced from various suppliers. Our acrylates and n-butanol technology is licenced from the Mitsubishi Chemical Company. Our maleic anhydride technology (utilised in Sasol Huntsman) is licenced from Huntsman Corporation. We own the licence to the MiBK technology. The hydroformylation technology for use in our Safol and Octene 3 plants is licenced from Davy Process Technology.

We licence our technology for alcohol recovery to PetroSA. Being fully integrated into the Sasol operations in South Africa, we are dependant on Sasol Synfuels and Sasol Infrachem for the supply of both our raw materials and utilities (electricity, water and air).

We are in the ongoing process of obtaining the relevant data required in order to comply with the European Union Regulatory Framework for the Registration, Evaluation and Authorisation of Chemicals (REACH), which became effective on 1 June 2007. We have already complied with the first major deadline and registered our highest volume products at the end of the 2010 calendar year. We are now in the process of registering the second tier volume of products, and we expect to meet the deadline of May 2013. The estimated total costs of compliance over the next six years amounts to approximately €8 million.

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Property, plants and equipment

Production capacity as at 30 June 2012

Product	South Africa	Germany	Total[1]
		(ktpa)	
Ethylene	293	65	**358**
Acetone	175		*175*
MEK	60	65	*125*
MiBK	58		*58*
Glycol ethers		80	**80**
Butyl glycol ether		80	*80*
Acetates	54		**54**
Ethyl acetate	54		*54*
Mixed alcohols	215		**215**
Pure alcohols	473	380	**853**
Methanol (C_1)	140		*140*
Ethanol (C_2)	114	140	*254*
n-Propanol (C_3)	54		*54*
Isopropanol (C_3)		240	*240*

n-Butanol (C_4)	150		*150*
iso-Butanol (C_4)	15		*15*
Acrylates	125		**125**
Ethyl acrylate	35		*35*
Butyl acrylate	80		*80*
Glacial acrylic acid	10		*10*
C_5-C_8 alpha olefins	356		**356**
Maleic anhydride		53	**53**
Other	19	20	**39**

(1) Consolidated nameplate capacities excluding internal consumption and including our attributable share of the production capacity of our Sasol Huntsman joint venture.

Nameplate capacity represents the total saleable production capacity. Due to the integrated nature of these facilities, the requirement for regular statutory maintenance shutdowns and market conditions, actual saleable volumes will be less than the nameplate capacity.

Approximately 70% of our production capacity is at sites in South Africa and 30% in Germany. Our second MiBK plant at Sasolburg, with a nameplate capacity of 30 ktpa, started up in April 2010.

Sasol Huntsman has increased its total production capacity from 60 ktpa to 105 ktpa through the construction of a second 45 ktpa reactor and purification section, which was completed in the last quarter of the 2011 calendar year.

Sasol Olefins & Surfactants

Nature of the operations and its principal activities

Sasol Olefins & Surfactants (Sasol O&S) comprises seven areas of activity, grouped into two business divisions, namely the Organics and Inorganics Divisions.

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The Organics Division consists of:

- Alkylates;
- Alcohols;
- Surfactants;
- Organic intermediates; and
- Ethylene.

The Inorganics Division consists of:

- Specialty aluminas;
- Specialty silica aluminas;
- Multi-element doped aluminas; and
- Hydrotalcites.

Alkylates

The main alkylate products are paraffins, olefins and linear alkyl benzene (LAB). LAB is the feedstock for the manufacture of linear alkyl benzene sulfonate (LAS), an essential surfactant ingredient for the detergents industry. Paraffins (n-paraffins) and n-olefins are produced mainly as feedstock for the production of LAB and oxo-alcohols. A portion of this business unit's products are used internally for the production of downstream surfactants.

Alcohols

These products cover a diversified portfolio of linear and semi-linear alcohols of carbon range between C_6 and C_{22}+. The diversity of this product portfolio is supported by the wide range of feedstocks (petrochemical, oleochemical and coal-based), technologies and manufacturing facilities used. A portion of the alcohols production is consumed internally to produce surfactants and specialty plasticisers.

Surfactants

These products include nonionic and anionic surfactants, based on alcohol and LAB and other organic intermediates.

Organic intermediates

Other organic intermediate chemicals include ethylene oxide, alkyl phenols, alkanolamines, etc.

Ethylene

Our ethane-based cracker in Lake Charles, Louisiana, the US, produces ethylene for the US market. A portion of the ethylene production is consumed internally to manufacture ziegler alcohols and ethylene oxide.

In the 2011 calendar year, Sasol commenced with a pre-feasibility study to assess the technical and commercial viability of a world-scale ethane cracker and associated ethylene derivatives in Louisiana. This project has subsequently moved into the feasibility stage, which is expected to be completed in the second half of the 2012 calendar year.

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Inorganics

These products involve mainly specialty aluminas and related products. The inorganics specialities are further processed by means of a variety of technical processes to adapt the product characteristics to highly specialised products. The inorganics division also manufactures shaped catalyst carriers from their products. The latest development is a new process to produce ultra-high purity alumina for sapphire applications as it is required for LED lighting.

Principal markets

The bulk of the production from the alkylates product group ends up as surfactants, either produced internally (our surfactants product group) or by other parties having acquired the intermediates from us. The bulk of these surfactants result in the making of detergents and industrial or institutional cleaning products. The main competitors include: Shell and Cepsa in n-paraffins; and Huntsman Corporation, Cepsa and ISU in the LAB market.

Although a substantial portion of the alcohols and resultant surfactants products also end up in detergents and industrial and institutional cleaning products, these products also find wide application in industries such as metalworking, flavours and fragrances, personal care, cosmetics, plastic additives, textiles and agriculture. The main competitors include Shell and BASF, as well as a growing number of oleochemical alcohol producers in Southeast Asia.

Specialty aluminas and related products from the inorganic division are used in a broad range of applications, including catalyst support, raw material for ceramics, coatings, polymer additives and synthetic sapphires. Competitors in aluminas include UOP and BASF Catalyst.

Ethylene, based on Ethane as feedstock, is sold to plastic manufacturers in the US Gulf Coast region and is used internally to manufacture alcohols and ethylene oxide.

Seasonality

There is very little seasonality associated with our products or the markets in which they participate. Cyclicality of this business is more related to the general chemical investment cycle, which impacts the supply side of the market equation. Many of the markets that we serve typically follow global and regional gross domestic product growth trends and are therefore impacted more by macro-economic factors.

Raw materials

The main feedstocks used in this business are kerosene, benzene, ethane, ethylene, oleochemical and aluminium (all purchased externally with the exception of some portion of our ethylene which is produced at our Lake Charles facility and the Fischer-Tropsch based feedstock used for our South African alcohol production). The prices of most of these materials are related to crude oil and energy pricing and the prices follow the movement of crude oil and energy pricing reasonably closely and, to a lesser extent, lauric oils. In view of the expected increase in oleochemical-based alcohol production, the differential between crude oil and lauric oils is expected to become increasingly important in determining competitiveness. Sasol O&S, unlike other producers, manufactures products from multiple feedstocks and thus has a built-in natural hedge, which becomes especially important in times of high price volatility.

Marketing channels

Over 90% of the products produced by Sasol O&S are sold directly to end-use customers by our sales and marketing personnel. A limited number of distributors are used. Approximately 60% of the total sales by Sasol O&S are conducted under annual and in some cases multi-year contracts.

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Factors upon which the business is dependent

The business, especially margins, is dependent on the supply and demand of the various products that we make and the feedstock costs. Demand growth is typically GDP driven with some exceptions of higher growth products and markets. Supply is primarily influenced by the build-up of new capacity in the developing regions, especially China, India and Southeast Asia. Feedstock costs generally follow the trends of crude oil and vegetable oil.

We are in the ongoing process of obtaining the relevant data required in order to comply with REACH, which became effective on 1 June 2007. We have already complied with the first major deadline and registered our highest volume products at the end of the 2010 calendar year. We are now the process of registering the second tier volume of products, and we expect to meet the deadline of May 2013. The estimated total costs of compliance over the next 10 years amount to approximately €22 million. To date, €6,3 million has been incurred to comply with the REACH policy.

Property, plants and equipment

The following table summarises the production capacity for each of our main product areas.

Production capacity at 30 June 2012

Product	Facilities location	Total[(1)] (ktpa)
Surfactants	United States, Europe, Far East, Middle East	**1 000**
C_{6+} alcohol	United States, Europe, South Africa, Far East	**630**
Ethylene	United States	**455**
Inorganics	United States, Europe	**70**
Paraffins and olefins	United States, Europe	**750**
LAB	United States, Europe	**435**

(1) Nameplate capacity represents the total saleable production capacity. Due to the integrated nature of these facilities, the requirement for regular statutory maintenance shutdowns and market conditions, actual saleable volumes will be less than the nameplate capacity.

Other chemical activities

Sasol Wax

Nature of the operations and its principal activities

We produce and market wax and wax-related products to commodity and specialty wax markets globally. We refine and blend crude oil-derived paraffin waxes, as well as synthetic waxes produced on the basis of our Fischer-Tropsch technology.

The overall volume of products marketed by the business amounts to approximately 635 ktpa, of which approximately 30% are products derived from the Fischer-Tropsch process. The product portfolio includes paraffin waxes, both fully refined and semi-refined, produced and marketed in various grades, as well as Fischer-Tropsch-based synthetic waxes which include the Fischer-Tropsch-derived hard wax, the Fischer-Tropsch-derived medium wax and liquid paraffins in the carbon range C_5 through C_{20}. Various specialty blends of waxes are also produced and marketed. We continue to develop niche markets for higher-value specialty waxes, such as those used by the cosmetics, pharmaceutical, construction-board, adhesive, polymer additives, inks and coatings and bitumen additive industries. We also produce wax emulsions at our facilities in Germany, Austria, South Africa, the US and United Kingdom. We produce and market petroleum jelly and trade in white-oils to support our personal care business.

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We manufacture and sell candles from our subsidiary, Price's Candles in South Africa. We supply the Middle East market as well as our operations in Hamburg with additional paraffin waxes from our subsidiary, Alexandria Wax Products Company, located in Egypt.

Principal markets

The division markets its products globally, but its main markets are in Europe, the US and Southern Africa. Approximately 25% of waxes are sold to candle manufacturing companies and the balance is sold to numerous market segments, including cosmetics, pharmaceutical, construction-board, adhesive, polymer additives, inks and coatings and bitumen additive industries. N-paraffins are sold predominantly into the drilling-fluids market (west coast of Africa) and for use in the plastics industry (mainly South Africa, India and the Far East).

The overall world market for waxes is estimated at about 4 500 ktpa and our main competitors in the commodity market are ExxonMobil, Shell, China Oil and Sinopec. In the specialty wax markets our main competitors are H & R Wax Company, International Group Inc. and Paramelt. Shell Malaysia is the only other hard wax producer.

Seasonality

The candle market in Europe is seasonal in nature, with demand peaking prior to the festive season in December. In South Africa, demand is relatively stable although higher demand is evident in the winter season. The other market segments that Sasol Wax services are more driven by economic growth than seasonality.

Marketing channels

Marketing is mostly done by own resources in all geographical areas where we operate. Primary marketing areas are Europe, the US and South Africa, but we also market our products in the rest of Africa, Latin America, the Middle East, Asia, and Australasia. Agents are also used, where appropriate.

Factors upon which the business is dependent

As a result of the move from production of group I to group II & III base-oils, it is expected that there will be a long-term decline in the availability of slack wax.

It is expected that GTL production capacity will increase in future. GTL facilities typically also produce medium wax as an intermediate product which is cracked to produce liquid fuels. It is possible to extract this product stream for use in the wax industry.

We are in the ongoing process of obtaining the relevant data required in order to comply with the REACH, which became effective on 1 June 2007. We have already complied with the first major deadline and registered our highest volume products at the end of the 2010 calendar year. We are now in the process of registering the second tier volume of products, and we expect to meet the deadline of May 2013.

Property, plants and equipment

The main production assets are located in Hamburg, Germany; Sasolburg, Johannesburg and Durban in South Africa; and Richmond, California, the US. We also have wax emulsion production facilities located in Birkenhead, United Kingdom and Linz, Austria.

Our plant in Hamburg has a production and blending capacity for paraffin wax of approximately 300 ktpa. It purchases slack wax feedstock from numerous lube-oil-producing refineries predominantly in Europe and Africa. We initially de-oil slack waxes to fully or semi-refined quality and fully

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hydrogenate all final products. Subsequently, various product blends are produced. Products are sold either in liquid bulk or in solidified form.

Our plant in Sasolburg operates Fischer-Tropsch-based technology for the production of synthetic waxes. It uses natural gas as feedstock, supplied by Sasol Gas from Mozambique. We own and operate a wax plant integrated into the Engen refinery in Durban. This plant produces wax blends predominantly for the South African and other African candle industries. The production capacity of the South African wax plants amounts to 220 ktpa of Fischer-Tropsch-derived products.

We also operate a candle factory located in Johannesburg with a capacity of up to 26 ktpa.

In the US, we have a plant based in Richmond, California. The facility receives refined and other waxy products from the Far East and from within the US and markets them in the US. We also distribute Fischer-Tropsch-derived and paraffin waxes via this operation.

Production capacity at 30 June 2012

Product	Europe	South Africa	United States	Total[(1)]
		(ktpa)		
Paraffin wax and wax emulsions	430			**430**
FT-based wax and related products		220		**220**
Paraffin wax		30	100	**130**

(1) Nameplate capacity represents the total saleable production capacity. Due to the integrated nature of these facilities, the requirement for regular statutory maintenance shutdowns and market conditions, actual saleable volumes will be less than the nameplate capacity.

Sasol Nitro

Nature of the operations and its principal activities

Sasol Nitro, a division of Sasol Chemical Industries Limited, our nitrogenous products division, manufactures and markets fertilisers, commercial explosives and related products. The division also markets sulphur produced by other Sasol divisions. All production activities are located in Southern Africa. The business's products are mainly sold within Southern Africa with increasing exports into Western Africa.

The division's product portfolio includes:

- nitric acid;
- ammonium nitrate solution;
- sulphur;
- various grades of fertiliser;
- ammonium sulphate;
- explosives-grade ammonium nitrate;

various packaged explosives; and

explosive accessories non-electronic and electronic initiation systems, boosters and detonating cord.

As part of a settlement agreement with the South African Competition Commission, the ammonia business was transferred out of Sasol Nitro to Sasol Infrachem with effect from 1 July 2011. Sasol Nitro also disposed of the downstream fertiliser blending assets in Durban, Bellville, Endicott, Kimberley and Potchefstroom, all in South Africa, pursuant to this settlement agreement.

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The phosphoric acid plant in Phalaborwa was sold to Meridian International SA (on behalf of its subsidiary, Farmers World Limpopo (Pty) Ltd.) on 30 September 2011. Transfer of ownership occurred on 1 October 2011.

Principal markets

Fertiliser products produced at the South Africa Secunda manufacturing plant are limited to ex-works sales as per the agreement with the South African Competition Commission.

Explosives products and explosive accessory products are mainly sold within Southern Africa, with the company having a large presence in the platinum, iron, gold and coal mining industries with increasing exports into Lesotho, Zimbabwe, Zambia, Namibia, Mozambique and Western Africa.

Seasonality

Fertiliser sales are closely linked to the relevant crop planting seasons. The majority of fertilisers are consumed in grain production, and specifically maize and wheat production, for which inland planting starts in October and runs through to January. Explosives products are used in both opencast and underground mining, with sales spread evenly throughout the year.

Raw materials

Ammonia, produced by Sasol Infrachem at its Sasolburg plant and by Sasol Synfuels at its Secunda facilities, is the main feedstock used in the production of nitric acid and ammonium nitrate, which is the feedstock for explosives and the nitrogen based fertiliser products.

Raw materials for non-electronic initiation systems are sourced from both the US and are also locally produced by Sasol Dyno Nobel, a 50% joint venture at Ekandustria, Bronkhorstspruit, South Africa.

Fertilisers are usually a combination of nitrogen, potassium and phosphates in a so-called N:P:K (nitrogen : phosphate : potassium) formulation. The nitrogen compound consists mainly of either Sasol produced ammonium nitrate or imported urea. The phosphate compound is sourced from local phosphoric acid suppliers, while all of South Africa's potassium needs for its fertiliser industry are imported in the form of potash.

Marketing channels

Fertilisers are supplied to the Southern Africa farming community through bulk sales ex factory gate, directly to end users or via distributors, co-operatives and competitors.

Explosives and explosive accessories are primarily supplied to the Southern African mining industry and explosives grade ammonium nitrate is exported to the rest of Africa.

Factors on which the business is dependent

The profitability of the business is dependent on the international ammonia and urea prices, international mining and agricultural commodity prices, mining and agriculture activity, and the exchange rate. International mining commodity prices influence the demand for explosives, while the variability of maize and other crop production influence the market demand for fertiliser.

Property, plants and equipment

All production facilities of Sasol Nitro are currently located in South Africa.

Sasol Nitro own and operates two nitric acid plants. The smaller 315 ktpa unit in Sasolburg is linked to a downstream ammonium nitrate plant. The ammonium nitrate produced at the Sasolburg operations is used mainly for the production of explosive grade low-density ammonium nitrate.

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The 470 ktpa nitric acid plant in Secunda supplies a downstream ammonium nitrate plant linked to a 500 ktpa fertiliser granulation and liquid facility. The granulation plant produces limestone ammonium nitrate fertilisers and various other fertiliser blends containing nitrogen, phosphorus and potassium. Ammonium nitrate for industrial use is sourced from both the Sasolburg and Secunda sites.

In 2012, Sasol Nitro commissioned a new 400 ktpa fertiliser limestone ammonium nitrate granulation plant in Secunda, replacing the existing granulation facility.

Sasol Nitro also manufactures bulk explosives at various mining sites in South Africa and cartridge explosives in Ekandustria and Secunda. Sasol Dyno Nobel (Sasol Nitro has a 50% shareholding) manufactures non-electronic initiation systems in Ekandustria.

Production capacity at 30 June 2012

Product	**Secunda**	**Sasolburg**	**Ekandustria**	**Other**	**Capacity[1]**
		(Number of plants)			**(ktpa)**
Granular and liquid fertilisers[2]	2				**700**
Fertiliser bulk blending[2]	1				**300**
Ammonium sulphate	1				**100**
Explosives	3	1	2	1	**300**

(1) Nameplate capacity represents the total saleable production capacity. Due to the integrated nature of these facilities, the requirement for regular statutory maintenance shutdowns and market conditions, actual saleable volumes will be less than the nameplate capacity.

(2) Five downstream fertiliser regional blending and liquid fertiliser facilities have been disposed of as per the settlement agreement with the South African Competition Commission.

Sasol Infrachem

Nature of the operations and its principal activities

Sasol Infrachem is the supplier of utilities and services to various Sasol business units (Sasol Polymers, Sasol Solvents, Sasol Wax, Merisol and Sasol Nitro) as well as external businesses in Sasolburg. Sasol Infrachem operates and maintains the auto thermal reformer (ATR), which reforms natural gas into synthesis gas. Sasol Infrachem is the custodian of the Sasolburg gas loop and the primary responsibility of this function is to ensure that the reformed gas demand/supply is balanced and that reformed gas is supplied to the users of gas on its site.

Sasol Infrachem manufactures and markets ammonia and speciality gases, including hydrogen. The ammonia business was transferred from Sasol Nitro to Sasol Infrachem with effect from 1 July 2011.

Seasonality

Ammonia sales are linked to the seasonal demand in fertilisers consumed in grain production and to explosives consumed in the mining industry. Specialty applications markets such as metal refining, yeast and amine production also consume ammonia.

Raw materials

Coal required for steam and power generation is sourced internally from Sasol Mining and natural gas is sourced from Sasol Gas. Raw water is sourced from the Vaal River and potable/drinking water is sourced from the local municipality. Electricity is purchased from Eskom, the state-owned electricity provider.

The Sasolburg plant uses natural gas as feedstock in the manufacture of ammonia.

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Principal markets

Sasol Infrachem's production of gas, steam and other utilities is used internally by Sasol's businesses located in Sasolburg.

About half of Sasol's total ammonia production is used by Sasol Nitro to produce ammonium nitrate-based fertilisers and explosives. The balance of ammonia is sold mainly to other South African explosives and fertiliser manufacturers with relatively small quantities sold for use in other industrial applications, which include chemical manufacture and mineral beneficiation.

Sasol is the only ammonia producer in South Africa, with a total nameplate production capacity of 660 ktpa.

Marketing channels

Ammonia is supplied to the fertiliser and explosives industries to external customers as well as internally within Sasol on an arms-length basis. Ammonia is also supplied to specialised applications in industries including yeast and amines production and metal refining. Speciality gases are mainly supplied to multi-national gas companies within South Africa.

Factors on which the business is dependent

The profitability of the ammonia business is mainly dependent on the international ammonia prices and the exchange rate.

Property, plants and equipment

Production capacity at 30 June 2012

Product	Facilities location	Total[1]
Steam	South Africa	1 750 tons per hour (tph)
Electricity	South Africa	175 megawatts (MW)
Water	South Africa	123 mega litres per day (Ml/day)
Reformed gas (ATR)	South Africa	50 million gigajoules per annum (GJ/a)
Ammonia[2]	South Africa	660 ktpa

(1) Nameplate capacity represents the total saleable production capacity. Due to the integrated nature of these facilities, the requirement for regular statutory maintenance shutdowns and market conditions, actual saleable volumes will be less than the nameplate capacity.

(2) Includes volumes produced by Sasol Synfuels. The Sasolburg ammonia business is housed in Sasol Infrachem from 1 July 2011 as part of the settlement with the South African Competition Commission.

Merisol

Nature of the operations and its principal activities

Merisol is a joint venture company formed in 1997 by the merger of Sasol Phenolics in Sasolburg, with the phenolics activities of Merichem Company, based in Houston, Texas, the US. The joint venture partners each own 50% of Merisol. Merisol has a strong presence in the global market for natural phenolics and cresylics with manufacturing facilities in Sasolburg, Houston and Winnie, Texas, and Oil City, Pennsylvania, the US. Merisol has a 20:80 venture (Merisol holding 20%) with Chang Chun Plastics of Taiwan for the production in Sasolburg of ortho-cresol novolac, a precursor to high-performance epoxy resins used for encapsulating memory and processor chips. Merisol is the supplier of ortho-cresol feedstock and operates and manages this plant.

Merisol manufactures the pure products, phenol, ortho-cresol, meta-cresol and para-cresol, and a diverse range of blended products, consisting of mixtures of phenol, cresols, xylenols and other phenol

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derivatives. These blends are known collectively as cresylic acids. Both the Sasolburg and Houston plants produce phenol- and ortho-cresol and cresylic acids. The Houston and Winnie plants use proprietary separation technologies to produce high-purity mixtures of meta-, para-cresol as well as pure meta-cresol and para-cresol, making Merisol one of the few producers of these products in the world.

Principal markets

The pure products, phenol, ortho-cresol, meta-cresol and para-cresol, are sold in competition with synthetically produced equivalents. Merisol is relatively small in the global phenol market, but strong in the South African and North American markets and in selected niche markets elsewhere.

Merisol supplies a significant proportion of the cresol and cresylic acids global markets for:

- ortho-cresol, where the main competitors include Sabic Innovative Plastics, Lanxess, Nippon Steel Chemicals, Rütgers Chemicals and Deza;
- meta-cresol, where the main competitors include Lanxess and Honshu Chemical;
- para-cresol, where the main competitors include Konan Chemical, Atul Chemicals and various Chinese producers;
- high purity mixtures of meta-, para-cresol, where the main competitors include Mitsui Chemicals and Lanxess; and
- wire enamel solvents where the main competitors are Rütgers- Chemicals, Deza, C-Chem, Mitsui Chemicals and various Chinese producers.

Merisol derives about 70% of its turnover from North and South America, Europe and Far East markets and the balance from South Africa and other regions.

Seasonality

There is little seasonality associated with the products or the markets in which we participate. The business is driven by market demands which are normally slightly higher in the second half of the financial year.

Raw materials

Merisol derives its raw material as a by-product of coal gasification that is recovered for purification and separation, mostly from Sasol. Most of the raw materials are subject to fluctuations in the oil price.

Marketing channels

Merisol markets its products worldwide through sales offices in the United Kingdom, Hong Kong, the US and South Africa. Markets are served from product inventories held in Antwerp, Belgium, for the European market, in Houston, for the US market and Sasolburg and Durban for most other markets, including Asia.

Factors upon which the business is dependent

The plants operate using a combination of distillation and proprietary technologies developed and licenced by Sasol Technology, as well as proprietary technologies developed and licenced by Merichem. Being fully integrated into the Sasol operations in South Africa, the company is dependent on Sasol Synfuels and Sasol Infrachem for the supply of both its raw materials and utilities (electricity, water and air).

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We are in the ongoing process of obtaining the relevant data required in order to comply with the REACH, which became effective on 1 June 2007. We have already complied with the first major deadline and registered our highest volume products at the end of the 2010 calendar year. We are now in the process of registering the second tier volume of products, and we expect to meet the deadline of May 2013.

Property, plants and equipment

Merisol's Sasolburg plant, including the tar naphtha extraction plant, uses feedstock from Sasol's coal gasification activities at Secunda. During 2007, the US operations completed rationalisation and streamlining of its Houston plant to reduce costs.

Merisol owns a butylation plant at Oil City, Pennsylvania, producing di-butyl para-cresol (BHT) and meta-cresol from meta-, para-cresol and pure para-cresol feedstock supplied from Merisol's Houston plant.

Production capacity at 30 June 2012

Product	United States	South Africa	Total[(1)]
		(ktpa)	
Phenol	10	35	**45**
Ortho-cresol	6	9	**15**
Meta- and para-cresol	16		**16**
Meta-, para-cresol mixtures	30		**30**
Cresylic acids and xylenols	20	25	**45**
High-boiling tar acids	1	3	**4**
Butylated products	13		**13**

(1) Nameplate capacity represents the total saleable production capacity for the entire joint venture. Due to the integrated nature of these facilities, the requirement for regular statutory maintenance shutdowns and market conditions, actual saleable volumes will be less than the nameplate capacity.

Other businesses

Sasol Technology

Nature of the operations and its principal activities

Sasol Technology, as the technology partner in the group, is fully committed to the Sasol group growth objectives by working together with the business units and taking responsibility for the long-term research and development of technology improvements as well as developing new technologies. Through engineering and project execution activities Sasol Technology demonstrates its commitment to the delivery of viable solutions to our business partners for their operation.

Directing technology

Sasol Technology is responsible for leading and directing Sasol's technology future, by delivering strategies for long-term research and development, technological improvements and new, innovative and cleaner technologies.

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Acquiring technology research and development

The central research and development division in Sasolburg focuses on fundamental research, while the decentralised divisions focus on product applications. The Sasolburg research facility was expanded and modernised with the aim to:

- enhance infrastructure through enabling the installation of new pilot- plants to expand operational efficiency and flexibility;
- allow the relocation, upgrading and full integration of existing pilot plants;
- enable enhanced reactor and catalyst development programs in support of our advanced Fischer-Tropsch technology development objectives;
- install modern process control systems; and
- improve the capturing of the information generated.

The enhanced facilities allow the opportunity to commercialise new and improved petrochemical processes more effectively. The central research function has a full suite of state-of-the-art pilot plants to support both current and the development of future technologies. As new technologies are developed, these facilities are growing, with new pilot plant and laboratory facilities being added on an ongoing basis. A new research and development building was completed during 2012 which allowed for the renovation and upgrading of old laboratory space to better equip it for new research challenges. As a result of our investment in facility upgrades in recent years, we are now seeing the benefits in the improved quality and efficiency of our research efforts.

The Sasolburg research activities, supplemented by a presence at the University of St Andrews in Scotland and in Enschede in The Netherlands, are also conducted through external alliances and research collaborations with over 100 research institutions, consortia and universities worldwide. In addition, strong emphasis is placed on training.

Sasol Technology research and development projects over the past decade include the development of the slurry phase and advanced synthol reactors, the development of the proprietary cobalt catalyst, the low temperature Fischer-Tropsch process, ethylene tetramerisation and the 1-heptene to 1-octene conversion process.

A significant part of the research focuses on supporting the CTL and GTL technologies and associated products the production of chemicals from the primary Fischer-Tropsch products is of particular interest.

Research is also focused on the reduction of the Sasol operations' environmental footprint which includes greenhouse gas reduction, water treatment and purification. In this regard, special attention is given to water utilisation, given the location of some of the current and future plants in semi-arid areas. Reduction in greenhouse gases focuses on improving plant efficiencies, carbon dioxide capturing and understanding potential storage alternatives. A dedicated research team has been established to support Sasol New Energy, with a view to Sasol's move to lower carbon sources of energy and establishing a technology position in this field for Sasol, either alone or in partnership with others. Sasol Technology has also increased its focus on exploring technology options adjacent to, but beyond, our current technology portfolio, with a view to diversifying the options available to Sasol.

Commercialising technology front end engineering and technology management

All front end engineering and technology integration and management are performed by specialist Sasol Technology teams, taking the ideas from our research and development teams and engineering them into a commercial proposition for exploitation by the group. The conceptual studies, basic design

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and engineering management of projects are undertaken on an integrated basis with the business unit, leveraging with external technology suppliers and contractors.

Installing technology project execution and engineering

Sasol Technology is responsible for the execution of capital projects and project engineering in the group. The involvement is not only focused in South Africa but also elsewhere in the world where Sasol is undertaking studies and the execution of projects. Delivery of smaller projects and shutdowns are also undertaken. These initiatives are highly leveraged with external engineering and construction contractors.

Optimising technology operations support

Technical support groups work on an integrated basis with the operations personnel of the business units to improve the profitability and optimise plant performance throughout the group.

Principal Markets

Sasol Technology partners with all business units in the Sasol group. However, in line with the group's strategic priorities Sasol Technology is focused on:

South African energy landscape

- ensuring sustainable South African synthetic fuels capacity, specifically in the Secunda Complex, that meets all environmental and modern fuel requirements.

International energy landscape

- implementing prospective GTL and CTL facilities globally; and
- catalyst manufacture facilities to supply GTL and CTL plants with proprietary FT cobalt catalyst.

Chemical landscape

- co-monomers, solvents, polymers and waxes;
- extracting value added products including chemicals from GTL and CTL products; and
- exploring chemical opportunities that do not rely on the Fischer-Tropsch value chain.

New energy landscape

- understanding the energy landscape and evaluating various alternatives with a view to introducing low/no carbon based energy sources into our energy mix.

Sasol group landscape

- long-term strategic research in GTL, CTL, future chemicals and environmental technologies.

Property, plants and equipment

The Sasolburg research facility was expanded affording the opportunity to commercialise new and improved petrochemical processes more effectively. The central research function has a full suite of state-of-the-art pilot plants to support both current and the development of future technologies. Besides the new laboratories and the fuels research facilities in Sasolburg, plans have been approved to expand the fuel testing and engine emissions laboratory in Cape Town, South Africa, to more effectively research the application of our unique GTL and CTL fuels at sea level.

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Legal proceedings and other contingencies

Sasol Nitro In 2004, the South African Competition Commission (the Commission) commenced with investigations against Sasol Nitro, a division of Sasol Chemical Industries Limited (SCI), based on complaints levelled against Sasol Nitro by two of its customers, Nutri-Flo and Profert. Both complaints were subsequently referred to the Competition Tribunal (the Tribunal) by the Commission. In May 2009, SCI and the Commission concluded a settlement agreement, in which Sasol Nitro acknowledged that, in the period from 1996 to 2005, it had contravened the Competition Act by fixing prices of certain fertilisers with its competitors, by agreeing with its competitors on the allocation of customers and suppliers and by collusively tendering for supply contracts. Sasol Nitro subsequently paid an administrative penalty of R250,7 million.

Civil claims and law suits totalling approximately R52 million have been instituted against Sasol arising from the admissions made in the settlement agreement. It is currently not possible to make an estimate of a contingent liability and accordingly, no provision was made as at 30 June 2012. The period for filing civil claims prescribed on 20 May 2012, therefore no additional claims may be made against Sasol arising from the admitted contraventions.

Sasol Nitro did not at the time, as part of the abovementioned settlement agreement, admit to engaging in price discrimination, excessive pricing or exclusionary practices.

Sasol Nitro, however, continued with its engagement of the Commission and on 5 July 2010, Sasol Nitro concluded a further settlement agreement with the Commission. In terms of this settlement, Sasol Nitro has restructured its fertiliser business.

The settlement agreement is a full and final settlement of the alleged contraventions of excessive pricing and exclusionary practices, which were the subject of the Nutri-Flo and Profert referrals. On 20 July 2010, the Tribunal confirmed the settlement agreement. No finding was made relating to abuse of dominance and accordingly no administrative penalty was imposed. Sasol also did not make any admissions as to abuse of dominance.

The settlement agreement included the following salient structural changes to Sasol Nitro's fertiliser business model:

Divesting its regional blending capacity in Bellville, Durban, Kimberley, Potchefstroom and Endicott whilst retaining its full production activities in Secunda;

Altering Sasol Nitro's fertiliser sales approach to a Secunda ex-works model. All fertiliser retail agent contracts have been phased out and a new fertiliser sales operating model formulated;

Pricing all ammonium nitrate based fertilisers on an ex-Secunda basis;

Housing the ammonia business in a separate business unit from Sasol Nitro; and

Phasing out ammonia imports on behalf of customers in South Africa.

Sasol Nitro concluded confidential settlement agreements with Profert and Nutri-Flo in terms of which any and all of the complaints arising from the Commission's investigations were settled without admission of any liability or admission of any anti-competitive or unlawful conduct as alleged by Profert and Nutri-Flo.

The settlement together with the changes to the Sasol Nitro business, will not have a material adverse impact on the Sasol group.

Sasol Nitro complaint referral by Omnia On 31 August 2011, Omnia Group (Pty) Ltd. (Omnia) submitted a complaint against SCI to the Commission. The complaint alleged, among other things, excessive pricing for ammonia and price discrimination in respect of ammonia.

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On 7 March 2012, the Commission issued a notice of non-referral in respect of the complaint on the grounds that the conduct complained of was substantially the same as the conduct which the Commission had settled on with Sasol in July 2010.

On 5 April 2012, Omnia themselves referred the complaint to the Tribunal. Omnia alleges that SCI charged Omnia an excessive price for ammonia during the period from May 2006 to December 2008 and that SCI has prevented Omnia from expanding within the markets for the supply of certain fertilisers during the period from May 2006 to December 2008 and that SCI has engaged in prohibited price discrimination in respect of ammonia.

SCI does not agree with the allegations made and is defending the matter. The allegations made are substantially similar to allegations in a civil claim for damages made by Omnia in 2009, which SCI is also defending in arbitration proceedings. The competition law complaint, and subsequent referral, have been made by Omnia prior to completing the prosecution of their arbitration claim to completion.

It is currently not possible to make an estimate of a contingent liability from the claim and, accordingly, no provision was made as at 30 June 2012.

Sasol Wax On 1 October 2008, following an investigation by the European Commission, the European Union found that members of the European paraffin wax industry, including Sasol Wax GmbH, formed a cartel and violated antitrust laws.

A fine of €318,2 million was imposed by the European Commission on Sasol Wax GmbH (of which Sasol Wax International AG, Sasol Holdings in Germany GmbH and Sasol Limited would be jointly and severally liable for €250 million). According to the decision of the European Commission, an infringement of antitrust laws commenced in 1992 or even earlier. In 1995, Sasol became a co-shareholder in an existing wax business located in Hamburg, Germany owned by the Schümann group. In July 2002, Sasol acquired the remaining shares in the joint venture and became the sole shareholder of the business. Sasol was unaware of these infringements before the European Commission commenced their investigation at the wax business in Hamburg in April 2005.

On 15 December 2008, all Sasol companies affected by the decision lodged an appeal with the European Union's General Court against the decision of the European Commission on the basis that the fine is excessive and should be reduced. As a result of the fine imposed on Sasol Wax GmbH, on 23 September 2011, Sasol Wax GmbH has been served with a law suit in The Netherlands by a company to which potential claims for compensation of damages have been assigned to by eight customers. On 30 September 2011, another law suit was lodged with the London High Court by 30 plaintiffs against Sasol Wax GmbH, Sasol Wax International AG and Sasol Holdings in Germany GmbH. The law suits do not demand a specific amount for payment. The result of these proceedings cannot be determined at present, however, a provision was recognised at 30 June 2012 for the estimated liability.

Dorothy Molefi and others In June 2004, certain plaintiffs sued Sasol Limited and National Petroleum Refiners of South Africa (Pty) Ltd. (Natref) and various other defendants in two claims in the United States District Court for the Southern District of New York. These claims are similar to many instituted against a large number of multi national corporations worldwide under the Alien Tort Claims Act (ATCA) and the Torture Victim Protection Act, referred to as the related cases. The plaintiffs allege a conspiracy between the defendants and both the former "Apartheid Era Government" as well as the post 1994 democratic government in South Africa of former Presidents Mandela and Mbeki, resulting in the genocide of South Africa's indigenous people and other wrongful acts. Defendants in the related cases moved to dismiss the actions against them.

The Molefi action against Sasol Limited and Natref was stayed in September 2004 pending a decision on the motions to dismiss in the related cases. The motion to dismiss in the related cases was granted, and plaintiffs appealed to the Second Circuit Court of Appeals. During October 2007, the

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appeal was decided, and plaintiffs in those related cases were successful on one of the three grounds of appeal, thus enabling the plaintiffs to amend their complaint to assert additional factual allegations to meet the requirements of the ATCA. The case was then appealed to the United States Supreme Court. In May 2008, the Supreme Court issued an order stating that because four justices recused themselves, the United States Supreme Court lacked the necessary quorum and therefore affirmed the judgement of the Second Circuit Court of Appeals with the same effect as an affirmance by an equally divided court, namely, it does not have precedential effect. In March 2009, the United States District Court for the Southern District of New York issued an order dismissing the case against Sasol and the other defendants based on failure to prosecute. Despite this order, it remains possible for plaintiffs to join Sasol and the other defendants to the related cases.

In September 2010, the Second Circuit Court of Appeals in a separate decision in a case titled Kiobel v. Royal Dutch Petroleum found that the jurisdiction granted by the ATCA does not extend to civil actions brought against "private judicial entities" or corporations. This decision stands until either overturned on appeal or departed from or distinguished in other judicial decisions. However, in July 2011, the US Circuit Court for the DC Circuit ruled, in a separate case involving claims under the ATCA, that the ATCA can give rise to corporate liability. Subsequently, plaintiffs in Kiobel v. Royal Dutch Petroleum were granted a writ of certiorari to the US Supreme Court on three issues: 1) whether the issue of corporate civil liability should be treated as a jurisdictional issue; 2) whether the ATCA applies to corporations; and 3) whether and under what circumstances the ATCA allows courts to recognise a cause of action for violations of the law that occur outside of the territory of the United States.

In February 2012, the Supreme Court heard argument in the Kiobel case. In March 2012, the Supreme Court ordered re-argument and directed the parties to file supplemental briefing addressing the third issue, namely, whether the ATCA allows federal courts to hear lawsuits alleging international law violations that occur outside of the territory of the United States. Briefing on the expanded issue was completed in August 2012, and a date for oral argument is expected to be set for the Supreme Court's next term, which begins in October 2012. A final judgement from the Supreme Court is not expected until the 2013 calendar year.

Sasol Polymers As previously disclosed by Sasol, the Commission has been investigating the South African polymers industry. On 12 August 2010, the Commission announced that it had referred its findings to the Tribunal for adjudication.

The complaints that the Commission referred to the Tribunal alleged that SCI had, in the pricing of polypropylene and propylene in the domestic South African market, contravened section 8(a) of the Competition Act (the Act), in that its prices for each of the products were excessive. The referral further alleged that in regard to a formula employed and information exchanged between SCI and Safripol (Pty) Ltd. (Safripol) to determine the price of propylene which SCI sold to Safripol, SCI and Safripol had contravened section 4(1)(b)(i) of the Act by engaging in price fixing. The Commission also announced that it had simultaneously reached a settlement with Safripol in which Safripol admitted that the supply agreement between SCI and Safripol and its implementation amounted to the indirect fixing of a price or trading condition in contravention of the Act. This settlement agreement between the Commission and Safripol was confirmed by the Tribunal on 25 August 2010.

On 14 December 2010, Sasol Polymers, a division of SCI, concluded a settlement agreement with the Commission in relation to its existing propylene supply agreement (the Supply Agreement) with Safripol. The Supply Agreement was concluded pursuant to concerns raised by Safripol in relation to the proposed merger in 1993 of Sasol Limited and AECI Limited's monomer, polymer and certain other chemical operations. To address these concerns, the then Competition Board required a supply agreement, which would ensure Safripol's ongoing access to propylene according to a pricing formula, which would result in market-related prices. At the time, neither party understood this pricing formula

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to give rise to competition law concerns. The Commission, in terms of the current Competition Act, alleged that the pricing formula, which required the exchange of pricing information amounted to indirect price fixing.

Given the uncertainty surrounding the legal position in relation to the pricing formula and the technicality of the matter, it was considered prudent to settle the matter. Sasol Polymers therefore agreed to pay a penalty of R111,7 million, which represented 3% of Sasol Polymers' turnover derived from its sale of polypropylene products for its 2009 financial year. The settlement agreement is in full and final settlement of the Commission's allegations that the pricing formula gave rise to indirect price fixing. The settlement agreement was confirmed by the Tribunal on 24 February 2011.

As mentioned above, the Commission also contended that the prices at which Sasol Polymers supplied propylene and polypropylene were excessive for the period 2004 to 2007. Sasol Polymers does not agree with the Commission's position in this regard and is contesting the Commission's allegations. Consequently, the Commission's allegations in respect of excessive pricing do not form any part of the settlement agreement concluded between the parties. The results of the excessive pricing investigation by the Commission and the outcome of the hearing by the Tribunal, which is scheduled for mid May 2013, cannot be determined at present and accordingly, no provision was made at 30 June 2012.

On 31 July 2012, a letter was received from the Commission whereby Sasol was advised that the Commission had initiated a new abuse of dominance complaint against Sasol Limited, Sasol Oil (Pty) Ltd., Sasol Synfuels (Pty) Ltd. and SCI. This new complaint is based on a complaint which was initially submitted to the Commission by Safripol in November 2011.

The initial Safripol complaint alleged that SCI had contravened various sections of the Act with regard to the pricing and supply of propylene and ethylene. Safripol subsequently withdrew the complaint.

The Commission has, however, decided to continue with its investigation into the matter. The allegations under investigation are excessive pricing of propylene and ethylene required by Safripol, constructive refusal to supply scarce goods (namely propylene and ethylene), margin squeeze in respect of the supply of propylene and polypropylene and price discrimination in relation to the sale of propylene and ethylene. These are all abuse of dominance allegations. The period of the investigation is from 2008 to date. Sasol continues to defend itself against these allegations.

Bitumen Pricing A review of competition law compliance at Sasol Oil and Tosas identified a competition compliance concern related to the use of a bitumen pricing methodology agreement reached within the South African Bitumen and Tar Association (SABITA), of which Sasol Oil and Tosas are members, along with other oil companies. Sasol Oil and Tosas thereupon approached the Commission for leniency in terms of the Commission's corporate leniency policy and were granted conditional leniency by the Commission in April 2009. On 4 March 2010, the Commission announced that it had referred the findings of its investigation into bitumen pricing to the Tribunal for adjudication.

Sasol Oil and Tosas, as leniency applicants, were granted conditional immunity from prosecution and no penalty was sought by the Commission against Sasol or its subsidiaries. On 22 February 2012, the Commission concluded settlement agreements with the remaining respondents.

Sasol Gas On 30 October 2009, after being advised that certain provisions in a suite of agreements concluded between Sasol Gas, Coal, Energy and Power Resources Limited (CEPR) and Spring Lights Gas (Pty) Ltd. (Spring Lights) constituted contraventions of the Act, Sasol Gas applied for leniency in terms of the Commission's corporate leniency policy and obtained conditional leniency. Subsequent to Sasol Gas' leniency application, the Commission investigated the matter and found that provisions in the agreements resulted in fixing of prices and had the effect of dividing the piped gas market by allocating customers and territories. The suite of agreements related to the establishment of

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Spring Lights as a broad-based black economic empowerment (BBBEE) company for the purpose of acquiring a portion of the business of Sasol Gas as part of Sasol's BBBEE strategy at the time.

On 20 August 2010, Spring Lights concluded a settlement agreement with the Commission in terms of which Spring Lights acknowledged the mentioned contraventions and agreed to pay an administrative penalty of R10,8 million.

Spring Lights had also made an application to the Commission to exempt the conduct set out in these agreements, on the basis that it promoted the ability of small businesses, or firms controlled or owned by historically disadvantaged persons, to become competitive, in terms of section 10 (3)(b)(ii) of the Act. Spring Lights's settlement agreement was considered by the Tribunal on 1 September 2010 but the matter was postponed *sine die* to enable the Commission to make a ruling on the exemption application of Spring Lights. On 26 March 2012, the Commission gazetted its refusal to grant the exemption. On 7 August 2012, the Commission again approached the Tribunal regarding the approval of the settlement agreement. The Tribunal again postponed the matter ordering the parties to effect certain amendments to the applicable commercial agreements before the Tribunal would be willing to consider its approval of the settlement agreement.

Other From time to time Sasol companies are involved in other litigation and administrative proceedings in the normal course of business. Although the outcome of these proceedings and claims cannot be predicted with certainty, the company does not believe that the outcome of any of these cases would have a material effect on the group's financial results.

Competition matters

Sasol is continuously evaluating and enhancing its compliance programmes and controls in general, and its competition law compliance programme and controls in particular. As a consequence of these compliance programmes and controls, including monitoring and review activities, Sasol has also adopted appropriate remedial and/or mitigating steps, where necessary or advisable, lodged leniency applications and made disclosures on material findings as and when appropriate. As reported previously, these compliance activities have already revealed, and may still reveal competition law contraventions or potential contraventions in respect of which we have taken, or will take, appropriate remedial and/or mitigating steps including lodging leniency applications.

The Commission is conducting investigations into the South African piped gas, coal mining, petroleum, fertilisers and polymer industries. Sasol continues to interact and co-operate with the Commission in respect of the subject matter of current leniency applications brought by Sasol, conditional leniency agreements concluded with the Commission, as well as in the areas that are subject to the Commission's investigations.

Environmental Orders

Sasol is subject to loss contingencies pursuant to numerous national and local environmental laws and regulations that regulate the discharge of materials into the environment and that may require Sasol to remediate or rehabilitate the effects of its operations on the environment. The contingencies may exist at a number of sites, including, but not limited to, sites where action has been taken to remediate soil and groundwater contamination. These future costs are not fully determinable due to factors such as the unknown extent of possible contamination, uncertainty regarding the timing and extent of remediation actions that may be required, the allocation of the environmental obligation among multiple parties, the discretion of regulators and changing legal requirements.

Sasol's environmental obligation accrued at 30 June 2012 was R8 911 million compared to R6 900 million at 30 June 2011. Included in this balance is an amount accrued of approximately R3 842 million in respect of the costs of remediation of soil and groundwater contamination and similar

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environmental costs. These costs relate to the following activities: site assessments, soil and groundwater clean-up and remediation, and ongoing monitoring. Due to uncertainties regarding future costs the potential loss in excess of the amount accrued cannot be reasonably determined.

Although Sasol has provided for known environmental obligations that are probable and reasonably estimable, the amount of additional future costs relating to remediation and rehabilitation may be material to results of operations in the period in which they are recognised. It is not expected that these environmental obligations will have a material effect on the financial position of the group.

As with the oil and gas and chemical industries generally, compliance with existing and anticipated environmental, health, safety and process safety laws and regulations increases the overall cost of business, including capital costs to construct, maintain, and upgrade equipment and facilities. These laws and regulations have required, and are expected to continue to require, the group to make significant expenditures of both a capital and expense nature.

Regulation

The South African government has, over the past 17 years, introduced a legislative and policy regime with the imperative of redressing historical, social, and economic inequalities, as stated in the Constitution of the Republic of South Africa, by way of the empowerment of historically disadvantaged South Africans (HDSAs) in the areas of ownership, management and control, employment equity, skills development, procurement, enterprise development and socio-economic development.

The majority of our operations are based in South Africa, but we also operate in numerous other countries throughout the world. In South Africa, we operate coal mines and a number of production plants and facilities for the storage, processing and transportation of raw materials, products and wastes related to coal, oil, chemicals and gas. These facilities and the respective operations are subject to various laws and regulations that may become more stringent and may, in some cases, affect our business, operating results, cash flows and financial condition.

Empowerment of historically disadvantaged South Africans

Broad-based Black Economic Empowerment Act, 53 of 2003

Sasol is well aligned with the economic transformation and sustainable development objectives embodied in the South African legislative and regulatory framework governing Broad-Based-Black-Economic Empowerment (BBBEE). The key elements of this framework are the BBBEE Act, the Codes of Good Practice for BBBEE issued by the Minister of Trade and Industry in terms of the Act (the Codes), as well as the Charters (i.e. the Mining Charter and Liquid Fuels Charter in South Africa addressing employment equity) adopted by the various sectors within which Sasol operates businesses and related scorecards. The measures discussed below reflect Sasol's commitment to giving meaningful effect to the letter and spirit of the BBBEE legislative and regulatory framework.

Sasol Inzalo share transaction

The Sasol Inzalo share transaction is one of the major broad-based black economic empowerment initiatives undertaken by Sasol. The share transaction was approved by Sasol shareholders in May 2008. Its components include employee trusts, the Sasol Inzalo Foundation, a transaction for selected participants, as well as a public offering targeted at black participants. It resulted in the transfer of beneficial ownership of 10% (63,1 million shares) of Sasol Limited's issued share capital before the implementation of this transaction to its employees and a wide spread of black South Africans (BEE participants).

It has a tenure of 10 years and the effective date of the transaction for the Employee Trusts and the Sasol Inzalo Foundation was 3 June 2008. The effective date of the transaction for the selected participants was 27 June 2008. The effective date for the black public invitations was 8 September 2008. Refer to "Item 5A Operating results Sasol Inzalo share transaction".

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The Mining Charter

In October 2002, the government and representatives of South African mining companies and mineworkers' unions reached broad agreement on the Mining Charter, which is designed to facilitate the participation of HDSAs in the country's mining industry.

The Mining Charter, together with a scorecard which was published on 18 February 2003 to facilitate the interpretation of and compliance with the Mining Charter (the scorecard), requires mining companies to ensure that HDSAs hold at least 15% ownership of mining assets or equity in South Africa within five calendar years and 26% ownership within 10 calendar years from the enactment of the new Mineral and Petroleum Resources Development Act (MPRDA) which came into force on 1 May 2004.

The Mining Charter was revised after the initial five year period and the revised Mining Charter became effective on 13 September 2010. The revised Mining Charter stated objectives include the:

Promotion of equitable access to the nation's mineral resources to all the people of South Africa;

Substantial and meaningful expansion of opportunities for historically HDSAs to enter the mining and minerals industry and to benefit from the exploitation of the nation's mineral resources;

Utilisation and expansion of the existing skills base for empowerment of HDSAs and to serve the community;

Promotion of employment and advancement of the social and economic welfare of mine communities and major labour sending areas;

Promotion of beneficiation of South Africa's mineral commodities; and

Promotion of sustainable development and growth.

A number of uncertainties exist with regard to the interpretation of some of the elements of the revised Mining Charter. The scorecard reporting template released by the Department of Mineral Resources also added further elements, not contained in the revised Mining Charter.

On 11 October 2007, Sasol Mining announced the implementation of a BEE transaction valued at approximately R1,8 billion in terms whereof a black-woman controlled mining company called Ixia Coal (Pty) Ltd. (Ixia), acquired 20% of Sasol Mining's shareholding through the issue of new shares. The transaction increased Sasol Mining's BEE ownership component by 20%. The effective date of the Ixia Coal transaction was 29 September 2010, when the remaining conditions precedent were met. Refer to "Item 5A Operating results Sasol Mining Ixia BEE transactions".

Various discussions took place with the Department of Mineral Resources to acknowledge the contribution of the Sasol Inzalo share transaction, more specifically Sasol Mining's contribution to the Sasol Inzalo Employee Share Option Programme (ESOP), towards Sasol Mining's BEE ownership status. On 11 May 2012, the Deputy Director General of the Department of Mineral Resources approved that the Sasol Inzalo Employee Share Option Programme may be included in the calculation of Sasol Mining's BEE ownership. The combined effect of the Sasol Inzalo Employee Share Option Programme and the Ixia Coal transaction brings the total BEE ownership of Sasol Mining to above 40%. Sasol Mining exceeds the Mining Charter's current requirements of 26% BEE ownership by 2014.

The Liquid Fuels Charter

In 2000, following a process of consultation, the Department of Minerals and Energy (now the Department of Energy) and a number of companies in the liquid fuels industry, including Sasol Oil,

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signed the Liquid Fuels Charter (the Charter) which sets out the principles for the empowerment of HDSA's in the South African petroleum and liquid fuels industry.

The Charter requires liquid fuels companies, including Sasol Oil, *inter alia*, to ensure that HDSAs hold at least 25% equity ownership in the South African entity holding their operating assets by the end of a period of 10 years from the date of the signing of the Charter.

In order to meet the equity ownership objective of the Charter, Sasol Limited concluded a Black Economic Empowerment (BEE) transaction with an HDSA owned company, Tshwarisano LFB Investment (Pty) Ltd. (Tshwarisano) , with an effective date of 1 July 2006, in terms of which transaction Sasol Limited disposed of 25% of its shareholding in Sasol Oil to Tshwarisano. Refer to "Item 5A Operating results Broad-based Black Economic Empowerment transactions".

The Charter also requires liquid fuels companies to adopt policies to further the other empowerment objectives of the Charter, namely *inter alia*, employment equity, preferential procurement and skills development.

The Charter further provides for the evaluation by the Department of Energy, from time to time, of the industry's progress in achieving the objectives of the Charter. Given the fact that the aforementioned 10 year period had run its course, the Department of Energy initiated a compliance audit in respect of the Charter in the latter part of the 2010 calendar year. Sasol Oil's compliance with the Charter was audited during the first half of the 2011 calendar year and the final industry report, albeit that the written report has not yet been issued to industry, has been discussed with industry by the Department of Energy on an aggregated basis. Sasol Oil awaits the issuance of the final written report.

BEE policies and legislation

The Broad Based Black Economic Empowerment Act, underpinned by the scorecard setting out clear targets for broad-based BEE, was promulgated into law on 9 February 2003. The scorecard measures the following areas:

- ownership;
- management and control;
- employment equity;
- skills development;
- procurement;
- enterprise development; and
- socio-economic development.

As from 1 July 2006, Sasol Oil has met the 25% BEE ownership target with Tshwarisano holding 25% of the shares in Sasol Oil in line with the Liquid Fuels Charter.

Employees

In keeping with the spirit of the Liquid Fuels Charter, as well as the Employment Equity Act, we have set employment equity targets. This requires that advantageous treatment be given to HDSAs in aspects of employment such as hiring and promotion. Employment Equity targets are set out and reviewed periodically to ensure that they are met. Special training and mentorship programmes are in place to create a work environment that is suited to the successful nurturing of HDSA staff.

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Procurement

Procurement is a crucial element of BEE as set out in the Liquid Fuels Charter, as well as in other industry charters and government policy. BEE procurement affords smaller industry players the opportunity to participate meaningfully in the sector. As prescribed in the Liquid Fuels Charter, HDSA owned companies are accorded preferred supplier status as far as possible.

Sasol Oil has established a BEE procurement policy; an enhanced procurement governance model and unique strategies to stimulate growth in its BEE spend.

Corporate social investment

We focus on facilitating the socio-economic development of the communities in which we operate, through partnerships with key stakeholders in these communities.

Social investment is presently channelled into five main areas:

- Education (particularly in mathematics and science);
- Job creation and capacity building;
- Health and welfare;
- Arts, culture and sport development; and
- Environment.

The Restitution of Land Rights Act, 22 of 1994

Our privately held land could be subject to land restitution claims under the Restitution of Land Rights Act, 22 of 1994. Under this act, any person who was dispossessed of rights in land in South Africa as a result of past racially discriminatory laws or practices is granted certain remedies, including, but not limited to:

- restoration of the land claimed with or without compensation to the holder;
- granting of an appropriate right in alternative state-owned land to the claimant; or
- payment of compensation by the state or the holder of the land to the claimant.

The Restitution of Land Rights Amendment Act became law in February 2004. Under the original act, in the absence of a court order, the power of the Minister of Land Affairs to acquire or expropriate land for restitution purposes is limited to circumstances where an agreement has been reached between the interested parties. This act would entitle the minister to expropriate land in the absence of agreement. Such an expropriation could be for restitution or other land reform purposes. Compensation payable to the owner of the land would be subject to the provisions of the Expropriation Act 63 of 1975 and section 25(3) of the South African Constitution which provides, in general, that compensation must be just and equitable.

All claims had to have been lodged with the Land Claims Commission by 31 December 1998. Although this was the final date for filing claims, many claims lodged before the deadline are still being reviewed and not all parties who are subject to claims have yet been notified. We have not been notified of any land claim that could have a material adverse effect on our rights to any of our significant properties. Sasol has

however been notified of a potential land claim over a property that we believe belongs to Sasol Synfuels, namely the farm Goedehoop 301 IS. During the Land Claims Commission's last visit to the affected property/ies on 24 February 2012, measurements were taken to calculate the size of the land in respect of which the claimants were allegedly dispossessed for purposes of calculating the quantum of compensation payable. Although we have not received any written

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confirmation in respect of the remedy that will be granted to the claimants in this matter, the Land Claims Commission did indicate verbally that they acknowledge that the land is not suitable for restoration of ownership and all indications are that compensation may be paid to the claimants by the government. Sasol recently received a further notification of a land claim instituted over the parts of the farm Grootvlein 293 IS. Sasol Mining is the owner of Portions 13 and 29 of the farm Grootvlein 293 IS. At this stage it is unclear which portions of the farm fall within the land claim and whether the claim has any merit.

Regulation of mining activities in South Africa

The Mineral and Petroleum Resources Development Act (MPRDA)

The fundamental principle of the MPRDA, which came into effect on 1 May 2004, is the recognition that the mineral resources of the country are the common heritage of all South Africans and therefore belong to all the people of South Africa. The MPRDA vests the right to prospect and mine, including the right to grant prospecting and mining rights on behalf of the nation, in the state, to be administered by the government of South Africa. Thus, the state is the guardian of all mineral rights and has the right to exercise full and permanent custodianship over mineral resources. However, it contained transitional arrangements for existing operations, to allow these operations to convert its old order rights into new order rights. This transitional period came to an end on 30 April 2009.

The MPRDA imposes significantly more stringent environmental obligations on mining activities than the repealed Minerals Act and also introduces extensive social and labour plan, mining work programme and prospecting work programme requirements.

The MPRDA adopts the environmental management principles and environmental impact assessment provisions of the National Environmental Management Act (NEMA). The MPRDA addresses the allocation of responsibilities for environmental damage, pollution and degradation and imposes rehabilitation obligations. It significantly extends the scope of liability of directors who may be jointly and severally liable for any unacceptable negative impact on the environment, advertently or inadvertently caused by the company. It also allows the state to take remedial action and claim costs. It contains the requirement for an environmental management programme/plan for all prospecting and mining operations and prohibits the carrying out of mining activities before the approval of the programme/plan. When rehabilitation is required, it is not limited to the land surface. We comply with the MPRDA. The South African government has also adopted the MPRDA Amendment Act, 49 of 2008, and the NEMA Amendment Act, 62 of 2008, in an effort to streamline environmental approvals. Even though the NEMA Amendment Act has taken effect, the full alignment is dependent on the MPRDA Amendment Act, which, as yet, has not come into effect. The Minister of Mineral Resources confirmed that the MPRDA is currently being revised and that the new MPRDA Amendment Bill will be published before the end of the 2012 calendar year, for comment and public participation. The purpose of the MPRDA Amendment Bill is to address the ambiguities and grey areas within the MPRDA and the issues that arise pertaining to the mining of associated minerals. In light of this, it is expected that the original MPRDA Amendment Act, will not come into effect at all.

Mining rights

Transitional provisions were included in the MPRDA, which phases out privately held mineral rights held under the repealed legislation. The transitional period came to an end on 30 April 2009, and we have complied with all requirements. All old order prospecting rights have been converted to new order prospecting rights and all our old order mining rights have been converted to new order mining rights. The mining rights in respect of the Mooikraal Operations have been granted for 30 years, while those in respect of the Secunda area have been granted for 10 years, after which both are capable of renewal. The mining rights in respect of the Secunda area were only granted for a

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10 year period as Sasol Mining did not comply with the 26% BEE ownership requirement at the time of conversion. However, on 11 May 2012 the Department of Mineral Resources approved that the Sasol Inzalo Employee Share Option Programme contributes to Sasol Mining's BEE status, through Sasol Mining's participation in the Sasol Inzalo Employee Share Option Programme (ESOP). This will take Sasol Mining BEE ownership to above 40%, which will subsequently enable the Department of Mineral Resources to extend the validity period of the mining rights to 30 years. Sasol Mining exceeds the Mining Charter's current requirements of 26% BEE ownership by 2014. In this regard it should be noted that the holder of a mining right has the right to apply and be granted renewal of a mining right, subject to meeting specified requirements of the MPRDA and the Minister of Mineral Resources must grant renewal if these requirements have been met. Rights can be renewed for periods not exceeding 30 years at a time.

The Mining Titles Registration Amendment Act, 24 of 2003, and regulations have been implemented simultaneously with the implementation of the MPRDA and new amendments to this legislation are under consideration.

The approved social and labour plans and mining work programmes are now legally enforceable, and we have undertaken and will continue to undertake any appropriate action required to ensure retention of our converted mining rights under the MPRDA. To this effect, an external audit confirmed that Sasol Mining is complying with the Mining Charter and approved social and labour plans.

Furthermore, royalties from mining activities are payable to the state, as from 1 March 2010, under provisions contained in the Mineral and Petroleum Resources Royalty Act, 28 of 2008, and the Mineral and Petroleum Royalty Administration Act, 29 of 2008. The most significant feature of the acts is that the royalty is determinable in accordance with a formula-based system. The impact on Sasol Mining for the year ended 30 June 2012 is a cost of R34,9 million (2011 R29,9 million) and an estimated cost of R42,9 million for the year ending 30 June 2013 and R50,7 million for the year ending 30 June 2014. The royalty is deductible for normal income tax purposes.

Regulation of pipeline gas activities in South Africa

The Gas Act

The Gas Act, which is expected to be revised, came into effect on 1 November 2005. The Gas Act regulates matters relating to gas transmission, storage, distribution, liquefaction and re-gasification activities. Among its stated objectives are:

- promoting the efficient development and operation of the respective facilities and the provision of respective services in a safe, efficient, economically and environmentally responsible way;
- promoting companies in the gas industry that are owned or controlled by HDSAs;
- promoting competition and investment in the gas markets; and
- securing affordable and safe access to gas services.

The Gas Act provides for the powers of the National Energy Regulator of South Africa (NERSA) regarding pipeline gas, whose powers include the issuance of licences for a range of activities including:

- the construction, conversion or operation of gas transmission, storage, distribution, liquefaction and re-gasification facilities; and
- trading in gas.

NERSA has the authority to determine maximum prices for distributors, reticulators and all classes of consumers where there is inadequate competition as contemplated in the South African Competition Act. NERSA may impose fines not exceeding R2 million a day, if a licencee fails to comply with its

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licence conditions or with any provisions of the Gas Act. The Piped Gas Regulations issued in terms of section 34(1) of the Gas Act were promulgated on 20 April 2007.

The Regulatory Reporting Manual (RRM) developed in accordance with NERSA's authority to determine the format for regulatory reporting by licenced entities was gazetted in September 2008, with immediate effect.

In terms of the RRM, licencees are required to submit six monthly financial reports to NERSA in compliance with the RRM requirements. The RRM obliges licencees to agree to an implementation plan with NERSA, which includes an agreement on a cost allocation manual which will enable the conversion of Sasol Gas' statutory financial statements to the format required by NERSA as well as the date for the submission of the relevant financial statements to NERSA. Sasol Gas submitted its implementation plan and engaged with NERSA in order to agree the process and schedule for implementation. Separate financial reports are required for the different regulated activities of a licencee. Compliance with the RRM requirements necessitates regulatory reporting and accounting activities in addition to the existing statutory accounting and reporting requirements of Sasol Gas and Republic of Mozambique Pipeline Investments Company (Pty) Ltd. (Rompco). Sasol Gas implemented substantial upgrades to its Enterprise Resource Planning (ERP) system in 2010 in order to enable compliance with the RRM requirements. In accordance with the RRM implementation plan agreed with NERSA, Sasol Gas is required to make its first regulatory report submission by the end of November 2013 in respect of the 2013 financial year. Rompco has submitted its first regulatory report in September 2011, for the 2010 financial year, and is expected to submit the 2011 regulatory report during the second half of the 2012 calendar year.

The National Energy Regulator Act

The National Energy Regulator Act came into operation on 15 September 2005. The National Energy Regulator Act provides for the establishment of a single regulator to regulate the piped gas, petroleum pipeline and electricity industries and for the functions and composition of the energy regulator. A draft National Energy Regulator Amendment Bill has been published for comment and Sasol has subsequently commented on the proposed changes.

On 1 November 2005, NERSA, pursuant to the National Energy Regulator Act, came into existence by the appointment of the four full-time regulators, of which one is the designated chief executive officer of NERSA. The Regulator consists of nine members, including four full-time members and five part-time members. Although the full-time members of NERSA are appointed for specific portfolios (gas, electricity and petroleum pipelines), NERSA operates as a collective and decisions are made on a collective basis. With effect from 1 April 2011, the existing four full-time regulators were re-appointed for another period of five years. A new chief executive officer was also appointed for NERSA for this same period.

According to Section 35 of the Gas Act, licence applications for existing business activities had to be submitted to NERSA within six months from the effective date of the Gas Act (2 May 2006) by any person owning or operating gas facilities or trading in gas. Accordingly, Rompco submitted an application for the operation of a gas transmission facility in respect of the Mozambique to Secunda pipeline. This licence to operate a transmission facility was issued to Rompco on 21 February 2007. After completion of the Rompco compressor station in Komatipoort, South Africa, this operating licence was amended to also include the operation of the compressor station. Sasol Gas submitted licence applications for the operation of distribution and transmission facilities as well as for trading in gas.

All the licence applications have been compiled in accordance with the Gas Act and the rules published by NERSA. On 27 October 2008, Sasol Gas was granted 29 distribution and trading licences in respect of its operations in the Mpumalanga, Gauteng, Free State and North West provinces in

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South Africa and on 23 March 2009, was granted seven distribution and trading licences in the KwaZulu-Natal province, South Africa. On 12 November 2010, Sasol Gas was granted operating licences in respect of all its inland transmission facilities.

The licence applications in respect of the Sasol Gas' transmission operations in the KwaZulu-Natal province were approved on 15 December 2011. All construction activities relating to the distribution and transmission pipeline networks of Sasol Gas are undertaken subject to the relevant construction licences as prescribed by the Gas Act.

The Mozambique Gas Pipeline Agreement (Regulatory Agreement)

This agreement entered into between Sasol Limited and the South African Government, represented by the Minister of Minerals and Energy, and the Minister of Trade and Industry in connection with the introduction of natural gas by pipeline from Mozambique into South Africa is incorporated into the Gas Act through the reference thereto in Section 36 of the act. The Gas Act provides that the terms of the agreement bind the Gas Regulator for a period until 10 years after natural gas is first received from Mozambique (26 March 2004). From the date of the conclusion of the agreement, the terms of the agreement relating to the following matters constitute conditions of the licences to be issued to Sasol Gas and Rompco under the Gas Act:

- our rights and periods granted in respect of transmission and distribution of gas;
- third party access to the transmission pipeline from Mozambique and to certain of our pipelines;
- prices we charge for gas;
- our obligation to supply customers, distributors and reticulators with gas; and
- the administration of the agreement.

At the conclusion of the 10 year period provided for in the Regulatory Agreement, the transmission and storage tariffs for piped gas and gas prices charged by Sasol Gas will be subject to regulation by NERSA in terms of the regulatory powers of NERSA established by the Gas Act. In this regard, NERSA has promulgated the tariff methodology that will apply to gas transmission and storage operations and NERSA has published the methodology that will apply to the approval of maximum prices in terms of the Gas Act.

As part of the Gas Act, the Regulatory Agreement forms part of the legislation and, as such, the same legislative processes generally applicable to changes in legislation would apply to it.

Although we negotiated a 10 year regulatory dispensation (two years remaining until 2014) with the South African government covering the supply of Mozambican natural gas to the South African market, we cannot assure that the enactment of the Gas Act and the appointment of the NERSA will not have a material impact on our business, operating results, cash flows and financial condition.

The Gas Regulator Levies Act

The Gas Regulator Levies Act came into effect on 1 November 2005. It provides for the imposition of levies by the Gas Regulator on the amount of gas delivered by importers and producers to inlet flanges of transmission or distribution pipelines. These levies will be used to meet the general administrative and other costs of the gas regulation activities of NERSA and the functions performed by NERSA in this regard. In terms of the Act, NERSA has to submit a budget to the Minister of Mineral Resources, which after approval by the minister in conjunction with the Minister of Finance, will be relayed into a levy charged as a per gigajoule levy on the volumes of gas transported. The collection of levies commenced in September 2006. During the NERSA financial year which ended on 31 March 2012, Sasol Gas paid a total amount of R42,3 million in levies under this Act. For the NERSA financial year ending on 31 March 2013, the levies have been confirmed to be R0,3498/GJ (2011 R0,2872/GJ). The levies have yet to receive required ministerial approval. It is anticipated that approximately R55,5 million will be paid in levies during this period.

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Regulation of petroleum-related activities in South Africa

The Petroleum Products Amendment Act (Amendment Act)

The Amendment Act, which amends the Petroleum Products Act and became effective in 2006, prescribes that a person may not be involved in the activities of manufacturing, wholesaling, holding or development of retail sites and retail sale of petroleum products without the appropriate licence having been issued in terms of the Amendment Act. The Amendment Act deems any person, who was, at the time of commencement of an act amending the Petroleum Products Act in 2003, involved in the aforementioned activities, to be a holder of a licence for that activity, provided such person has applied for such licence. With the exception of licences for new retail site developments, applications for which are approved on an ongoing basis on a per site basis, Sasol Oil is not at risk from a licensing perspective.

The Amendment Act entitles the Minister of Energy to regulate the prices, specifications and stock holding of petroleum products and the status in this regard is as follows:

A regulatory price review was conducted and the Department of Energy is in a process of developing working rules for new price calculation methodologies. New pricing structures are expected to come into force during December 2013. As the outcome is not yet final we are not able to predict the effect of this on Sasol Oil;

Changes to align South African liquid fuels specifications with those prevailing in Europe are currently under discussion. It is expected that these new specifications will pertain to all liquid fuels consumed in South Africa by July 2017. Compliance with these new specifications will require substantial, however as yet not finalised, capital investments at both National Petroleum Refiners of South Africa (Pty) Ltd. (Natref) and Sasol Synfuels. Discussions regarding cost recoveries and/or incentives for these prospective capital investments are ongoing with the South African government; and

Regulations to oblige licenced manufacturers and/or wholesalers to keep minimum levels of market-ready petrol, diesel, illuminating paraffin, jet fuel and liquid petroleum gas (LPG) are currently under consideration by the Department of Energy. No indications on volumes, cost recovery and compensation mechanisms are as yet available as yet.

We cannot assure you that the application of these regulations will not have a material adverse effect on our business, operating results, cash flows and financial condition.

The Petroleum Products Act authorises the Minister of Energy to promulgate regulations and we cannot assure you that the application of these provisions of the Act, or the promulgation of regulations in terms thereof, will not have a material adverse effect on our business, operating results, cash flows and financial condition.

The Petroleum Pipelines Act

The Petroleum Pipelines Act (the Act), which became effective in 2005, establishes a petroleum pipelines authority, namely NERSA, as custodian and enforcer of the regulatory framework applicable to petroleum pipelines, storage facilities and loading facilities.

The Act provides that no person may construct, or operate, a petroleum pipeline, loading facility or storage facility without a licence issued by NERSA. It enables NERSA to impose conditions on such licences including the setting and approval of petroleum pipeline, storage facility and loading facility tariffs for third party access.

We have been granted licences for our regulated facilities. Applications for tariffs have been submitted in terms of the NERSA rules. The applications are of an interim nature, as Sasol Oil is not

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yet in a position to fully comply with the applicable regulatory information request from NERSA. Sasol Oil has agreed a process with NERSA to implement the NERSA prescribed RRM that will enable NERSA to fully execute its regulatory mandate in this regard.

It is unlikely that the tariffs, once approved, will have a material financial impact on Sasol Oil.

The Act authorises the South African Minister of Energy to promulgate regulations and we cannot assure you that the application of these provisions of the Act, or the promulgation of regulations in terms thereof, will not have a material adverse effect on our business, operating results, cash flows and financial condition.

Safety, health and environment

We are committed to operating under safe working practices, eliminating incidents and avoiding harm to people, facilities and the environment. Our safety, health and environment (SHE) performance is driven by the quest for continuous improvement that will help us achieve our vision of being a world class company.

We focus on our safety, health and environmental responsibilities through our SHE policy, strategy and essential requirements. These essential requirements are also extended to joint ventures in which we participate, subject to specific provisions in the joint venture agreements.

Our combined mining, fuels and chemical operations are subject to numerous local, national and regional safety, health and environmental laws and regulations in Southern Africa, Europe, the US, Canada, the Asia-Pacific region, the Middle East and the Indian subcontinent. Our global operations, including marketing and logistics, are also affected by international environmental and chemical conventions.

Safety, health and environment policy and management systems

We have adopted a systems approach to the management of SHE risks. We have a single corporate SHE policy, supplemented by individual business unit policy declarations. Matters of safety, health and environment are treated as critical business issues. Management of safety, health and environmental matters includes the setting of targets, performance measurement, reporting, review and audit.

In order to ensure that our safety, health and environmental performance is aligned with our group targets and objectives, SHE internal audits and external verification audits are carried out regularly. All of our businesses are required to track their SHE performance and quarterly reports are submitted to operating boards, the group executive safety, health and environment committee (acting as a sub committee of the group executive committee (GEC) and to the group risk and safety, health and environment committee. At the highest level, the risk and safety, health and environment committee of the Sasol Limited board considers the major risks and liabilities, progress on our internal indicators of performance and any major incidents and events of non-compliance. Specific governance structures were developed to address greenhouse gas challenges facing the group. In September 2010, Project Everest was constituted as a group strategic project, managed by Sasol's group strategy department. Project Everest is, amongst other things, managing the group response to the South African government's publication of a white paper on a climate change response policy and carbon tax discussion documents. In 2012, Project Mars was also constituted. The objective of this strategic project is to resolve uncertainties and ensure the implementation of proper strategies and programs to address the current air quality legislative challenges and concerns. Eventually, this project will also cover waste legislation. We have established an internal carbon credit management committee, which is governed within our Sasol New Energy business unit, to facilitate the governance of carbon credits obtained through, amongst others, the clean development mechanism (CDM). We support the voluntary Energy Efficiency Accord championed by the South African Department of Energy.

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Our businesses are required to manage their safety, health and environmental risks in line with internationally accredited management systems. On safety, health and environmental management systems, our operating businesses have achieved International Standards Organisation (ISO) 14001 certification and Occupational Health and Safety Assessment Service (OHSAS) 18001 certification, as well as Responsible Care® verification.

Health and safety management

Occupational safety. Tragically four people lost their lives in work-related incidents in 2012 and, while this is a significant improvement in comparison to the previous year's performance, it is a major concern and challenge for Sasol. The Safety Improvement Plan, developed in 2010, has progressed well and remains the group framework for more specific safety programmes in the business units. Preventing fatalities and repeat incidents is a top business priority.

Fires, explosions and releases. The manufacture of Sasol products involves using flammable and toxic substances, often at high pressures and temperatures. Hence, managing the risk of fires, explosions and releases of hazardous substances is essential for us. Fires, explosions and releases are reported and investigated and efforts to reduce the frequency and severity of these events are managed through the Sasol Incident Investigation Standard, which is part of the Process Safety Management System.

The Process Safety Management System is based on the requirements of the US Occupational Safety and Health Administration Process Safety Management and US Environmental Protection Agency (US EPA) Risk Management Program regulations. Through the application of these standards, the risks of releases of hazardous substances are minimised. These standards apply to all Sasol operations worldwide, including those in the US.

Sasol North America (Sasol NA) has also adopted a Security Code of Management Practice, which requires that we conduct a security vulnerability analysis to identify areas in which additional security measures are necessary, and have a management system in place for other aspects of plant, distribution and cyber security. We have also submitted all of the required security information to the Department of Homeland Security for compliance with the Chemical Facility Anti-Terrorism Standard (CFATS).

All Sasol sites have identified and quantified their major risks with regards to major fire, explosion or releases, through a systematic Process Hazard Analysis process. Risk mitigation plans are in place. We maintain a comprehensive insurance programme to address identified risks. It is our policy to procure property damage and business interruption insurance cover for our production facilities above acceptable deductible levels at acceptable commercial premiums. However, full cover for all scenarios of maximum losses may in some years not be available at acceptable commercial rates and we cannot give any assurance that the insurance procured for any particular year would cover all potential risks sufficiently or that the insurers will have the financial ability to pay claims.

Health. Although Sasol has strong pro-active measures for managing occupational health, work related illnesses continue to be diagnosed specifically in our Sasol Mining operations. Most of these can be attributed to historic exposures. The specific illness recordings is exacerbated by an increasing age profile of our employees in mining and the prevalence of Human Immunodeficiency Virus (HIV)/Acquired Immune Deficiency Syndrome (AIDS) which diminishes the immune system and increases likelihood of contracting tuberculosis as a secondary disease.

Emissions. Because of the nature of some of our processes, including coal gasification for the production of petrochemical products, our operations generate relatively high carbon dioxide emissions. Our coal gasification operations are situated in South Africa, which is classified as a developing country in terms of the Kyoto Protocol and though we are largely exempt from the emissions reduction targets required under the Protocol, we have implemented a successful project to replace coal as a feedstock

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with natural gas at our Sasolburg chemical operations. It is important to note that South Africa has submitted voluntary emission reduction pledges for the Copenhagen Accord, which were captured in the Climate Change Response White Paper. Refer also to "Item 3.D Risk factors Changes in safety, health and environmental regulations and legislation and public opinion may adversely affect our business, operating results, cash flows and financial condition".

In recent years, global understanding and awareness regarding climate change have increased significantly. Potential CTL technology providers are experiencing an increasing number of questions regarding their CTL technology and how the carbon dioxide (CO_2) emitted will be addressed to combat climate change. We have initiated a focused and coordinated approach to understanding and providing solutions to reduce CO_2 emissions from our CTL and other ventures. We regularly review our greenhouse gas (GHG) policy and GHG targets as developments in the international carbon negotiations take place. We have set targets for reducing GHG emissions intensity by 15% by 2020 on the 2005 baseline. In addition, new CTL plants commissioned before 2020 have a target emissions reduction of 20%, increasing to 30% reduction for new CTL plants commissioned by 2030 (with the 2005 designs as the baseline) as a precautionary measure. The Sasol New Energy business is pursuing opportunities in renewable energy, low carbon electricity, energy efficiency, clean coal which includes underground gasification and carbon capture and storage. Some of these potential solutions are not yet proven on a large scale and face regulatory, economic, technical, geological and geographical challenges.

We monitor and measure ambient air quality around our South African plants. Our operations in the US have reduced reported emissions under the Toxic Release Inventory by over 92% since reporting began in 1987. Significant efforts are being made to reduce hydrogen sulphide and volatile organic compound emissions emanating from our Secunda operations, the former mainly brought about by the commissioning of a sulphuric acid plant. Moreover, the implementation of a leak detection and repair programme will result in significant decreases in fugitive emissions from our operations. Several interventions aimed at reducing high risk volatile organic compound releases have been identified which could realise absolute reductions.

Water. Water use is increasingly becoming a source of concern, not only in mining, but in all our operations, in particular in South Africa, Qatar and other arid countries. A series of water treatment and saving programmes and projects were introduced or are currently under way to address challenges in all of our operations. Current initiatives in South Africa include water offsetting projects in collaboration with local authorities. We have also set internal targets for water efficiency. Sasol endorsed the United Nations Global Compact CEO Water Mandate which presents a comprehensive approach to water management. It is a voluntary initiative developed to inspire business to positively contribute to sustainable water resource management.

Land remediation and rehabilitation. As a result of our chemicals and fuels processes, we have particular legacy and current risks that we have addressed or are currently addressing. A group wide strategy towards land remediation is adopted in order to ensure that all areas of potential liabilities are adequately addressed.

Waste. Potential risks associated with waste are a priority for us. Historical legacies are addressed in accordance with relevant legal requirements, and cleaner production techniques are implemented to address future risks. Where we acquire new plants, the attendant risks are identified and the necessary indemnities sought from the sellers. Where we have not secured such indemnities, we rely on the relevant assessment information to manage the associated liabilities of the non-material risks.

Asbestos. We have a strategy for the risk-based phase-out of asbestos, which is being implemented by our operations. We have implemented a policy to ensure that new sources of asbestos are not procured in the construction of new facilities worldwide. Remaining asbestos on some of our older

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facilities is managed according to a set of Sasol requirements in the absence of statutory phase out requirements. Asbestos is removed and disposed of under strict regulatory requirements as plant modifications are made or as necessary for maintenance.

Product Stewardship. We have a product stewardship implementation plan according to the requirements of the International Council of Chemicals Associations (ICCA) global product strategy (GPS). The implementation of the GPS requires a new, more structured and far wider process for chemical products management within the chemical industry and with customers and other stakeholders.

We are following all changes in product registration requirements in regions such as the US and Asia-Pacific (e.g. China) in order to ensure compliance to these requirements and maintaining the ability to trade our products lawfully.

This includes the European Registration, Evaluation, and Authorisation of Chemicals (REACH) regulations that came into effect on 1 June 2007, aiming to improve the protection of human health and the environment while maintaining competitive trade. We acknowledge the requirements of REACH and will ensure that these substances that constitute our products and that are subject to REACH will meet these requirements.

Regions in which Sasol operates and their applicable legislation

South Africa

In South Africa, we operate a number of plants and facilities for the manufacture, storage, processing and transportation of chemical feedstock, products and wastes. These operations are subject to numerous laws and ordinances relating to safety, health and the protection of the environment.

Environmental regulation

The Constitution of the Republic of South Africa provides the framework for the environmental legislation in South Africa. Section 24 of the constitution enshrines the right of all citizens to an environment that is not harmful to their health and well-being and provides individuals with a right to the protection of the environment. It further provides that these rights can be enforced through reasonable legislative and other measures to prevent pollution and degradation, to promote conservation and to secure ecologically sustainable development. Below is an analysis of some of these laws, which may be relevant to our operations.

National Environmental Management Act. The National Environmental Management Act (the Act) provides for co-operative environmental governance and coordination of the environmental functions of the government. The Act regulates environmental authorisation requirements, compliance and provides for enforcement measures including provision for fines of up to R10 million. These governance and enforcement measures also extend to special environmental management acts, such as the Waste Act, the Water Act and the Air Quality Act. The Act principally imposes a duty of care on persons who have or may pollute or degrade the environment and other responsible parties to take reasonable measures to prevent and remediate environmental damage, protects workers refusing to undertake environmentally hazardous work and provides for control over emergency incidents. Non-compliances with provisions on, amongst other things, the duty of care and reporting of incidents, is now regarded as offences under the Act.

National Environmental Management: Biodiversity Act. This act deals with various issues relating to biological diversity including its management and conservation.

Mineral and Petroleum Resources Development Act. Environmental governance with respect to mining, prospecting, production and exploration is still regulated under the MPRDA. This act makes

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provision for the effective management of impacts associated with mining activities. An environmental management programme or plan (EMP) must be compiled and approved by the Department of Mineral Resources, and regularly reviewed. The EMP is required to cover potential environmental as well as socio-economic impacts. This act further requires the making of financial provision for the rehabilitation or management of negative environmental impacts.

Water protection

The National Water Act (the Act) provides for the equitable allocation of water for beneficial use, sustainable water resource management and the protection of the quality of water resources. The Act establishes water management procedures and protects water resources through the licensing of various uses of water. It also includes provisions for pollution prevention, remediation requirements and emergency incident management. The Department of Water Affairs is implementing a pricing strategy (in future to include a Waste Discharge Charge System) aimed at allocating the appropriate price for the use of water, which may have a significant impact on operational costs.

A significant part of our operations, including mining, chemical processing and others, require use of large volumes of water. South Africa is generally an arid country and prolonged periods of drought or significant changes to current water laws could increase the cost of our water supplies or otherwise impact our operations.

Air quality protection

The National Environmental Management: Air Quality Act. This act came into full effect on 1 April 2010. In terms of this act, the Department of Environmental Affairs (the Department) imposes stricter standards on air quality management in South Africa, through the adoption of internationally accepted ambient and minimum point source emission standards. The minimum point source emission standards impose different standards for new and existing facilities effective from 1 April 2010. New facilities must comply with the standards immediately. Existing facilities have five years within which to comply with standards imposed thereon and must comply with the standards imposed for new facilities within 10 years. Compliance with the minimum point source emission standards will result in significant capital and operational costs.

The Department has declared the Vaal Triangle (where the Sasolburg plant is situated) and the Highveld area (where our Secunda operations are situated) as Priority Areas. The Vaal Triangle and Highveld Priority Area Air Quality Improvement Plans are being finalised and implemented. Compliance with the provisions of these plans will have significant cost implications. Some of our processes in South Africa, especially coal gasification, result in relatively high carbon dioxide emissions. South Africa is considered a developing country in terms of the Kyoto Protocol and, accordingly, it is largely exempt from the emissions reductions required. Government has committed to emission reduction pledges under the voluntary Copenhagen accord which are now incorporated in the National Climate Change Response White Paper.

Waste

The National Environmental Management: Waste Act. This act took effect on 1 July 2009. The act introduces new legislative requirements on all aspects of waste management in a comprehensive manner. The act also regulates on contaminated land management, but this section of the act is not in effect yet and is dependent on the finalisation of regulations and standards on contaminated land which is expected in the 2013 calendar year. The act imposes various duties on holders of waste (being any person who stores, accumulates, transports, processes, treats and disposes of waste). These duties are potentially far reaching as waste is broadly defined. The act also requires licences to be obtained for

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the commencement, undertaking or conducting of waste management activities. The act further regulates waste information systems and provides for specific regulation of priority wastes.

Hazardous substances

Hazardous Substances Act. This act provides for the control and licensing of substances that may cause injury, ill-health or death to human beings by reason of their toxic, corrosive, irritant, strongly sensitising or flammable nature.

Occupational Health and Safety Act. Regulations have also been proposed by the Department of Labour for inclusion in this act, providing for the adoption of the United Nations Globally Harmonised System for the classification and labelling of chemicals. This will facilitate alignment with existing international practices.

Other legislation

The National Road Traffic Act. This act and its regulations regulate the road transportation of dangerous goods and substances. This act provides specifications for road tankers, classification of dangerous goods, labelling, duties of responsible persons, compatibility of multi-loads, driver training and dangerous substance documentation.

The National Railway Safety Regulator Act. This act provides for similar regulation in respect of rail transport.

The Explosives Act. This act consolidates the laws relating to the manufacture, storage, sale, transport, importation, exportation and the use of explosives and imposes an authorisation requirement for the manufacture and storage, as well as for the import, export and sale of explosives.

The Fertilisers, Farm Feeds, Agricultural Remedies and Stock Remedies Act. This act regulates the registration, importation, sale, acquisition, disposal or use of fertilisers, among other products.

Health and safety

Occupational Health and Safety Act. This act covers a number of areas of employment activity and use of machinery in South Africa, excluding mining activities. This act imposes various obligations on employers and others to maintain a safe workplace and minimise the exposure of employees and the public to workplace hazards and establishes penalties and a system of administrative fines for non-compliance.

Mine Health and Safety Act. This act is to protect the health and safety of persons at mines by requiring that employers and others ensure that their operating and non-operating mines provide a safe and healthy working environment, determining penalties and a system of administrative fines for non-compliance and giving the Minister of Mineral Resources the right to restrict or stop work at any mine and require an employer to take steps to minimise health and safety risks at any mine.

Compensation for Occupational Injuries and Diseases Act. The purpose of this act is to provide for compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. This act is administered by the Minister of Labour, through a Director-General who manages a compensation fund to which employers contribute, directly or indirectly. Where indirect contributions are made, these contributions are made to a mutual association, which acts as the insurer in respect of claims against the employers. All employers, with the exception of those in national, provincial and local government, are required either to register under the act or to be fully insured against related liabilities.

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Occupational Diseases in Mines and Works Act. This act relates to the payment of compensation in respect of certain diseases contracted by persons employed in mines or at locations where activities ancillary to mining are conducted. Any mine (including the Sasol Mining operations) at which risk work takes place is deemed to be a controlled mine in respect of the employees for whom the employer is required to make payments to the fund for occupational diseases, in order to meet relevant claims. Persons who are employed in controlled mines are required to have a certificate of fitness, which must be renewed from time to time. Recent case law on the interpretation of the act now provides for civil claims to be instituted against employers in addition to compensation claimed and awarded under this act.

For further information, refer to "Item 6.C Board Practices The risk and safety, health and environment committee".

Germany

In Germany, we operate a number of plants and facilities for the manufacture, storage, processing and transportation of chemical feedstock, products and wastes. These operations are subject to numerous laws and ordinances relating to safety, health and the protection of the environment.

General environmental care

The lack of a general environmental code in Germany means that no guideline legislation is available for general environmental care. In terms of the act regulating on the Assessment of Environmental Impacts, the environment impact assessment (EIA) is an instrument of preventative environmental care that is legally binding. This has been introduced in existing public procedures for the licensing of, or considerable amendment to, certain projects of relevance to the environment, including chemical facilities. Issues relating to general environmental care are addressed by the environmental provisions of the Regional Planning Act and other specific and planning law. The Environmental Liability Act provides for liability where human life or health is disturbed and where emissions have entered the soil, water or the air, the owner of a facility is liable on a fault basis and irrespective of whether the damage was caused as a result of a hazardous incident or during normal operations. Installations that pose a particular risk to the environment must have provisions for sufficient cover, an obligation which may be met by arranging liability insurance.

Criminal law provisions are included in the act to combat environmental crime, which targets a range of polluting activities, including water, soil and air pollution, environmentally damaging waste disposal and noise. It also addresses licensing of the operation of installations and the handling of hazardous substances and goods and particularly serious environmental offences.

Specific environmental protection legislation

Emission control. The guideline legislation to protect humans and the environment from air pollution and noise pollution is the Federal Emission Control Act. This act and the ordinances promulgated under it provide the framework for environmental protection and the technical safety of installations. It provides for licensing for installations that are particularly susceptible to causing harmful environmental impacts, including chemical facilities or mineral oil refineries.

Chemicals Act. This act is complemented by the Plant Protection Act and the Fertilisers Act, as well as by legislation on animal feedstuffs and human foodstuffs and by substance-related provisions in other areas of care of the environment. This also includes the provisions concerning the environmental impacts of genetic technology under the Genetic Technology Act.

Avoidance, recovery and disposal of waste. The Closed Substance Cycle and Waste Management Act regulates the avoidance, recovery and disposal of waste. The aim of this act is to promote an

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economy based on closed substance cycles, thus conserving resources, and to guarantee the environmentally sound disposal of waste. Wherever waste cannot be avoided, recovered or used to produce energy, it must be removed from the cycle and, as a matter of principle, be disposed of within Germany in a way that is not detrimental to the common good.

Waste Transportation Act. This act regulates the transport of waste into, out of or through the area of application of the act and creates the basis for the establishment of a solidarity fund to finance the return of waste exported illegally.

Water protection. The guideline legislation in the field of water protection is the Federal Water Act. This requires everyone to exercise adequate care when carrying out measures which may have an impact on a water body so that water pollution or any other negative effect on water is prevented. Surface waters and groundwater are, as public utilities, subject to a public management and utilisation code, which leaves the allocation of users' rights at official discretion.

The Waste Water Charges Act complements the Water Management Act and authorises an annually rising waste water charge linked to the toxicity of the discharged waste water.

Soil protection. The protection and care of soil as an environmental medium and part of the ecosystem is promoted by a range of environmental provisions, primarily the Federal Soil Protection Act. Soil protection measures, preventative or remedial, aim at avoiding or reducing substance inputs into the soil, or removing already existing soil damage, and at addressing the extensive land consumption caused by soil sealing.

Hazardous substances

Regulation of hazardous substances. Provisions for the protection of humans and the environment against the harmful effects of hazardous substances and preparations are provided in the Chemicals Act, the related ordinances on the Prohibition of Certain Chemicals and the Hazardous Incidents Ordinance. All hazardous substances, as per the scope identified in the EU REACH Regulation, are subject, to a registration and notification obligation before they can be brought onto the market. Hazardous substances and mixtures must be classified, labelled and packed in accordance with the EU Classification, Labelling and Packaging (CLP) Regulation in line with their hazardous properties. Further regulations prohibiting and limiting manufacture, marketing and use also apply.

Health and safety

The Health and Safety at Work Act provides for protection of the health and safety of employees. It places the employer under a duty to assess hazards at the workplace, to take appropriate preventive measures, and to instruct employees about measures used. The employer must take precautions for especially hazardous areas and situations and provide preventive occupational healthcare. This act is complemented by the Safety at Work Act, which places employers under a duty to appoint appropriately qualified officers to support them in occupational health and safety matters, including ergonomic workplace design.

Italy

In Italy, we operate a number of plants and facilities for the storage and processing of chemical feedstock, products and wastes. These operations are subject to numerous laws and ordinances relating to safety, health and the protection of the environment.

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General environmental care

The Environmental Decree (Legislative Decree 152/2006) came into force in 2006, regulating the most important environmental matters, including authorisations, emissions, water management, wastes and remediation and environmental damages. Several decrees were issued detailing different aspects of the law.

European Directive 96/61/CE (Integrated Pollution Prevention and Control) provides that companies must obtain an integrated authorisation for all environmental impact.

Specific environmental protection legislation

Emission control. Environmental protection and the technical requirements for the licensing of all installations from which emissions emanate is regulated by Legislative Decree 152/06, section 5.

Avoidance, recovery and disposal of waste. Legislative Decree 152/06, Part 4, incorporates the principle of 'polluters pay' and further provides for cradle to grave liability for waste. Legislative Decree 4/2008 introduced some requirements about Waste Water Treatment and Risks analysis compliance for underground water contamination.

Water protection. Legislative Decree 152/2006, Part 3, defines the authorisation procedure and discharge limits, in order to protect surface and underground water. Surface water and groundwater are, as public utilities, subject to a public management and utilisation regulation which leaves the allocation of users' rights at official discretion.

Soil protection. The protection and care of soil as an environmental medium and part of the ecosystem is promoted by Legislative Decree 152/06, which essentially follows the Ministerial decree 471/1999 with some simplification as far as documentation is concerned. Soil protection measures, preventative or remedial; aim at avoiding or reducing substance inputs into the soil, or removing already existing soil damage. The Legislative Decree sets forth both the acceptable limits and the rules for monitoring communication and reclamation.

Hazardous substances

Regulation of hazardous substances. Legislative Decree 52/1997, implemented in Italy, the EU Directive, relevant to classification, packaging and labelling of dangerous substances. Legislative Decree 65/2003 implemented the EU Directives relevant to classification, packaging and labelling or dangerous preparations. All hazardous substances, as per the scope identified in the EU REACH Regulation, are subject, to a registration and notification process before they can be brought onto the market. Hazardous substances and mixtures must be classified in accordance with the EU CLP Regulation in line with their hazardous properties. Further regulations prohibiting and limiting manufacture, marketing and use also apply.

Health and safety

Legislative Decree (LD) 81/08, governs Safety and Occupational Health (including construction work) with the exclusion of Major Hazards (Seveso). This Decree imposes obligations on an employer with regards to workplace health and safety and also provides for liability related to health and safety incidents.

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United States

In the US, we operate a number of plants and facilities for the storage and processing of chemical feedstock, products and wastes. These operations are subject to numerous laws and ordinances relating to safety, health and the protection of the environment.

Environmental compliance

Sasol North America (Sasol NA), Sasol Wax and Merisol are subject to numerous federal, state, and local laws and regulations that regulate the discharge of materials into the environment or that otherwise relate to the protection of human health and the environment. As with the chemical industry, generally, compliance with existing and anticipated environmental, health, safety, and process safety laws and regulations increases the overall cost of business, including capital costs to construct, maintain, and upgrade equipment and facilities. These laws and regulations have required, and are expected to continue to require Sasol NA, Sasol Wax and Merisol to make significant expenditures of both a capital and expense nature. Environmental compliance expenditures for Sasol NA and Merisol's manufacturing sites for the next five years are estimated to range from US$2 million to US$6 million per year.

Remedial action

Sasol NA's total estimated liability at 30 June 2012 for its 10% share of Bayou Verdine and the Calcasieu Estuary CERCLA Site is about US$1,2 million. Under the agreement for the acquisition of Sasol Chemie, 80% of Sasol NA's estuary related remediation costs are expected to be indemnified by RWE-DEA AG, and will continue to be indemnified until at least 1 March 2023.

Canada

In 2011, Sasol acquired various interests in natural oil and gas properties in British Columbia through a joint venture partnership with Talisman Energy Inc. These properties are governed by numerous Canadian provincial (and to a lesser degree, federal) requirements.

Oil and natural gas production

The provincial Petroleum and Natural Gas Act (PNGA) and Oil and Gas Activities Act (OGAA) are the primary sources of regulatory controls over Sasol's interests in oil and gas producing areas in Canada. These statutes include a wide array of tenure, operational and public review requirements. A common theme of the requirements is that producers must hold applicable licences, leases, permits and other approvals.

Water protection

Substantial volumes of water are needed for British Columbia oil and gas production. For example, large volumes of water are used to fracture shale gas formations. Extractions of water from ground and surface sources are regulated by the OGAA and the provincial Water Act. Water extraction wells are subject to requirements governing well tenure and location, construction and aquifer management. The piping of water to exploration or production sites is governed by special approval requirements (covering fisheries, pipeline construction, tenure and surface rights issues).

Emissions

British Columbia's Environmental Management Act (EMA) prohibits emissions, discharges and the like into the environment without prescribed permits. Several permits apply to activities at the British Columbia subject properties, covering releases to air and water.

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Contaminated sites

Soil and groundwater contamination in the British Columbia oilpatch is regulated primarily by the contaminated sites regime in the EMA and its supporting Contaminated Sites Regulation (CSR). The EMA and CSR are highly prescriptive, and are further supported by detailed protocols and guidance documents published by the Ministry of Environment (MOE). Liability can be triggered in two ways: (a) a statutory cause of action enables parties who incur "remediation costs" at a "contaminated site" to recover those costs in a civil action from "responsible persons" (in addition to common law tort remedies available to a plaintiff); and (b) the MOE regulator may issue a remediation order against persons responsible for a "contaminated site".

Fisheries

The federal Fisheries Act is the primary source of requirements to protect fish and fish habitat. This act prohibits, subject to applicable authorisations, the destruction or alteration of fish habitat and the release of "deleterious substances" in fish-bearing water bodies. The Fisheries Act is a prominent consideration in the construction of pipelines and roadways and extractions of surface water.

Environmental assessment

Further development of the British Columbia properties might trigger one or both of provincial and federal environmental assessment (EAs) requirements. EAs commonly will require substantive public review and aboriginal (or First Nations) consultation. To date, none of the activities undertaken in relation to the Canadian operations have triggered an EA.

First Nation consultations

A unique and prominent factor in Canadian safety, health and environmental law (SHE law) is the recognition of First Nations rights and the reconciliation of those rights with those held by government or private individuals. In the case of British Columbia, the constitutional recognition of First Nations rights stems from Treaty 8, signed in 1899 between the Crown and First Nations. Government regulators, as a result must often discharge a constitutional duty to "consult and accommodate" First Nations in the course of their regulatory functions. Many aspects of consultation and accommodation have been formalised in the British Columbia oilpatch in the form of agreements and procedures, which continue to evolve in response to judicial guidance. These agreements and procedures often delegate consultation duties to private operating entities. An overview of the First Nation engagement activities carried out of the joint venture indicated a comprehensive and proactive program in line with best practices for the industry.

Occupational and workplace safety

The provincial government's Workers Compensation Act and supporting regulations and policies set out detailed rules respecting workplace safety. Special rules (found in this act's regulations) apply to the petroleum sector.

Mozambique

In Mozambique, Sasol operates a processing plant and associated facilities for the extraction and processing of natural gas and condensate and transportation of natural gas. The Central Processing Facility (CPF) has been in operation since February 2004. These operations are subject to numerous Mozambican laws and regulations as well as World Bank Group requirements and best practice standards.

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Environmental, health and safety regulations. The Ministry for the Coordination of Environmental Affairs (MICOA) coordinates environmental affairs in Mozambique. A National Environmental Management Programme is the policy document outlining the priorities for environmental management and sustainable development in Mozambique. This programme contains a National Environmental Policy, a proposal for Framework Environmental Legislation and Environmental Legislation and an Environmental Strategy.

The Framework Environmental Law (20/97) provides a legal framework for the use and correct management of the environment and its components and to assure sustainable development in Mozambique. This law is applicable to all public or private activities that may directly or indirectly influence the environment. It requires licensing of activities that are liable to cause significant environmental impacts. The granting of an environmental licence is subject to the preparation and approval of an appropriate level of environmental impact study and management plan. The body of environmental legislation is growing and comprises the Regulation on Environmental Impact Assessment Process (45/2004 of 29 September), the Regulation on Environmental Quality and Effluent Emissions Standards (18/2004), the Regulation on Environmental Auditing (32/2003), the Regulation on Environmental Inspections (11/2006), the Regulation on Waste Management (13/2006), General Directives for Environmental Impact Studies (129/2006), the Public Participation Process (130/2006) and a Decree (56/2010) on Environmental Regulation for Petroleum Operations.

In terms of environmental protection and safety, the Petroleum Act (3/2001) and the Petroleum Operations Regulations (24/2004) require holders of exploration and production rights to conduct petroleum operations in compliance with environmental and other applicable legislation.

Mineral Rights. Petroleum activities are regulated by the Petroleum Act and Regulation (Law 3/2001, of 21 February and Decree 24/2004, of 20 August, respectively). The National Petroleum Institute administers and regulates petroleum operations on behalf of the Mozambique Government. The Mozambique government encourages the exploration and development of the country's hydrocarbon potential within a certain project framework.

In accordance with the constitution of Mozambique, the land and the natural resources of the soil and the subsoil of the territorial waters and continental shelf are the property of the state, which determines the conditions for their development and use, through the Land Act (19/97, of 1 October) and Regulation of Land Act (Decree 66/98 of 8 December).

Qatar

In Qatar, we participate in a joint venture involving a number of plants and facilities for the storage and processing of chemical feedstock, products and wastes. These operations are subject to numerous laws and ordinances relating to safety, health and the protection of the environment.

Environmental regulation. All public or private development plans, including industrial, agricultural and infrastructure projects are required to follow the Environmental Protection Law and obtain an environmental authorisation permit from the Ministry of Environment (MOE). The MOE is also responsible for environmental protection and conservation in the State of Qatar.

The Environmental Protection Law, Decree-Law No. (30) of 2002 is aimed at protection of the environment, prevention of pollution (short-and long-term) and sustainable development by providing for development of natural resources for the benefit of the present and future generations, the protection of society, human health and other living creatures, and protection of the environment from the damaging effect of activities outside of the State of Qatar.

The Executive By-Law for the Environmental Protection Law, issued vide the Decree Law No. 30 for the Year 2002 (the By-Law) stipulates specific standards and regulations to meet the objectives of The Environmental Protection Law. This includes regulations on determining the environmental impact

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of projects (requirements to conduct an EIA), emergency response plans for environmental disasters, hazardous wastes and materials, air pollution, water pollution, protection of marine environment. It also includes annexure regulations on:

Air protection. Prescribing standards for air quality for different industries;

Water protection. Prescribing standards for pollutants and limitations for discharges into the water; and

Waste. Regulates the management and trans-boundary movement of hazardous wastes. In addition it regulates the import, production, handling and transportation of hazard materials including the categorisation, labelling, separation and packing of hazardous materials.

Consent to Operate (CTO). This is ORYX GTL's operating permit issued under the Authority of Law, 30 of 2002, and its By-Law No. 4 of 2005 and is renewable on an annual basis. This permit stipulates general monitoring requirements, waste water quality standards, point source air emission standards, overall noise level limit, handling and storage of hazardous wastes, chemical use, records and emergency response programmes.

The State of Qatar has implemented CDM, an initiative to reduce the emission of greenhouse gases. Gas flaring mitigation and the reduction of carbon emissions were among the two key areas focused on by the State of Qatar as part of its commitment towards CDM.

The Environmental Design Basis (EDB) stipulates the environmental standards that should be followed during the project phase.

Occupational Health and Safety Administration (OSHA). There is no regulatory authority for safety or health in Qatar and therefore ORYX GTL used the internationally recognised OSHA standards as guidelines where applicable.

Iran

In Iran, we participate in a joint venture involving a number of plants and facilities for the storage and processing of chemical feedstock, products and wastes. These operations are subject to numerous laws and ordinances relating to safety, health and the protection of the environment.

Environmental regulation. All public or private development plants, including industrial, agricultural and infrastructure projects, are required to follow the Environmental Protection Law and obtain an environmental authorisation permit from the Department of Environment (DOE). The DOE is also responsible for environmental protection and conservation in Iran.

The Environmental Protection Law, Decree-Law No. 50 (1979), aims to meet the following objectives:

Protection of the environment;

Prevention of pollution (short- and long-term);

Sustainable development by developing natural resources for the benefit of the present and future generations;

The protection of society, human health and other living creatures; and

Protection of the environment from the damaging effect of activities outside of Iran.

The Iranian Environment Supreme Council Decree No. 138 (1994), stipulates specific standards and regulations to meet The Environmental Protection Laws. This includes projects to do environmental impact assessments before construction and to obtain all approvals and implement

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necessary proactive measures before the issuing of a certificate to operate. Important executive regulations and by-laws used in Iran include the following:

Air protection law. Stipulates standards for air quality for different industries;

Water protection law. Provides standards for pollutants in case of effluent discharges, which may impact on the environment; and

Waste and hazardous substance law. Regulates the management and transportation of general and hazardous wastes. It further regulates the responsibility for managing, handling, labelling, storage, separation, packing and transportation of hazardous materials.

Permit to operate (PTO). As per Iranian laws, a permit is issued by the DOE and Ministry of Industries and Mines (MIM). This permit stipulates general monitoring requirements, waste water quality standards, point source air emission standards, overall noise level limits, handling and storage of hazardous waste, chemical use, records, and emergency response programmes.

Iran recently implemented a CDM, an initiative to work on a plan to reduce the emission of greenhouse gases by reduction of flow gas flaring at the petrochemical complexes.

Other countries

In a number of other countries we are engaged in various activities that are regulated by local and international laws, regulations and treaties. In Malaysia, China and other countries, we operate plants and facilities for the storage, processing and transportation of chemical substances, including feedstock, products and waste. In the United Arab Emirates, Nigeria, Gabon and other countries, we are involved, or are in the process of being involved, in exploration, extraction, processing or storage and transportation activities in connection with feedstock, products and waste relating to natural oil and gas, petroleum and chemical substances. Our operations in the respective jurisdictions are subject to numerous laws and regulations relating to exploration and mining rights and the protection of safety, health and the environment.

4.C Organisational Structure

Sasol Limited is the ultimate parent of the Sasol group of companies. Our wholly owned subsidiary, Sasol Investment Company (Pty) Ltd., a company incorporated in the Republic of South Africa, holds primarily our interests in companies incorporated outside South Africa. The following table presents each of Sasol's significant subsidiaries (including direct and indirect holdings), the nature of business, percentage of shares of each subsidiary owned and the country of incorporation at 30 June 2012.

Name	Nature of business	Percentage ownership	Country of incorporation
Sasol Mining (Pty) Ltd.	Coal mining activities	89,8[(1)]	South Africa
Sasol Mining Holdings (Pty) Ltd.	Holding company for the group's mining interests	100	South Africa
Sasol Synfuels (Pty) Ltd.	Production of liquid fuels, gases and chemical products and refining of tar acids	100	South Africa
Sasol Technology (Pty) Ltd.	Engineering services, research and development and technology transfer	100	South Africa
Sasol Financing (Pty) Ltd.	Management of cash resources, investment and procurement of loans (for South African operations)	100	South Africa

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Name	Nature of business	Percentage ownership	Country of incorporation
Sasol Investment Company (Pty) Ltd.	Holding company of the group's foreign investments (and investment in movable and immovable property)	100	South Africa
Sasol Chemical Industries Limited	Production and marketing of mining explosives, gases, petrochemicals, fertilisers and waxes.	100	South Africa
Sasol Gas Holdings (Pty) Ltd.	Holding company for the group's gas interests	100	South Africa
Sasol Oil (Pty) Ltd.	Marketing of fuels and lubricants	75	South Africa
Republic of Mozambique Pipeline Investments Company (Pty) Ltd.	Owning and operating the natural gas transmission pipeline between Temane in Mozambique and Secunda in South Africa for the transportation of natural gas produced in Mozambique to markets in Mozambique and South Africa	50[3]	South Africa
Sasol Chemical Holdings International (Pty) Ltd.	Investment in the Sasol Chemie group	100	South Africa
Sasol Chemicals Europe Limited	Marketing and distribution of chemical products	100	United Kingdom
Sasol Chemicals Pacific Limited	Marketing and distribution of chemical products	100	Hong Kong
Sasol Financing International Plc	Management of cash resources, investment and procurement of loans (for operations outside South Africa)	100	Isle of Man
Sasol Gas Limited	Marketing, distribution and transportation of pipeline gas and the maintenance of pipelines used to transport gas	100	South Africa
Sasol Group Services (Pty) Ltd.	Supplier of functional core and shared services to the Sasol group of companies	100	South Africa
Sasol Oil International Limited	Buying and selling of crude oil	75[2]	Isle of Man
Sasol Petroleum International (Pty) Ltd.	Exploration, development, production, marketing and distribution of natural oil and gas and associated products	100	South Africa
Sasol Canada Exploration and Production Limited (SCEPL)	General partner in, and management of, the Sasol Canada Exploration and Production Limited Partnership (SCEP LP) which holds Sasol's upstream interests in the Sasol Talisman Montney Partnership in Canada	100	Canada
Sasol Canada Holdings Limited	Downstream studies and activities in Canada and limited partner with SCEPL in the SCEP LP	100	Canada
Sasol Polymers International Investments (Pty) Ltd.	Holding company for Sasol Polymers' foreign investments	100	South Africa
Sasol Synfuels International (Pty) Ltd.	Develop and implement international GTL and CTL ventures	100	South Africa

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Name	Nature of business	Percentage ownership	Country of incorporation
Sasol Wax International Aktiengesellschaft	Holding company for Sasol Wax (outside South Africa) operations	100	Germany
Sasol Wax GmbH	Production, marketing and distribution of waxes and wax related products	100	Germany
Tosas Holdings (Pty) Ltd.	Investment holding company	75[2]	South Africa
National Petroleum Refiners of South Africa (Pty) Ltd.	Refining crude oil	47,73[2]	South Africa
Sasol Chemie GmbH and Co. KG	Investment in the Sasol Germany GmbH, Sasol Solvents Germany GmbH and Sasol Olefins and Surfactants GmbH	100	Germany
Sasol Germany GmbH	Production, marketing and distribution of (chemical products) olefin and surfactant products	100	Germany
Sasol Solvents Germany GmbH	Production and marketing of solvents	100	Germany
Sasol Italy SpA	Trading and transportation of oil products, petrochemicals and chemical products and derivatives	99,9	Italy
Sasol Holdings USA (Pty) Ltd.	To manage and hold the group's interests in the United States	100	South Africa
Sasol North America Inc.	Manufacturing of commodity and specialty chemicals	100	United States

(1) This represents our effective holding through Sasol Mining Holdings (Pty) Ltd.

(2) This represents our effective holding through our 75% interest in Sasol Oil (Pty) Ltd.

(3) This represents our effective holding through Sasol Gas Holdings (Pty) Ltd.

4.D Property, plants and equipment

Plants and facilities

We operate coal mines and a number of plants and facilities for the storage, processing and transportation of oil, chemicals and gas related raw materials, products and wastes. For a detailed discussion regarding the use, capacity and products of these facilities provided for each business refer to "Item 4.B Business Overview".

Coal mining facilities

Our main coal mining facilities are located at the Secunda Mining Complex, consisting of underground mines (Bosjesspruit, Brandspruit, Middelbult, Syferfontein and Twistdraai export mine) and Sigma: Mooikraal near Sasolburg.

Pages M-1 to M-5 include maps showing the location of our coal properties and major manufacturing plants in South Africa.

Our Secunda facilities

Our main manufacturing facilities are located at Secunda, and they are the base for our Synfuels operations and a range of our chemical industries operations, including explosives, fertilisers, monomers and polymers, solvents and tar. The approximate size of this property is 82,5 square kilometres (km^2) with operating plants accounting for 8,35 km^2.

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Our Sasolburg facilities

Our facilities at Sasolburg are the base for a number of our chemical industries operations, including ammonia, explosives, fertilisers, mining chemicals, phenols, solvents, polymers, tars and wax operations. The approximate total size of these properties is 51,4 km^2.

The size of the Natref refinery, also based in Sasolburg, is approximately 1,1 km^2.

Our Mozambican facilities

In Mozambique, natural gas and condensate is produced from the Pande-Temane PPA asset which is operated by Sasol Petroleum Temane Limitada, a subsidiary of Sasol Petroleum International (Pty) Ltd. (SPI). Production from the Temane and Pande fields is processed through a central processing facility (CPF) on a site of approximately 400 000 m^2. The CPF is located some 700 km north of the Mozambican capital, Maputo.

The processed gas is supplied to local markets in Mozambique and the South African gas market via the pipeline owned by the Republic of Mozambique Pipeline Investments Company (Pty) Ltd., which is 50% Sasol owned.

Our Gabon facilities

In Gabon, oil is produced from the Etame Marin Permit asset which is operated by VAALCO Gabon (Etame) Inc. The facilities are located some 35 km offshore southern Gabon. Production from the Etame field is by means of subsea wells and through a floating production, storage and off-loading (FPSO) vessel contracted from Tinworth and which is moored offshore at the field location. Production from the Avouma and Ebouri fields is through minimum facilities fixed platforms which are tied back by pipelines to the FPSO. The processed oil is stored in tanks on the FPSO and is exported monthly by tanker.

Our Canadian facilities

In Canada, natural gas and condensate are produced from the unconventional (shale/tight gas) Farrell Creek and Cypress A assets which is operated by Talisman Energy Inc. Production is via a number of wells, gathering lines and processing facilities located in British Columbia. The approximate total gross size of the properties is 54 274 acres for Farrell Creek and 57 255 acres for Cypress A.

Our facilities in Germany

Sasol Solvents has manufacturing sites based at two locations in Germany, the most significant of these facilities is Moers (site size approximately 808 000 m^2; plant size 400 000 m^2).

After the disposal of the Witten site in February 2012, the operations of Sasol Olefins & Surfactants are based at two locations in Germany, namely at Brunsbüttel (site size approximately 2,0 million m^2; plant size 500 000 m^2) and Marl (site size approximately 160 000 m^2; plant size 75 000 m^2).

Sasol Wax facilities are based in Hamburg (site size approximately 160 000 m^2; plant size 100 000 m^2).

Our facilities in Italy

The operations of Sasol Olefins & Surfactants are based at three locations in Italy. The primary facilities are at Augusta (site size approximately 1,36 million m^2; plant size 510 000 m^2) and Terranova (site size approximately 330 000 m^2; plant size 160 000 m^2).

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Our facilities in the United States

Various operations of Sasol Olefins & Surfactants are based at a number of locations in the US. The most significant of these facilities is located at Lake Charles, Louisiana (site size approximately 3 million m^2; plant size 540 000 m^2).

Merisol also has operations based at Oil City, Pennsylvania and Houston and Winnie, Texas.

Sasol Wax's production facility is located in Richmond, California.

Our facilities in Qatar

ORYX GTL is a gas-to-liquids plant, located at Ras Laffan Industrial City, situated along the northeast coast of Qatar (site size approximately 1,327 km^2).

Our catalyst manufacturing facilities in Sasolburg and The Netherlands

Sasol Cobalt Catalyst Manufacturing (Pty) Ltd. is a wholly owned subsidiary of SSI and has the following catalyst manufacturing interests:

A fully owned 680 tpa cobalt catalyst manufacturing unit, situated in Sasol's Sasolburg site, 80 km south of Johannesburg, South Africa; and

A manufacturing agreement with BASF, De Meern, The Netherlands, which currently has two 680 tpa cobalt catalyst manufacturing units fully operational, dedicated exclusively to Sasol.

The units above are sufficient to supply cobalt catalyst to current committed ventures and as future GTL and CTL ventures are realised. Sasol plans to expand its cobalt catalyst capacity to ensure supply.

Our facilities in Iran

Arya Sasol Polymer Company's operations comprise an ethane cracker and two polyethylene plants located in a 72 hectare area, within the Pars Special Economic Energy Zone in Bushehr Province on the Persian Gulf.

For more information regarding capital expenditure in respect of these properties and the related facilities and operations, refer to "Item 4.A History and development of the company Capital expenditure" for a description of our material plans to construct, expand and enhance our facilities.

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Mining properties and operations

Mine systems and their production capacity

Sasol Mining operates six mines, the annual nominated capacities and actual production values are indicated in the following table:

Nominated capacity and production

Mine	Nominated capacity per year[1] (Mt)	2012 actual production (Mt)	2011 actual production (Mt)
Bosjesspruit (Secunda)	8,2	7,3	6,8
Brandspruit (Secunda)	8,4	7,1	6,5
Middelbult (Secunda)	8,5	7,4	7,6
Syferfontein (Secunda)	9,7	10,0	9,7
Twistdraai Export (Secunda)	6,4	6,3	6,1
Sigma : Mooikraal (Sasolburg)	2,0	1,9	1,9

(1) The 2012 nominated capacity of the mines is the expected maximum production of that mine during normal operational hours.

All mines employ the underground board and pillar mining method, using continuous miners. At Sasolburg, the Sigma Mine was established in 1950 and the Mooikraal shaft started production during 2006. In the Secunda area, production at the first two mines, Brandspruit and Bosjesspruit, commenced in 1977. Twistdraai and Middelbult followed during the early 1980s, while Syferfontein started production in 1992. In 1996, the Twistdraai Export mine was commissioned. The mine boundaries are extended based on ongoing studies and new planning. All the production equipment is either replaced or overhauled on a regular basis according to a managed maintenance system.

Processing operations

Export business Secunda operations. The export business was initiated in August 1996 as part of a growth strategy. To date, a total of 48,9 Mt of coal has been exported and 2,2 Mt of coal has been sold locally. This was beneficiated from 128,7 Mt at the Twistdraai Export Plant, from 1996 through 2012. Coal is fed to the beneficiation plant from the existing Twistdraai mine. The beneficiation plant produces a primary export product with an ash content of approximately 13,2% (air dried) as well as a secondary product for the Sasol Synfuels market.

The export beneficiation plant has a design throughput capacity of 10,5 Mt per year. In 2012, 6,1 Mt was processed. The plant consists of a primary and secondary beneficiation stage. The primary stage comprises three modules with two identical feed streams each. The coal is fed at a rate of 300 tons per stream per hour, which is fed into three 800 millimetre (mm) diameter dense medium cyclones. There are a total of 18 cyclones in the primary stage. The secondary stage consists of two modules with two 1 000 mm diameter dense medium cyclones.

The run of mine (ROM) coal is transported via overland conveyor belts to the export beneficiation plant from the Twistdraai mine. The export product is loaded onto trains by means of a rapid load-out system, and then transported to the Richards Bay Coal Terminal (RBCT) in KwaZulu-Natal.

The existing nameplate capacity at the RBCT was increased from 76 Mt to 91 Mt per year, following the commissioning of the Phase V expansion in May 2010. Sasol Mining has a 5% share in the original capacity of this terminal, which corresponds to the existing entitlement of 3,6 Mt per year. For the foreseeable future, it is anticipated that Sasol Mining will only export approximately 2,85 Mt

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per year. This is largely due to the phasing in process of the Phase V entrants and availability of export entitlement to new participants at RBCT.

Sasol Coal Supply Secunda operations. Sasol Coal Supply operates the coal handling facility between Sasol Mining and Sasol Synfuels by stacking and blending coal on six stockpiles of 110 000 tons each. The overland conveyors from the mining operations to the coal handling facility are, in total, 35 km long and also form part of the Sasol Coal Supply operation.

The Sasol Coal Supply operation has a stockpile capacity of 660 000 tons, which is turned over approximately 1,2 times per week. In addition, there is a reserve stockpile capacity of more than 2,5 Mt. The objectives of this facility are:

to homogenise the coal quality supplied to Sasol Synfuels;

to keep the Sasol Synfuels bunkers full with a product that conforms to customer requirements;

to maintain a buffer stockpile to ensure even supply; and

to prevent fine coal generation.

The daily coal supply to Sasol Synfuels is approximately 110 000 tons.

Coal exploration techniques

Sasol Mining's geology department employs several exploration techniques in assessing the geological risks associated with the exploitation of the coal deposits. These techniques are applied in a mutually supportive way to achieve an optimal geological model of the relevant coal seams, targeted for production purposes. The Highveld Basin is considered to be structurally complex when compared to the other coalfields in South Africa where mining activities are taking place. As a result, Sasol Mining bases its geological modelling on sufficient and varied geological information. This approach is utilised in order to achieve a high level of confidence and support to the production environment.

Core recovery exploration drilling. This is the primary exploration technique that is applied in all exploration areas, especially during reconnaissance phases. In and around operational mines, the average vertical borehole density varies from 1:10 to 1:15 (boreholes per hectare), while in medium term mining areas, the average borehole density is in the order of 1:25. Usually, the drilling depth ranges from 200 m to 250 m. Depths of the boreholes drilled vary, depending on the depth to the Pre-Karoo basement, which vary from 160 m to 380 m. The major application of this technique is to locate the coal horizons, to determine coal quality and to gather structural information about dolerite dykes and sills, and the associated de-volatilisation and displacement of coal reserves. This information is used to compile geological models and forms the basis of geological interpretation.

Directional drilling. Directional drilling from surface to in-seam has been successfully applied for several years. A circular area with a radius of approximately 2 km of coal deposit can be covered by this method, from one drill site. The main objective of this approach is to locate dolerite dykes and transgressive dolerite sills, as well as faults with displacements larger than the coal seam thickness.

Horizontal drilling. This technique is applied to all operational underground mines and supplies short-term (minimum three months) exploration coverage per mining section. No core is usually recovered, although core recovery is possible, if required. The main objective is to locate dolerite dykes and transgressive sills intersecting the coal mining horizon, by drilling horizontal holes in the coal seam from a mined out area. A drilling reach of up to 1 km is possible, although the average length is usually 800 m in undisturbed coal.

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Aeromagnetic surveys. Many explorations were usually aero-magnetically surveyed before the focused exploration was initiated. The main objective is to locate magnetic dolerite sills and dykes, as well as large-scale fault zones.

Airborne electro-magnetic surveys. Due to the occurrences of non-magnetic dolerite dykes and sills, it has been necessary to survey certain exploration areas electro-magnetically to pinpoint these structures to optimise mine deployment.

Geophysical wireline surveys of directional boreholes. Geophysical surveys are routinely conducted in the completed directional drilled boreholes. This results in the availability of detailed information leading to increased confidence of the surface directional drilling results. This technique has also been applied in underground directional drilling with excellent results.

Secunda operations

The coal supplied to Sasol Synfuels is the raw coal mined from the four mines supplying Sasol Synfuels exclusively and the secondary product from the export mine's beneficiation plant.

Extensive geological exploration has been done in the coal resource areas. Additional exploration is undertaken to update and refine the geological models, which allows accurate forecasting of geological conditions and coal qualities, for the effective planning and utilisation of the coal reserves.

Computation and storage of geological information

Geological information is stored in a Sequel Server database. Data validation and quality checking through several in-house methods is conducted regularly. A new geological database (Acquire) is currently being installed to assist with data integrity. Data modelling is conducted by manual interpretation and computer-derived geological models, using the Minex 6 edition of the GEMCOM/MINEX software. Reserves and composite qualities are computed using established and recognised geo-statistical techniques.

General stratigraphy

The principal coal horizon, the Number 4 Lower Coal Seam, provides some 90,35% (2011 88,9%) of the total proved and probable reserves. The Number 4 Lower Coal Seam is one of six coal horizons occurring in the Vryheid Formation of the Karoo Supergroup, a permo-carboniferous aged, primarily sedimentary sequence. The coal seams are numbered from the oldest to the youngest.

Characteristics of the Number 4 Lower Coal Seam. The Number 4 Lower Coal Seam is a bituminous hard coal, characterised by the following borehole statistics:

The depth to the base of the seam ranges from 40 m to 241 m with an average depth of 135 m below the surface topography. All the current mining done on this seam is underground;

The floor of the seam dips gently from north to south at approximately 0,5 degrees;

The thickness of the seam varies in a range up to 10 m with a weighted average thickness of 3,3 m. In general, thinner coal is found to the south and thicker coal to the west adjacent to the Pre-Karoo basement highs;

The inherent ash content (air dried basis) is an average 28,6%, which is in line with the coal qualities supplied during the past 30 years to Sasol Synfuels;

The volatile matter content is tightly clustered around a mean of 19,5% (air dried); and

The total sulphur content (air dried), which primarily consists of mineral sulphur in the form of pyrite and minor amounts of organic sulphur, averages 1,08% of the total mass of the coal.

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The other potential coal seam is:

The Number 2 Coal Seam at Middelbult mine and Impumelelo colliery have been included into Sasol Mining's reserve base.

Mining parameters and assumptions used during reserve estimation

Minimum mining height (meters): the minimum mining height used is 2,2 m. The exception is Bosjesspruit mine, where the height is 1,5 m.

Maximum mining height (meters): the maximum mining height used is 4,8 m (Syferfontein and Thubelisha).

Primary safety factor[(1)]: the safety factor used in the mine planning, for primary development, in normal ground conditions is 1,8.

Secondary safety factor[(1)]: the safety factor used in the mine planning, for secondary development, in normal ground conditions is 1,6.

Minimum dry ash free volatile matter content: the dry ash free volatile matter content gives an indication of devolatilised coal. During estimations, areas with a dry, ash free volatile matter content of less than 28% are excluded, and considered to be devolatilised coal areas.

Geological loss factor: the geological loss factors vary in the respective blocks from 5,0% (Twistdraai) to 35,0% (Block 5 East) and averages at 10,7% in the operational mines. The geological loss factor is a discount factor applied to the gross in situ tonnage to take into account as yet unobserved geological features, which may occur. The geological loss factor is therefore a function of the borehole density and known geological complexity of the area, as well as the judgment of the competent person involved.

Mine layout losses: the mine layout loss factors, expressed as a percentage of the in situ coal reserves used varies between 13,5% for Middelbult and 45,7% for Brandspruit where panels have been laid out but not scheduled. The mine layout loss factor is a discount factor required to account for the expected loss of coal reserves, due to actual mining activities, not reaching the defined boundary of the mineable in situ coal reserve block. The mine layout loss factors applied are therefore a function of the complexity of the depicted actual and anticipated geological structures and the actual historical loss factors experienced.

Mine method losses: this is the coal left behind in the roof due to not mining the full seam. The reason for this being safety, leaving a protective layer of coal in the roof of the coal seam. Losses reported are 16,3% (2011 15,8%) for Syferfontein, 0,7% (2011 0,7%) for Twistdraai and 7,7% (2011 5,3%) for Sigma Mooikraal.

Mining losses: mining loss factor, expressed as a percentage of the mineable in situ coal reserve, vary between 33,1% for Thubelisha shaft (2011 34,0%) and to adjust over 65,2% (2011 60,0%) for the Number 2 Seam at Impumelelo and Middelbult. The factor for Twistdraai and Thubelisha is low due to the high proportion of stooping tons left and the factor for Syferfontein and Middelbult is higher than other mines due to the lack of high extraction. The mining loss factor is the discount factor required to account for the expected loss of coal reserves, due to actual mining activities, which requires support pillars to be left in situ. The mining loss factors

(1) The safety factor is calculated by dividing the strength of the pillar by the stress acting on the pillar. The strength of the pillar is determined by the inherent strength of the coal material, the width of the pillar and the height of the pillar. The stress on the pillar is the result of the pillar load, which is determined by the depth of mining, the pillar width and the board width.

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applied are therefore a function of the mining method used and planned to be used, as well as the actual historical loss factors experienced.

Contamination factor: the contamination factor expressed as a percentage of the extractable coal reserve, varies between 0,5% (2011 0,38%) for Syferfontein and 6,2% for Bosjesspruit (2011 4,7%). The contamination factor refers to the extraneous coal and non-coal material which is unintentionally added to the practical mining horizon, as a result of the mining operations. The contamination factors applied are therefore a function of expected geological conditions in the immediate roof and floor of the mining horizon, as well as the actual and historical contamination factors experienced. Contamination factors are also influenced by the equipment selection relative to the planned mining height.

Superficial moisture factor: the superficial moisture factor, expressed as a percentage of the extractable coal reserve, varies between 3,6% for Twistdraai and 5,2% for the C2 at Middlebult. The superficial moisture refers to the extraneous moisture added to the extracted coal as a result of the mining operations. The factors applied are therefore based mostly on the historical factors experienced.

Reserve estimation (remaining reserves at 31 March 2012)

We have approximately 4,0 billion tons (Bt) (2011 4,6 Bt) of gross in situ proved and probable coal reserves in the Secunda Deposit and approximately 1,3 Bt (2011 1,4 Bt) of recoverable reserves. The coal reserve estimations are set out in table 1 below. Reported reserves have not been decreased by the synthetic oil reserves as reported in the supplemental oil and gas information, as the reserve disclosure in this section is inclusive of Sasol Mining's total coal resources and reserves available for mining operations. The different reserve areas are depicted on maps on pages M-4 and M-5, as well as whether a specific reserve area has been assigned to a specific mine.

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Table 1.

Coal reserve estimations[1] as at 31 March 2012, in the Secunda area where Sasol Mining has converted mining rights (signed on 29 March 2010) in terms of the Mineral and Petroleum Resources Development Act, Act 28 of 2002

Reserve area	Gross in situ coal resource[2] (Mt)[5]	Geological discount (Mt)[5]	Mine layout losses (Mt)[5]	Extraction rate (%)	Recoverable reserves[3] (Mt)[5]	Beneficiated yield[4] (%)	Proved/ probable
Middelbult mine, number 4 seam	795	126	107	42	256	100	Proved
Middelbult mine, number 2 seam	67	14	11	41	19	100	Proved
Bosjesspruit mine	379	35	111	54	141	100	Proved
Twistdraai mine	48	2	11	55	21	P51,S20	Proved
Syferfontein mine	437	26	55	39	144	100	Proved
Brandspruit mine	126	7	58	49	38	100	Proved
Twistdraai Thubelisha shaft	389	65	51	67	149	P35,S45	Proved
Impumelelo, Block 2, number 4 seam	666	47	172	47	227	100	Proved
Impumelelo, Block 2, number 2 seam	311	22	76	35	63	100	Probable
Block 2 South, number 4 seam	363	98	49	54	122	100	Probable
Block 2 South, number 2 seam	133	36	18	54	45	100	Probable
Block 5 East	184	64	22	45	47	100	Probable
Block 3 South	141	38	19	58	52	100	Probable
Total Secunda area	**4 039**				**1 324**		

(1) The coal reserve estimations in this table were compiled under supervision of Mr Viren Deonarain and Mr Jakes Lock. The "South African Code for Reporting of Minerals Resources and Minerals Reserves (The SAMREC Code 2007 edition)" dealing with competence and responsibility, paragraph 7, state Documentation detailing Exploration Results, Mineral Resources and Mineral reserves from which a Public Report is prepared, must be prepared by, or under the direction of, and signed by a Competent Person. Paragraph 9 states: A 'Competent Person' is a person who is registered with SACNASP, ECSA or PLATO, or is a Member or Fellow of the SAIMM, the GSS or a Recognised Overseas Professional organisation (ROPO). The Competent Person must comply with the provisions of the relevant promulgated Acts. Mr J Swart (Pr.Nat.Sc), on behalf of Golder and Associates performed a comprehensive and independent audit of the coal resource/reserve estimations in July 2011 and the estimates were certified as correct. The current estimation is still in line with the audited reserve and resources statement of July 2011. The estimation of the reserves is compliant with the definition and guidelines as stated in the SAMREC and JORC codes, as well as SEC Industry Guideline 7.

(2) The gross in situ coal resource is an estimate of the coal tonnage, contained in the full coal seam above the minimum thickness cut off and relevant coal quality cut off parameters. No loss factors are applied and seam height does not include external dilution or contamination material.

(3) The recoverable coal reserve is an estimate of the expected recovery of the mines in these areas and is determined by the subtraction of losses due to geological and mining factors and the addition of dilatants such as moisture and contamination.

(4) The P% of P51 refers to the export product yield from the recoverable coal reserve and the S% of S20 refers to secondary product yield, which will be supplied to the Sasol Synfuels factory. The balance of this is discard material. The secondary product yield dropped due to an increase in slimes generated.

(5) Mt refers to 1 million tons. Reference is made of tons, each of which equals 1 000 kilograms, approximately 2 205 pounds or 1 102 short tons.

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Coal qualities per associated reserve estimation (remaining reserves at 31 March 2012)

In tables 2 and 3, additional information regarding coal qualities is provided.

Table 2.

Coal qualities, on an air dry basis, in respective coal reserve areas, where Sasol Mining has converted mining rights in respect of the Secunda mining complex in terms of the Mineral and Petroleum Resources Development Act, Act 28 of 2002.

Reserve area	Wet/ dry tons	Average Inherent Moisture Content (%)	Average Superficial Moisture Content (%)	Assigned/ unassigned	Steam/ metallurgical coal	Heat Value (air dry) basis MJ/kg	Sulphur (air dry basis)
Middelbult mine	Wet	4,0	n/a	Assigned	Steam	20,4	0,8
Bosjesspruit mine	Wet	3,5	n/a	Assigned	Steam	20,5	1,1
Twistdraai mine	Wet	3,6	n/a	Assigned	Steam	21,0	1,1
Syferfontein mine	Wet	5,4	n/a	Assigned	Steam	21,9	0,8
Brandspruit mine	Wet	3,9	n/a	Assigned	Steam	18,4	1,3
Twistdraai, Thubelisha shaft	Wet	4,3	n/a	Assigned	Steam	21,1	1,1
Impumelelo, Block 2, number 4 seam.	Wet	4,1	n/a	Assigned	Steam	18,1	1,2
Impumelelo, Block 2, number 2 seam	Wet	3,7	n/a	Assigned	Steam	17,5	0,8
Block 2 South, number 4 seam	Wet	4,1	n/a	Unassigned	Steam	18,2	1,2
Block 2 South, number 2 seam	Wet	3,6	n/a	Unassigned	Steam	17,4	0,7
Block 5 East	Wet	3,7	n/a	Unassigned	Steam	20,8	1,0
Block 3 South	Wet	3,6	n/a	Unassigned	Steam	21,9	0,7

Table 3.

Coal qualities, on an as received basis, in respective coal reserve areas, where Sasol Mining has converted mining rights in the Secunda mining complex in terms of the Mineral and Petroleum Resources Development Act, Act 28 of 2002.

Reserve area	Wet/ dry tons	Average Inherent Moisture Content (%)	Average Superficial Moisture Content (%)	Assigned/ unassigned	Steam/ metallurgical coal	Heat Value (as received) basis MJ/kg	Sulphur (as received basis)
Middelbult mine	Wet	4,0	4,8	Assigned	Steam	20,3	0,8
Bosjesspruit mine	Wet	3,5	4,2	Assigned	Steam	20,5	1,0
Twistdraai mine	Wet	3,6	3,4	Assigned	Steam	20,8	1,1
Syferfontein mine	Wet	5,4	3,9	Assigned	Steam	21,8	0,9
Brandspruit mine	Wet	3,9	3,8	Assigned	Steam	18,4	1,3
Twistdraai mine, Thubelisha shaft	Wet	4,3	4,0	Assigned	Steam	21,0	1,0
Impumelelo, Block 2, number 4 seam	Wet	4,1	3,7	Assigned	Steam	18,0	1,1
Impumelelo, Block 2, number 2 seam	Wet	3,7	3,7	Assigned	Steam	17,5	0,8
Block 2 South, number 4 seam	Wet	4,1	3,1	Unassigned	Steam	18,0	1,1
Block 2 South, number 2 seam	Wet	3,6	2,7	Unassigned	Steam	17,2	0,7
Block 5 East	Wet	3,7	2,9	Unassigned	Steam	20,8	0,9
Block 3 South	Wet	3,4	3,6	Unassigned	Steam	21,8	0,7

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Criteria for proved and probable

Over and above the definitions for coal reserves, probable coal reserves and proved coal reserves, set forth in Industry Guide 7, under the US Securities Act of 1933, as amended, which are included in our glossary, we consider the following criteria to be pertinent to the classification of the reserves.

Probable reserves are those reserve areas where the drill hole spacing is sufficiently close in the context of the deposit under consideration, where conceptual mine design can be applied, and for which all the legal and environmental aspects have been considered. Probable reserves can be estimated with a lower level of confidence than proved coal reserve. Currently this classification results in variable drill spacing depending on the complexity of the area being considered and is generally less than 500 m, although in some areas it may extend to 880 m. The influence of increased drilling in these areas should not materially change the underlying geostatistics of the area on the critical parameters such as seam floor, seam thickness, ash and volatile content.

Proved reserves are those reserves for which the drill hole spacing is generally less than 350 m, for which a complete mine design has been applied which includes layouts and schedules resulting in a full financial estimation of the reserve. This classification has been applied to areas in the production stage or for which a detailed feasibility study has been completed.

Legal rights on coalfields

Prospecting permits and mining authorisations (including the underlying mineral rights) were substituted with interim statutory rights to be converted into new order rights in accordance with the transitional provisions of the Mineral and Petroleum Resources Development Act, 28 of 2002, which came into effect on 1 May 2004. Sasol Mining, therefore, held these interim statutory rights (old order mining rights) to mine more than 98% of the mineral rights previously owned in the Secunda area. Sasol Mining's old order mining rights consisting of 163 687 hectares of coal rights in respect of the Secunda area and 4 938 hectares in respect of the Mooikraal operation near Sasolburg were converted into new order mining rights on 29 March 2010. The four converted mining rights in respect of the Secunda Complex comprises the total reserve area depicted in table 1 and plan in attachment page M-5. Refer to also "Item 4.B Business Overview Regulation of mining activities in South Africa". In respect of the Mooikraal Operation in the Free State, the relevant old order mining right was also converted and signed on 29 March 2010. In addition, Sasol Mining was granted a mining right in respect of small reserve blocks situated within or adjacent to the Mooikraal operation.

Sasolburg operations

Exploration history

The Northern Free State area in South Africa was first explored in the late 1930s. The exploration was conducted by drilling core recovery boreholes over the current Sasolburg area. Some boreholes were initially drilled by the South African government. The Sigma mine was established in 1950. Subsequent drilling by the General Mining and Finance Corporation in the 1960s identified more coal reserves in the southwest of the existing Sigma mine as well as extensions to the south and east. Page M-4 includes a map showing the location of our Sasolburg coal operations.

The geological models are continually updated and refined with additional drill and analytical results.

Coal seam geology

There are two primary coal seams of importance, the Number 2 Coal Seam and the Number 3 Coal Seam. These coal seams are separated by a carbonaceous mudstone to siltstone parting and consist of a number of coal piles and carbonaceous mudstone interburdens. The individual coal plies

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are numbered from the base upwards and selected mining horizons are identified on the basis of the coal quality required. The major controlling factor on the coal development is the pre-Karoo basement.

Selective mining within coal seams implies that strict horizon control is exercised to maintain mining on the selected horizon. This has been done very successfully at the old Sigma underground operations and at the Mohlolo underground operation. The same principles which were applied when mining the old Sigma and Mohlolo underground operations are applied at the Sigma: Mooikraal mine. In the visible coal seam a well-defined sulphide marker within the seam assists in the identification and verification of the pre-determined minable horizon underground, even in areas where the coal seam is displaced by faulting.

In general, the quality of the coal (the ash yield or the fixed carbon content) deteriorates from the base of the coal seam to the top of the coal seam.

In-seam occurrence of inorganic material is rare in the selected mineable area and may consist of locally developed carbonaceous mudstone lenses. Inorganic material occurs mainly towards the top of the coal seam, but has been excluded from the selected mineable horizon.

Sigma mine has been active since 1950 and has completed total extraction of board and pillar and longwall mining on both the major coal seams. The operations at the Mohlolo underground mines, developed from the highwalls of the Wonderwater strip mine, were closed during the 2006 calendar year.

The Sigma: Mooikraal mine started production during 2006. The production for 2012 is 2,0 Mt (2011 1,9 Mt), where the number 3B seam is mined.

Selected mining horizon

The determination of the selected mining horizon is driven primarily by the required coal quality for the steam process at Sasol Infrachem. In order to define the mining horizon, detailed sampling, with associated coal seam descriptions, are conducted. From this, both a visual and chemical correlation of the plies are made.

Reserve estimation

Sasol Mining has 60,7 Mt (2011 63,0 Mt) proved recoverable coal reserves for supply to Sasol Infrachem for steam generation from the number 3B coal seam. The reserve estimation is depicted in Table 4 below.

Table 4.

Coal reserve estimation[1] of proved and probable reserves, in areas where Sasol Mining has converted mining rights in the Sasolburg mining complex, in terms of the Mineral and Petroleum Resources Development Act, Act 28 of 2002.

Reserve area	Coal seam	Gross in situ coal resource[2] (Mt)[5]	Geological discount (Mt)[5]	Mine layout losses (Mt)[5]	Extraction Rate (%)	Recoverable Coal reserves[3&4] (Mt)[5]	Proved/ probable
Sigma : Mooikraal (Remainder)	3B	240	20	66	43	61	Proved
Total Sasolburg area		**240**				**61**	

(1) The coal reserve estimations in this table were compiled under supervision of Mr Viren Deonarain and Mr Jakes Lock. The "South African Code for Reporting of Minerals Resources and Minerals Reserves (The SAMREC Code 2007 edition)" dealing with competence and responsibility, paragraph 7, state Documentation

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detailing Exploration Results, Mineral Resources and Mineral reserves from which a Public Report is prepared, must be prepared by, or under the direction of, and signed by a Competent Person. Paragraph 9 states: A 'Competent Person' is a person who is registered with SACNASP, ECSA or PLATO, or is a Member or Fellow of the SAIMM, the GSS or a Recognised Overseas Professional organisation (ROPO). The Competent Person must comply with the provisions of the relevant promulgated Acts. Mr J Swart (Pr.Nat.Sc), on behalf of Golder and Associates performed a comprehensive and independent audit of the coal resource/reserve estimations in July 2011 and the estimates were certified as correct. The current estimation is still in line with the audited reserve and resources statement of July 2011. The estimation of the reserves is compliant with the definition and guidelines as stated in the SAMREC and JORC codes, as well as SEC Industry Guideline 7.

(2)

The gross in situ coal resource is an estimate of the coal tonnage, contained in the full coal horizon, selected for mining, above the minimum thickness cut off a relevant coal quality cut off parameters. No loss factors are applied and seam height does not include external dilution or contamination material.

(3)

Recoverable coal reserve refers to the economically mineable coal, inclusive of diluting and contaminating material, and allows for losses that may occur when material is mined.

(4)

At Sasolburg, no coal beneficiation is conducted with 100% of the recoverable coal supplied to the client.

(5)

Mt refers to 1 million tons. One ton equals 1 000 kilograms, approximately 2 205 pounds or 1 102 short tons.

Coal qualities per associated reserve estimation (remaining reserves at 31 March 2012)

In tables 5 and 6 additional information regarding coal qualities is provided.

Table 5.

Coal qualities on an Air Dry Basis, per reserve estimation area, in areas where Sasol Mining has converted mining rights in the Sasolburg mining complex in terms of the Mineral and Petroleum Resources Development Act, Act 28 of 2002.

Reserve area	Wet/ dry tons	Average inherent moisture content (%)	Average superficial moisture content (%)	Assigned/ unassigned	Steam/ metallurgical coal	Heat Value (air dry basis) MJ/kg	Sulphur (air dry basis)
Sigma : Mooikraal (Remainder)	Wet	4,7	n/a	Assigned	Steam	21,0	0,9

Table 6.

Coal qualities on an as received basis, per reserve estimation area, in areas where Sasol Mining has converted mining rights in the Sasolburg mining complex in terms of the Mineral and Petroleum Resources Development Act, Act 28 of 2002.

Reserve area	Wet/ dry tons	Average inherent moisture content (%)	Average superficial moisture content (%)	Assigned/ Unassigned	Steam/ metallurgical coal	Heat value (as received basis) MJ/kg	Sulphur (air dry basis)
Sigma : Mooikraal (Remainder)	Wet	4,7	4,2	Assigned	Stream	20,5	0,9

Synthetic oil activities

Refer to "Item 4. D Property, plants and equipment Mining properties and operations" for details regarding our mining properties, coal exploration techniques and the mining parameters and assumptions used during the estimation of synthetic oil reserves.

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Synthetic oil equivalent production, production prices and production costs

The following table sets forth a summary of the synthetic oil equivalent average sales price and related production costs for the year shown:

	2012 South Africa (Rand per unit)	2011 South Africa (Rand per unit)
Average sales price per barrel	865,76	675,76
Average production cost per barrel	337,53	304,61

Oil and gas production and exploration operations

Sasol Petroleum International (Pty) Ltd. (SPI) manages global upstream interests and activities including exploration, appraisal, development and production. Through SPI, its subsidiaries and Canadian holding companies, Sasol currently has equity in producing assets with proved natural oil and gas reserves in Mozambique, Gabon and Canada; and interests in licences in Africa and the Asia Pacific region for exploration and development.

Mozambique producing assets

In Mozambique, natural gas and condensate is produced from the onshore Pande-Temane Petroleum Production Agreement (PPA) asset. Sasol Petroleum Temane Limitada, a subsidiary of SPI, is the operator and holds a 70% working interest in the asset under the terms and conditions of the Pande-Temane PPA. Production of natural gas and condensate is from the Temane and Pande onshore gas fields via a central processing facility (CPF) located some 700 km north of the Mozambican capital, Maputo. The CPF has been fully operational since the start of production from Temane in 2004. Production from Pande commenced in 2009. In 2012, the net economic interest production from the Pande-Temane PPA assets amounted to 81,10 billion standard cubic feet (Bscf) of gas and 0,30 million barrels (MMbbl) of condensate; and the net economic interest proved reserves at 30 June 2012 are estimated to be 1 451,10 Bscf of gas and 3,55 MMbbl of condensate.

Mozambique exploration and development assets

We also have equity in five non-producing licences which are operated by SPI subsidiaries, two onshore and three of which are offshore. In the onshore Mozambique Pande-Temane petroleum sharing agreement (PSA) licenced area we hold a 100% interest, with Empresa Nacional de Hidrocarbonetos (ENH), the national oil company of Mozambique, being entitled, under the terms of the PSA, to a calculated share in any production. Two areas have been declared discoveries and are currently subject to appraisal.

The other onshore Mozambique licenced area is the Exploration and Production Concession Block A, in which we hold a 100% paying interest, with ENH assigned a 10% carried interest until field development.

Offshore Mozambique, we hold a 58,8% paying interest in the Exploration and Production Concession Blocks 16 & 19 (our partner holds a 41,2% paying interest), with ENH assigned a 15% carried interest until field development. One area of the licence has been declared a discovery and the assessment of the development potential was recently completed. In the shallow water part of the licence all petroleum operations have been suspended until the Strategic Environmental Assessment (SEA) is in place.

The other offshore Mozambique licences are the Exploration and Production Concession M-10 and Sofala. In M-10, we have a 50% paying interest (our partner holds a 50% paying interest), with ENH

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assigned a 15% carried interest until field development. In Sofala, we have a 100% paying interest, with ENH assigned a 15% carried interest until field development.

Gabon producing assets

In Gabon, oil is produced from the offshore Etame Marin Permit asset. Under the terms of the Etame Marin Permit Exploration and Production Sharing Contract, we hold a 27,75% interest in the areas covered by Production Permits and a 30% interest in the exploration areas. The asset is operated by VAALCO Gabon (Etame) Inc. The permit contains three oil fields (Etame, Avouma and Ebouri) as well as other discoveries and prospects. The Etame field came on stream in 2002 and is producing oil through a floating production, storage and off-loading (FPSO) vessel moored over the Etame field. In 2007, the Avouma field was brought on stream, and the Ebouri field was brought on stream in 2009. Both these fields produce oil via minimum facilities fixed platforms that are tied back by pipelines to the Etame FPSO where production is commingled, processed and exported.

In 2012, the net economic interest production from the Etame Marin Permit asset amounted to 1,5 MMbbl oil and the net economic interest proved reserves at 30 June 2012 are estimated to be 4,0 MMbbl oil.

Canada producing assets

In Canada, natural gas and condensate are produced from the unconventional (shale/tight gas) Farrell Creek and Cypress A assets located in British Columbia. We acquired our 50% working interest in Farrell Creek and Cypress A by means of two transactions, with licence participation commencing 1 January 2011, from Talisman Energy Inc., who operate the assets under the terms and conditions of the Talisman Sasol Montney Partnership agreements. Our equity is held via Canadian holding companies, which are subsidiaries of Sasol Investment Company (Pty) Ltd., a wholly-owned subsidiary of Sasol Limited, and is managed by SPI. Farrell Creek comprises 7 licences and 19 leases covering approximately 54 274 acres of land, and contains 81 producing wells (at 30 June 2012), gas gathering systems and a 320 MMscf/d processing facility. Cypress A comprises 7 licences and 20 leases covering approximately 57 255 acres of land, and contains 6 producing wells and associated gas gathering systems. Production from the Cypress A asset is sold through nearby third party processing facilities.

In 2012, production from the Farrell Creek and Cypress A assets amounted to 17,0 Bscf gas and 0,01 MMbbl condensate; and the net economic interest proved reserves at 30 June 2012 are estimated to be 55,21 Bscf gas and 0,22 Mbbl condensate.

Other areas of exploration and development assets

In July 2011, SPI partnered with Origin Energy to acquire three coal bed methane (CBM) and coal prospecting licences, PL134/2010, PL135/2010 and PL136/2010, in Botswana. SPI and Origin formed an incorporated joint venture (Kubu Energy Resources (Pty) Ltd.) to hold the licences, with each shareholder having a 50% share in the company. SPI is the operator of the exploration work programme which is carried out by its local subsidiary, Sasol Petroleum Botswana (Pty) Ltd. (SPB). In accordance with the licence obligations, the joint venture is committed to a minimum work programme that includes drilling and evaluating up to 10 coreholes on each licence area and executing a production pilot on one of the licences to determine the feasibility of commercial development.

In Papua New Guinea, at the end of 2012, we had an interest in four onshore Petroleum Prospecting Licences. In PPL-285, following a farm-out that was ratified in March 2012, our interest was 41%, and in PPL-286, PPL-287 and PPL-288 our interest was 51%. In June 2012, we obtained agreement from the Department of Petroleum and Energy to amalgamate the remaining prospective acreage in the north of PPL-285 and PPL-288 under a new licence (PPL-426 with Sasol equity 41%). Ministerial approval has been received during September 2012 and these changes will be ratified and the relinquishment of the southern parts of PPL-285 and PPL-288, and all of PPL-286 will be effected.

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In the offshore Northwest Shelf of Australia we had, at the end of 2012, an interest in three licences. We are, however, in the process of transferring our 18% equity interest in the Apache Northwest operated WA-388 licence to our partners, which is effective from the expiry of year 6 of the licence (in August 2012). Our other two interests are in the ACP-52 and WA-433 licences. The ACP-52 licence is operated by Finder Exploration (Pty) Ltd. and we have a 45% interest. We acquired our 35% equity in the Woodside Energy Limited operated WA-433 licence in 2012, with formal government approval of our farm-in gazetted in July 2012.

In Nigeria, we hold interests in two licences. In the offshore deepwater OML-140 Oil Mining Licence we have a 5% interest. The licence is operated by Chevron. One area of OML-140 has been declared a discovery and the assessment of the development potential is ongoing. The licence also includes part of the Bonga SW/Aparo (BSWAp) oil field, in which we have a 0,375% interest. The BSWAp field is operated by Royal Dutch Shell under the terms of a Pre-Unitisation Agreement. In the offshore deepwater OPL-214 Oil Prospecting Licence we have a 5% interest. The licence is operated by ExxonMobil. The licence includes four discoveries, and the assessment of the development potential is ongoing. The operator applied for conversion of OPL-214 to an Oil Mining Licence which, upon receipt, will be effective from the expiry date of the third exploration period in June 2012.

We are in the process of re-assigning, to the original licence concessionaires, our 6% interest in the Nigeria OPL-247 Oil Prospecting Licence and are awaiting Ministerial approval of this.

In 2012, we divested our 5% interest in the Nigeria/São Tomé e Príncipe JDZ Block 1 licence.

In South Africa, we have a 10% interest in the offshore Block 3A/4A Exploration Rights/Production Rights licence which is operated by BHP Billiton.

Reserve disclosure

Proved developed and proved undeveloped reserves estimates: The table below summarises the proved developed and proved undeveloped reserves of natural oil and gas for the producing assets managed by SPI, as at 30 June 2012. The total proved reserves estimate is 258,8 million barrels in oil equivalent terms.

Summary of natural oil and gas proved reserves at 30 June 2012

	Oil (Millions of barrels)	Natural gas (Billions of cubic feet)	Total Oil equivalent[1] (Millions of barrels)
Proved developed			
Mozambique	1,7	796,1	134,3
Gabon	3,5		3,5
Canada[2]	0,2	55,2	9,4
	5,4	851,3	147,2
Proved undeveloped			
Mozambique	1,8	655,0	111,0
Gabon	0,6		0,6
Canada[2]			
	2,4	655,0	111,6
Total proved reserves	**7,8**	**1 506,3**	**258,8**

(1) Six billion cubic feet of natural gas is converted to one million barrels of oil equivalent.

(2) Canada reserves relate to unconventional natural gas (shale/tight gas).

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Mozambique proved reserves: The Mozambique proved reserves are contained in the Pande-Temane PPA asset. These represent the net economic interest volumes that are attributable to SPI after the deduction of production tax. The reserves are limited by take or pay quantities defined by three existing gas sales agreements for the remainder of the terms of the contracts.

Gabon proved reserves: The Gabon proved reserves are contained in the Etame Marin Permit asset. These represent the net economic interest volumes attributable to SPI after application of the terms of the Exploration and Production Sharing Contract.

Canada proved reserves: The Canada proved reserves are contained in the Farrell Creek and Cypress A unconventional (shale/tight gas) assets. Full development of these assets will require around 3 000 wells, of which only 3% have been drilled to date. In view of the low natural gas price in Western Canada and North America, the extensive remaining development plan has slowed to adjust to market conditions. Reserves are presently limited to those volumes of gas and condensate that are forecast to be produced from existing wells.

Changes to proved reserves: The table below presents in oil equivalent terms the proved reserves of natural oil and gas for the producing assets managed by SPI, over the years shown and identifies the reasons for the changes in the estimates.

Natural oil and gas proved reserves at 30 June 2012
(oil equivalent, million barrels)

	Mozambique	Gabon	Canada	Total
Balance at 30 June 2010	271,0	4,6		275,6
Revisions	0,6	0,9		1,5
Improved recovery		0,2		0,2
Purchases			9,7	9,7
Commercial arrangements		(0,1)		(0,1)
Production	(13,5)	(1,9)	(0,5)	(15,9)
Balance at 30 June 2011	258,1	3,7	9,2	271,0
Revisions	1,1	1,1	3,0	5,2
Improved recovery		0,6		0,6
Commercial arrangements		0,1		0,1
Production	(13,8)	(1,5)	(2,8)	(18,1)
Balance at 30 June 2012	245,4	4,0	9,4	258,8
Proved developed				
At 30 June 2010	136,2	2,7		138,9
At 30 June 2011	123,3	3,7	1,2	128,2
At 30 June 2012	134,3	3,5	9,4	147,2
Proved undeveloped				
At 30 June 2010	134,8	1,9		136,7
At 30 June 2011	134,8		8,0	142,8
At 30 June 2012	111,0	0,6		111,6

Proved undeveloped reserves converted to proved developed reserves: The proved undeveloped reserves converted to proved developed reserves in 2012 (approximately 150 Bscf) in Mozambique resulted from the completion of the 183 MGJ/a expansion project of which the majority of the capital expenditure was incurred prior to 2012.

During 2012, the capital expenditure made in Canada, with the drilling of additional wells and the installation of refrigeration units at the processing facility, resulted in the conversion of 8,0 million

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barrels of oil equivalent proved undeveloped reserves to proved developed reserves. The net capital expenditure to Sasol was R5 022 million for well pad developed preparation, drilling and completion and R1 063 million for refrigeration units and associated infrastructure. The actual spending incurred by Sasol is affected by the capital carry obligations that form part of the consideration for Sasol's acquisition of its interest in the assets. For drilling and completions and in-field activities Sasol pays 50% (in line with equity holding) plus 85% of the Talisman share until the capital carry obligation is fulfilled. This means that Sasol's expenditure on the drilling and completions and in-field activities involved in the conversion of proved undeveloped reserves to proved developed reserves is 92,5% of the total cost incurred. For spending related to other activities, including the refrigeration units and associated infrastructure, Sasol and Talisman pay their own 50% share in line with the equity holding.

Proved undeveloped reserves remaining undeveloped: A significant volume of proved undeveloped natural gas reserves (around 650 Bscf) has remained undeveloped in the Mozambique Pande-Temane PPA asset for the last six years. This represents a volume of gas that will be recovered as part of the approved field development plan and which is required to satisfy the existing 20-year gas sales agreements as explained below.

Gas from Sasol Petroleum International's (SPI) Mozambican Pande-Temane PPA operations is presently sold under two long-term gas sales contracts that extend to 2029, and a third new short-term contract. The total proved gas reserves disclosed by SPI for Mozambique represent the future minimum off-take volumes under these contracts. Minimum delivery volumes are also specified in the contracts.

As a foundation for the significant increase in its gas production represented by the second of these gas contracts, SPI submitted an updated Field Development Plan (FDP) to the Mozambican authorities in 2007. The initial steps in the revised FDP were development drilling in the Pande field and a 50% increase in the capacity of the Central Processing Facility (CPF). The FDP noted that additional wells and compression would be required at some point in the future but that the timing, estimated between 2015 and 2020 in the document, remained to be optimised on the basis of field performance. This FDP was subsequently approved by the Mozambican authorities.

Execution of the early elements of the FDP has already taken place. During the 2007 calendar year, nine Pande wells were drilled and the field was brought into production in the middle of the 2009 calendar year. The CPF 183 MGJ/a expansion project was completed in 2012.

Since 2007, SPI has regularly reviewed production performance from the two fields and revised its plan for installation of the additional compression and wells. The current estimate is that additional wells will not be required before 2020 but that low-pressure compression is anticipated to be installed in 2014.

Preparation of reserve estimates: To ensure natural oil and gas reserves are appropriately estimated, are accurately disclosed and are compliant with current SEC regulations and Financial Accounting Standards Board (FASB) requirements, SPI has established and maintains guidelines and procedures, which are reviewed by suitably experienced independent external consultants, and a set of internal controls, which are in accordance with the requirements of the Sarbanes-Oxley Act of 2002. The internal controls cover, amongst other matters, the segregation of duties between those who prepare, review and approve the estimates; confirmation that those who estimate the reserves are appropriately qualified and experienced; the review, by an internal panel containing an experienced independent external assessor or by an independent consultancy, of all estimated future production rates and future capital and operating costs to ensure that the assumptions, data, methods and procedures are appropriate; a review of the technologies used in the estimation process to determine reliability; confirmation that the compensation arrangements of those who are involved in the estimation of reserves are not materially affected by the reserves; and approval and authorisation arrangements to validate the economic assumptions and to ensure that only accurate, complete and consistent data are used in the estimation of reserves.

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The technical person within SPI who is primarily responsible for overseeing the preparation of natural oil and gas reserves is the General Manager: Technical Services. The qualifications of the incumbent include a MA and MSc in Mathematics with 33 years experience in oil and gas exploration and production activities and 25 years experience in reserves estimation.

Natural oil and gas production, production prices and production costs

Oil and gas production quantities: The table below presents net production quantities, by final product sold, for the years shown.

Production for the year ended 30 June	Mozambique	Gabon	Canada	Total
2010				
Natural gas, billion cubic feet	68,0			68,0
Oil, million barrels	0,2	1,9		2,1
Total oil equivalent, million barrels				13,4
2011				
Natural gas, billion cubic feet	79,7		2,9	82,6
Oil, million barrels	0,3	1,9		2,2
Total oil equivalent, million barrels				15,9
2012				
Natural gas, billion cubic feet	81,1		17,0	98,1
Oil, million barrels	0,3	1,5		1,8
Total oil equivalent, million barrels				18,1

Oil and gas sales prices and production costs: The table below summarises the natural oil and gas average sales prices and related production costs for the years shown:

Average sales prices and production costs for the year ended 30 June	Mozambique	Gabon	Canada	Other areas
		(Rand per unit)		
2010				
Average sales prices				
Liquids*, per barrel	324,2	455,4		
Natural gas, per thousand cubic feet	11,2			
Average production cost per thousand cubic feet/barrel	2,6	116,2		
2011				
Average sales prices				
Liquids*, per barrel	451,0	558,4	551,8	
Natural gas, per thousand cubic feet	11,9		23,9	
Average production cost per thousand cubic feet/barrel	2,3	80,8	7,9	
2012				
Average sales prices				
Liquids*, per barrel	636,6	741,7	650,2	
Natural gas, per thousand cubic feet	15,8		18,7	
Average production cost per thousand cubic feet/barrel	3,6	124,3	9,2	

* Liquids comprise natural oil and condensate.

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Drilling and other exploratory and development activities

Exploratory and development wells: The table below summarises the gross natural oil and gas drilling activities for the years shown:

Number of wells drilled for the year ended 30 June	Mozambique	Gabon	Canada	Other areas	Total
		(number of wells drilled)			
2010					
Exploratory well discovery		1			1
Exploratory well dry		2			2
Development well productive		1			1
Development well dry					
2011					
Exploratory well discovery	1				1
Exploratory well dry	2	1		2	5
Development well productive	3	2			5
Development well dry					
2012					
Exploratory well discovery				2	2
Exploratory well dry				1	1
Development well productive			53		53
Development well dry					

Exploratory and development activities 2010: The key activities undertaken in 2010 were in the Gabon Etame Marin Permit and included the drilling of a development well (EEBOM-4H), which was placed in production, the workover of a development well (EEBOM-3H), and the drilling of an exploration well (ETSEM-1) and the discovery of oil in the South-East Etame prospect.

Mozambique exploratory and development activities 2011: In the Pande-Temane PPA asset, five Pande wells were successfully worked over. Of these, three were placed in production and two were suspended. Other activities included the successful acid remediation treatment on the water disposal well and the drilling of a shallow water disposal well to provide additional water disposal facilities. Work commenced to increase the throughput capacity of the central processing facilities.

In the Pande-Temane PSA licence, three wells were drilled. One, a horizontal well (Inhassoro-9z) was drilled to appraise the reservoir in the Inhassoro field, where liquid hydrocarbons were encountered as anticipated. The second well (North Save-1) encountered non-commercial hydrocarbons and was considered to be dry, the third well (Falcao-1) was dry. Both wells were plugged and abandoned. Other activities in the licence included the final abandonment of a well drilled by a previous operator and the rehabilitation of two old drilling sites.

Airborne gravity and magnetic surveys were undertaken over areas of the onshore Area A licence and the offshore M-10 and Sofala licences and analysis was undertaken of the acquired data commenced.

Gabon exploratory and development activities 2011: In the Etame Marin Permit, the rig programme that started in 2010 was completed. The two development wells (ET-7H and ETBSM-2H) drilled were placed in production. Two exploration side-track wells were drilled on South-East Etame discovery, one encountered hydrocarbons but the other was dry. An exploration well (ETOMG-1) drilled to test the Omangou prospect was also dry. Other activities included the completion of concept selection studies for the Etame Expansion Project and the installation of subsea conductor guides in preparation for additional wells in the Avouma and Ebouri fields.

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Canada exploratory and development activities 2011: In the Farrell Creek and Cypress A assets, a number of wells were drilled, but all were completed before our participation became effective. At the end of June 2011, 10 rigs and one hydraulic fracturing crew were active.

Other areas exploratory and development activities 2011: In Papua New Guinea, an exploration well (Awapa-1) was drilled in the PPL-285 licence. The well was dry and was plugged and abandoned. Also in Papua New Guinea, a 2D seismic survey was acquired, over PPL-285 (227 km), PPL-286 (70 km) and PPL-287 (75 km).

In Australia, an exploration well (La Rocca-1) was drilled in the WA-388 licence. The well was dry and was plugged and abandoned. In the Australia ACP-52 licence a 3D seismic survey (517 km^2) was acquired.

In Nigeria, technical studies were undertaken which led to a recommendation to drill two exploration commitment wells in the OPL-214 licence. In the OML-140 licence, pre-front end engineering and design (FEED) studies continued for the BSWAp field development project.

In South Africa, a prospectivity review of the Block 3A/4A licence was undertaken.

Mozambique exploratory and development activities 2012: In the Pande-Temane PPA asset the main activity was the completion of the 183 MGJ/a CPF expansion project.

In the Pande-Temane PSA licence, an extended well test (EWT) on the Inhassoro I-9z well is being conducted to establish the economic viability of a liquids development. The appraisal report is scheduled for December 2012. Cumulative production from the I9z EWT since the well was opened in March 2012 was 41 900 barrels to 30 June 2012.

In the M-10 concession approval to drill the Mupeji exploration well has been obtained and preparation is underway to drill the well in 2013. In the Sofala concession 3D seismic data (1 528 km^2) is being acquired and the hydrocarbon potential in the concession is currently under review. In the Area A concession 2D seismic data (2 000 km) is being acquired.

Gabon exploratory and development activities 2012: No drilling occurred in Etame Marin Permit in 2012, however, 240 km^2 of 3D seismic data was acquired in the shallow water part of the Etame Marin Permit and this dataset is currently being processed. Re-processing of existing 3D seismic dataset was completed and interpretation commenced with a view to identifying drillable exploration prospects and firming up resource estimates for potential new developments. Pre-FEED studies were completed on the Etame Expansion Project, and FEED studies have commenced. Concept selection studies also commenced on a potential joint development of the South East Etame and North Tchibala fields. A produced water system and new living quarters for the Avouma platform are being designed and constructed.

Canada exploratory and development activities 2012: In Canada, at 30 June 2012, a total of 99 wells have been drilled in Farrell Creek, since project start-up in 2009, of which 82 were completed and eighty one are on-stream. The remainder of the drilled wells are scheduled for completion in 2013. The Farrell Creek CPF was expanded by the addition of two refrigeration units of 50 and 90 MMscf/d capacity each, bringing the total processing capacity to 320 MMscf/d. In Cypress A, no wells were drilled, completed or brought on-stream, in addition to the existing six wells. Additional 3D seismic data acquisition for Farrell Creek and Cypress A has been completed and the data is being processed.

Other areas exploratory and development activities 2012: In Botswana, following the acquisition of the prospecting licences PL134/2010, PL135/2010 and PL136/2010, an aeromagnetic survey comprising 30 000 line kilometres is now being undertaken.

In Papua New Guinea, in PPL-285, PPL-286 and PPL-287, seismic data acquisition, which commenced in 2010, was completed along with the processing and interpretation. Decommissioning and

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restoration of the drilling and seismic sites and camp areas has also been completed. Geological and geophysical study work is ongoing.

In Australia, in ACP-52, seismic processing and interpretation has been completed and resource maturation work is being undertaken on the Cronus prospect, and in WA-388 geological and geophysical studies were completed. In WA-433 the Vucko-1 well was drilled. The well was dry and has been plugged and abandoned. Studies are being undertaken to re-evaluate the remaining block potential.

In Nigeria, two exploration commitment wells (Uge-5 and Nza-1X) were drilled in the OPL-214 licence. These resulted in discoveries of oil and gas. The impact of these discoveries on the future development in this block, including the Uge field, is being evaluated. In the OML-140 licence, pre- FEED studies continue for the BSWAp field development project, which is now in the define stage.

Capitalised exploratory well costs: The table below summarises the capitalised exploratory well costs, providing the amount of costs that are capitalised pending the determination of proved reserves at the end of the year.

	Natural oil and gas				
	Mozambique	**Gabon**	**Canada**	**Other areas**	**Total**
	(Rand in millions)				
Capitalised exploratory well costs pending the determination of proved reserves	952,4	53,6		154,5	1 160,5
Additions for the year	312,2	0,1		54,5	366,8
Capitalised exploratory well costs ageing post drilling completion:					
2 years		53,6			53,6
4 years	862,1			63,0	925,1
5 years				21,5	21,5

There have been no capitalised exploratory well cost reclassified to wells, equipment and facilities as there have been no additional proved reserves declared on these projects.

Mozambique capitalised exploratory well costs: In the Pande-Temane PSA licence R862,1 million exploratory well costs continue to be capitalised for a period greater than one year after the completion of drilling. This amount relates mainly to the exploration drilling conducted and completed in 2008 and the declaration of discovery areas. Appraisal drilling activities commenced in 2009, continued in 2011 with the drilling of an appraisal well (Inhassoro 9-z) and the extended well test which commenced in April 2012. The results of the appraisal programme will determine the possible liquids and gas developments in the Pande-Temane PSA licence, and the appraisal programme is expected to be completed in the 2013 calendar year.

In Blocks 16 & 19, R433,7 million exploratory well costs were impaired during the year. This amount relates to the exploration drilling conducted and completed in 2009 on two offshore exploration wells (Njika-1 and Njika-2) and the declaration of a discovery area. The results of the in-house and independent external studies conducted in 2012 formed the basis for the evaluations of the viability of the wells resulting in impairment.

Gabon capitalised exploratory well costs: In the Etame Marin Permit, the exploratory well costs that continue to be capitalised relate to the exploration well (ETSEM-1) that resulted in a discovery in June 2010. Since then, geological and reservoir evaluations have been conducted in order to determine the oil-in-place and potential recoverable volumes in the structure. Studies are currently underway with a view to determining potential field development concepts and the commercial viability of such concepts. Future work required to mature these contingent resources into proved reserves include

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studies to determine the optimum development concept, together with production, cost and schedule profiles and economic analysis to determine the commercial viability of a field development.

Other capitalised exploratory well costs: The capitalised well costs under 'Other areas' in the table above relate mainly to the OML-140 and OPL-214 licences in Nigeria.

For the OML-140 licence, costs continue to be capitalised pending the completion of pre-FEED studies on the BSWAp development concept and the assessment of a potential Nsiko field development, following the completion of feasibility studies.

For the OPL-214 licence, previously capitalised exploratory well costs and the capitalised costs for the Uge-5 and Nza-1X exploratory wells remain capitalised pending the assessment of a potential Uge field development which will include the results from the 2012 discoveries. In 2012, the JDZ Block 1 capitalised well costs that related to the Obo discovery, net of proceeds were charged to expense with the divestment of our interest to two of our partners.

Present activities

Wells in the process of being drilled: The table below summarises the gross number of natural oil and gas wells being drilled at 30 June 2012. This includes wells that have been drilled but have not yet been mechanically completed.

	Mozambique	Gabon	Canada	Other areas	Total
			(number of wells)		
Wells being drilled			21(1)		21(1)

(1) A net number of 10,5 natural oil and gas wells are being drilled at 30 June 2012.

Mozambique present activities: In the Pande-Temane PPA asset, the two wells that were worked over in 2011 have been hooked-up to the flow and trunk lines that will transport production to the central processing facilities. These wells are now producing. Hook-up of the water disposal well to the central processing facilities also occurred in 2012.

In the M-10 concession, approval to drill the Mupeji exploration well has been obtained and preparation is underway to drill the well in 2013.

Gabon present activities: In the Etame Marin Permit, asset surface facilities equipment is being installed to enable the drilling and completion of future wells in the Avouma and Ebouri fields. The design of the new wells is currently being undertaken.

Canada present activities: At June 2012, in Farrell Creek four rigs are active and four development wells are being drilled and 17 are awaiting mechanical completion.

Other areas present activities: In Botswana, exploration drilling is expected to commence in 2013 on the PL134/2010, PL135/2010 and PL136/2010 licences, following the award of contracts and initial establishment of the supply base camp and on site analytical facilities.

In Nigeria the exploration potential in OML-140 is being evaluated with a view to drilling an exploration well in 2013.

Delivery commitments

Mozambique assets production: The Pande-Temane PPA natural gas produced, other than royalty gas that is provided to the Mozambican government, is sold to Sasol Gas and Aggreko. The gas sold to Sasol Gas under long term sales agreements, is exported for marketing in South Africa and as part of the feedstock for Sasol's chemical and synthetic fuel operations in Secunda and Sasolburg. The gas sold

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to Aggreko under a short term sales agreement, executed in 2012, is for power generation in Mozambique. The Mozambican government is dedicating royalty gas for use in the vicinity of the processing plant in Temane as well as developing the gas market in Maputo. The natural gas condensate is currently sold locally at the central processing facilities. The buyer trucks the condensate to Beira, Mozambique, for export via the port of Beira to offshore markets.

Gabon assets production: Oil production from Etame Marin Permit operations is sold internationally on the open market. An annual sales contract is typically entered into for the sale of the Etame Marin Permit oil based on a competitive bidding process with sales prices linked to international oil prices. The current Sale and Purchase Agreement, for calendar year 2012, requires all production from Etame Marin Permit to be delivered to the buyer.

Canada assets production: 100% of the gas produced from the unconventional (shale/tight gas) Farrell Creek and Cypress A assets is sold by the Talisman Sasol Montney Partnership into the North American gas market under a long-term marketing agreement with Talisman Energy Canada, which is currently valid until 2024. There are no minimum sales obligations to Talisman Energy Canada. However, production from Farrell Creek and Cypress A is currently not sufficient to meet contracted gas transportation obligations. As a consequence of reduced production in 2012 (caused by the depressed gas price environment in Western Canada), we incurred ship-or-pay regret costs. Talisman Energy Canada has partially mitigated transmission commitment exposure through placement of unutilised gas transmission capacity in the gas transmission market. Condensate is sold under the same marketing agreement.

Oil and gas properties, wells, operations and area

Productive wells and area: The table below provides details of the productive wells and area at 30 June 2012.

	Mozambique	Gabon	Canada	Other	Total
Productive oil wells (number)					
Gross	1	10			11
Net	1	3			4
Productive gas wells (number)					
Gross	22		87		109
Net	15		44		59
Developed area (km^2)					
Gross	1 745	116	155		2 016
Net	1 222	32	78		1 332
Undeveloped area (km^2)					
Gross	38 122	2 958	296	72 740	114 116
Net	30 219	821	148	25 027	56 215

Licence terms Mozambique: The Petroleum Production Agreement for the Pande-Temane PPA asset expires in 2034 and carries two possible five year extensions. There are no remaining licence obligations.

In the Pande-Temane PSA licence, there are two discovery areas (Pande/Corvo/Tafula and Temane/Temane East/Inhassoro) which are currently being appraised. The appraisal phase is scheduled to end in December 2012. The remaining exploration areas of the licence have been relinquished.

The Exploration and Production Concession for Blocks 16 & 19 is in the third and last exploration period which expires in June 2013. There are no remaining commitments.

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The Exploration and Production Concession M-10 is in the second exploration period which carries a one well commitment and is due to expire in January 2013. At 30 June 2012, approval to drill the commitment well (Mupeji) has been obtained and preparation was underway to drill the well. The third exploration period, if entered, will expire in January 2015.

The Exploration and Production Concession Sofala is in the second exploration period which expires in January 2013. The gravity survey commitment has been completed and the seismic acquisition has also been completed. The third exploration period, if entered, will expire in January 2015.

The Exploration and Production Concession Area A licence is in the initial exploration period, which expires in May 2014. The gravity survey commitment has been completed and the seismic acquisition commitment has commenced. The second and third exploration periods, if entered, will expire in May 2016 and May 2019 respectively.

Licence terms Gabon: The exploration area of the Gabon Etame Marin Permit expires in July 2014. There is one well commitment outstanding. An extension to the Etame Exclusive Exploitation Authorisation to July 2016 has been granted and the pre-requisite amendment to the Exploration and Production Sharing Contract has been executed. The Exclusive Exploitation Authorisations for Avouma and Ebouri expire in 2015 and June 2016, respectively.

Licence terms Canada: At 30 June 2012 Farrell Creek comprised seven licences and 19 leases covering some 54 274 acres and Cypress A assets comprised seven licences and 20 leases covering some 57 255 acres of land. Conversion of licences (which carry no production rights) to leases (with production rights) is enabled through meeting of drilling commitments, the provincial government's prescribed lease selection and validation process or licence extension applications. Annual work programmes are developed and approved to ensure drilling commitments are met in a timely manner. At 30 June 2012, no licences or leases had expired. The process of future lease selection and validation and licence expiry management is undertaken by Talisman as managing partner, on an ongoing basis, and is overseen and managed by the Talisman / Sasol Montney Partnership's Management Committee.

Licence terms other areas: The Botswana licences PL134/2010, PL135/2010 and PL136/2010 are currently within the initial three year exploration period that expires in September 2013. Sasol plans is to obtain approval from the government by June 2013, to continue the current work programme, which includes drilling and evaluating up to ten coreholes on each licence area and executing a production pilot on one of the licences to determine the feasibility of a commercial development into the first, of a possible two, two year licence renewal periods in order to complete the minimum commitments.

At June 2012, in Papua New Guinea we were awaiting ministerial ratification of the proposal, submitted in October 2011, to retain a prospective area in the north of PPL-285 and PPL-288 under a combined new licence and relinquish the southern areas of the licences and all of the PPL-286 licence. Approval was received in December 2011, for a variation on the PPL-287 licence for study work to be performed until the end of the third exploration term, which ended in August 2012.

In Australia, the WA-388 licence expired in August 2012 when Sasol exited the licence. The ACP-52 licence current year 4 term ends in May 2013 and the WA-433 current year 4 term ends in May 2013. In both cases study work is underway to determine our future plans.

The Nigeria OPL-214 licence, for exploration, expired in June 2012. The operator applied to the government in April 2012 to convert this prospecting licence into an OML for development and production. The Nigeria OML-140 licence for development and production expires in 2029.

Supplemental oil and gas information

Supplemental oil and gas information: See "Item 18 Financial Statements Supplemental Oil and Gas Information" for supplemental information relating to natural oil and gas producing activities.

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ITEM 4A. UNRESOLVED STAFF COMMENTS

There are no unresolved written comments from the SEC staff regarding our periodic reports under the Securities Exchange Act of 1934 received more than 180 days before 30 June 2012.

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ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This section should be read in conjunction with our consolidated financial statements included in "Item 18 Financial Statements" as at 30 June 2012, 2011 and 2010, and for the years ended 30 June 2012, 2011 and 2010, including the accompanying notes, that are included in this annual report on Form 20-F. The following discussion of operating results and the financial review and prospects as well as our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Certain information contained in the discussion and analysis set forth below and elsewhere in this annual report includes forward-looking statements that involve risks and uncertainties. See "Item 3.D Key information Risk factors" for a discussion of significant factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in this annual report.

5.A Operating results

Company and business overview

Sasol is an international integrated energy and petrochemicals company that leverages the talent and expertise of our more than 34 000 people working in 38 countries. We develop and commercialise technologies, and build and operate world-scale facilities, to produce a range of high value product streams, including liquid fuels, chemicals and lower carbon electricity.

While continuing to support our home-base of South Africa, Sasol is expanding internationally based on a unique value proposition, which links our diverse businesses into an integrated value chain supported by top-class functions. Our ability to deliver sustainable shareholder value is premised on developing our people, keeping them safe and healthy, contributing meaningfully to the social and economic development of the countries and communities within which we work, and doing so in an environmentally responsible way. Sasol is listed on the Johannesburg Stock Exchange in Johannesburg (JSE: SOL) and the New York Stock Exchange (NYSE: SSL), with headquarters in Johannesburg, South Africa.

The group has nine reportable segments that comprise the structure used by the group executive committee (GEC) to make key operating decisions. While the information is presented by cluster, the underlying business unit information in each of the clusters is still presented to the GEC and board. We have continued to present each of the business units as reporting segments.

While Sasol Petroleum International (SPI) and SSI do not meet the quantitative criteria for disclosure as a separate segment, they are expected to become significant contributors to the group's performance in future years as the upstream supplier of resources for the group's GTL and CTL activities. Consequently, the GEC has chosen to include SPI and SSI as reportable operating segments, as we consider this presentation to be appropriate in light of their strategic importance to the group.

We divide our operations into the following segments:

South African energy cluster:

Sasol Mining;

Sasol Gas;

Sasol Synfuels; and

Sasol Oil.

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International energy cluster:

Sasol Synfuels International; and

Sasol Petroleum International.

Chemical cluster:

Sasol Polymers;

Sasol Solvents;

Sasol Olefins & Surfactants; and

Other Chemicals includes Sasol Wax, Sasol Nitro, Merisol, Sasol Infrachem and other chemical businesses.

Other businesses:

Other includes Sasol Technology, Sasol Financing, the group's central administration activities and alternative energy businesses.

External factors and conditions

Our business, operating results, cash flow and financial condition are subject to the influence of a number of external factors and conditions. These include conditions in the markets in which we sell our products, including the fluctuations in the international price of crude oil, effect of fluctuations in the currency markets, most notably in the exchange rate between the rand and the US dollar, cyclicality in the prices of chemical products, the effect of coal prices on export coal operations and the effects of inflation on our costs. Other factors which may influence our business and operating results include economic, social, political and regulatory conditions and developments in the countries in which we operate our facilities or market our products. See "Item 3.D Key information Risk factors".

Fluctuations in refining margins and crude oil, natural gas and petroleum products prices

Through our participation in the Natref refinery, we are exposed to fluctuations in refinery margins resulting from fluctuations in international crude oil and petroleum product prices. We are also exposed to changes in absolute levels of international petroleum product prices through our synfuels operations. Fluctuations in international crude oil prices affect our results mainly through their indirect effect on the Basic Fuel Price (BFP) formula. A key factor in the BFP is the Mediterranean and Singapore (for petrol) or the Arab Gulf (for diesel) spot price. See "Item 4.B Business overview Sasol Synfuels", "Sasol Oil" and "Sasol Petroleum International". Furthermore, prices of petrochemical products and natural gas are also affected by fluctuations in crude oil prices.

Market prices for crude oil, natural gas and petroleum products fluctuate as they are subject to local and international supply and demand fundamentals and factors over which we have no control. Worldwide supply conditions and the price levels of crude oil may be significantly influenced by international cartels, which control the production of a significant proportion of the worldwide supply of crude oil, and by political developments, especially in the Middle East and North Africa.

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The volatility of the crude oil price is illustrated in the following table, which shows the annual high, low and average of the European Brent crude oil price (free on board) in US dollars for the past ten years and to 28 September in the 2012 calendar year:

	US dollars per barrel (US$/b)		
Financial year	**Average[1]**	**High**	**Low**
2002	23,24	29,22	16,51
2003	27,83	34,94	22,82
2004	31,30	39,22	25,51
2005	46,17	58,50	35,36
2006	62,45	74,45	52,84
2007	63,95	78,26	49,95
2008	95,51	139,38	67,73
2009	68,14	143,95	39,41
2010	74,37	88,09	58,25
2011	96,48	126,64	70,61
2012 (through 30 June)	112,42	128,14	88,69
July 2012	102,62	107,79	95,28
August 2012	113,36	117,45	106,78
September 2012 (up to 28 September 2012)	113,10	117,21	108,01

Source: Energy Information Administration (US Department of Energy)

(1) The average price was calculated as an arithmetic average of the quoted daily spot price.

On 28 September 2012, the price of European Brent crude oil was US$111,81/b.

Significant changes in the price of crude oil, natural gas and petroleum products over a sustained period of time may lead us to alter our production, which could have a material impact on our turnover. Decreases in the price of crude oil, natural gas and petroleum products can have a material adverse effect on our business, operating results, cash flows and financial condition.

Other factors which may influence the aggregate demand and hence affect the markets and prices for products we sell may include changes in economic conditions, the price and availability of substitute fuels, changes in product inventory, product specifications and other factors. In recent years, prices for petroleum products have fluctuated widely.

We make use of derivative instruments, including commodity options and futures contracts of short duration from time to time, as a means of mitigating price and timing risks on crude oil and other energy-related product purchases and sales. While the use of these derivative instruments provides some protection against short-term volatility in crude oil prices, it does not protect against longer-term trends in crude oil prices.

As a result of the group's substantial capital investment programme and cash flow requirements, we deemed it necessary to shield the group's income from fluctuations in crude oil prices by means of appropriate hedging strategies.

While we believe that these hedging strategies have been appropriate in the past, there are other risk mitigation measures, such as cost containment, cash conservation and capital prioritisation, which need to be considered in conjunction with this strategy. In 2010, we did not hedge as in the past, as we did not consider there to have been value in the zero cost collars available in the market at that time.

In March 2011, we entered into a zero cost collar for 4,56 million barrels of oil, equivalent to approximately 30% of our planned Sasol Synfuels' production and Sasol Petroleum International's West African output for the final quarter of 2011. In terms of the hedge, the group was protected at crude

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oil prices below US$85,00/b, and benefited from crude oil prices up to US$172,77/b. As a result of the volatility in crude oil prices during the period in which the oil hedge was in effect, the settlement of the oil hedges in June 2011 had no cash flow impact for the year ended 30 June 2011 as the crude oil price remained within the zero cost collar range for the duration of the oil hedge.

In 2012, we did not enter into any hedging contracts, as we did not consider there to have been value in the zero cost collars available in the market at that time. This situation is monitored regularly to assess when a suitable time might be to enter into an appropriate hedge again in the future. Refer to "Item 11. Quantitative and qualitative disclosure about market risk".

In 2013, for forecasting purposes, we estimate that for every US$1/b increase in the annual average crude oil price, our group operating profit will increase by approximately R580 million. This estimate is applicable for a US$100/b crude oil price and an average rand/US dollar exchange rate of R8,01. It should be noted that in the current volatile environment, these sensitivities could be materially different than those disclosed depending on the crude oil price, exchange rates, product prices and volumes.

Exchange rate fluctuations

The rand is the principal functional currency of our operations. However, a large part of our group's turnover is denominated in US dollars and some part in euros, derived either from exports from South Africa or from our manufacturing and distribution operations outside South Africa. Approximately 90% of our turnover is linked to the US dollar as petroleum prices in general and the price of most petroleum and chemical products are based on global commodity and benchmark prices which are quoted in US dollars. A significant part of our capital expenditure is also US dollar denominated, as it is directed to investments outside South Africa or constitutes materials, engineering and construction costs imported into South Africa.

Source: Thomson Reuters

In 2009, the rand weakened by 24% against the US dollar, with the average rate for 2009 being R9,04 per US dollar. In 2010, the rand strengthened by 16% against the US dollar, despite the global economic crisis and the fragility of the beginnings of the global economic recovery, with the average rate for the year being R7,59 per US dollar. In 2011, the rand further strengthened by 8% against the US dollar, with the average rate for the year being R7,01 per US dollar. The further strengthening of the rand had a negative impact on our operating results in 2011. In 2012, the rand weakened by 11% against the US dollar, with the average rate for the year being R7,78 per US dollar. The weakening of the rand had a positive impact on our overall operating results in 2012. However, the weakening of the

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rand also resulted in increased costs, which primarily impacted our South African operations negatively. The relationship between the euro and US dollar impacts the profitability of our European operations, where our costs are euro based and a significant portion of our turnover is US dollar based. In 2012, 2011 and 2010, the euro weakened against the US dollar which had a positive impact on our operating results.

Subsequent to year end, the rand/US dollar exchange rate has weakened. On 28 September 2012, the rand/US dollar exchange rate was R8,31.

The average exchange rate for the year has a significant effect on our turnover and our operating profit. In 2013, for forecasting purposes, we estimate that for every R0,10 weakening or strengthening in the annual average rand/US dollar exchange rate, our operating profit will increase or decrease by approximately R801 million, as applicable. This estimate is applicable for a US$100/b crude oil price and an average rand/US dollar exchange rate of R8,01. It should be noted that in the current volatile environment, these sensitivities could be materially different than those disclosed depending on the crude oil price, exchange rates, product prices and volumes.

Although the exchange rate of the rand is primarily market determined, its value at any time may not be an accurate reflection of the underlying value of the rand, due to the potential effect of, among other factors, exchange controls. These regulations also affect our ability to borrow funds from non-South African sources for use in South Africa or to repay these funds from South Africa and, in some cases, our ability to guarantee the obligations of our subsidiaries with regard to these funds. These restrictions have affected the manner in which we have financed our acquisitions outside South Africa and the geographic distribution of our debt. See "Item 10 Additional information".

We manage our foreign exchange risks through the selective use of forward exchange contracts and cross currency swaps. We use forward exchange contracts to reduce foreign currency exposures arising from imports into South Africa. The GEC sets intervention levels to specifically assess large forward cover amounts which have the potential to materially affect Sasol's financial position. These intervention levels are reviewed from time to time. We apply the following principal policies in order to protect ourselves against the effects (on our South African operations) on the volatility of the rand against other major currencies as well as an anticipated long-term trend of a devaluing rand:

- All major capital expenditure in foreign currency is hedged immediately on commitment of expenditure or on approval of the project (with South African Reserve Bank approval), by way of forward exchange contracts; and

- All imports in foreign currency in excess of an equivalent of US$50 000 per transaction are hedged immediately on commitment by way of forward exchange contracts.

See "Item 11 Quantitative and qualitative disclosure about market risk".

Cyclicality in petrochemical products prices

The demand for our chemical products is cyclical. Typically, higher demand during peaks in industry cycles leads producers to increase production capacity, at which point prices decrease. Most commodity chemical prices tend, over the longer term, to track the crude oil price.

On average, in 2012 we experienced a 6% decrease in US dollar denominated prices and a 1% increase in polymer and solvent prices, respectively, and a 22% increase in ammonia product prices, compared to 2011.

Although peaks in these cycles have been characterised by increased selling prices and higher operating margins, in the past such peaks have led to overcapacity with supply exceeding demand growth. In times of high crude oil and related product prices (the primary feedstock of most commodity chemicals), the profit margin shifts towards the feedstock producer, while in times of high

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chemical prices and lower feedstock prices, the profit margin shifts towards the downstream activities. Our strategy for our commodity chemicals business, therefore, is wherever possible to invest in the value chain of raw materials to final products. As a result of this approach, the group has elected not to hedge its exposure to commodity chemical prices as this may, in part, negate the benefits of being backward integrated into its primary feed streams.

Coal prices

Internal coal sales are made to Sasol Synfuels and Sasol Infrachem. Coal sales prices into these internal markets are based on contracts and are subject to periodic price adjustments. Transfer price negotiations are conducted at arm's length and market related.

Approximately 7,5% of coal production is sold to external markets (2,8 million tons (Mt) was sold to the export market in 2012 (2011 2,8 Mt) predominantly in Europe and Asia and 0,1 Mt was sold to the South African market in 2012 (2011 0,1 Mt)). External sales to these markets represented approximately 21,13% of the total turnover generated by Sasol Mining during 2012 (2011 22,50%).

Export coal sales prices are compared to the published international coal price indices to track performance. Sasol Mining's policy is to sell at prices partially on an American Petroleum Standard Index (API) related basis, and partially on fixed price basis.

The average free on board Richards Bay price index for the past seven financial years:

Source: Argus/McCloskey's Coal Price Index Report

Inflation

While over recent years, inflation and interest rates have been at relatively low levels, the economy of South Africa, though currently well managed has had high inflation and interest rates compared to the US and Europe. Should these conditions recur, this would increase our South African-based costs.

High interest rates could adversely affect our ability to ensure cost-effective debt financing in South Africa. We expect the impact of changes in the inflation rates on our international operations to be less significant.

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The history of the South African consumer price index (CPI) and producer price index (PPI) is illustrated in the following table, which shows the average increase in the index for the past 10 calendar years and the annual percentage change on a monthly basis in the 2012 calendar year:

Calendar year	CPI	PPI
2002	9,2%	14,2%
2003	5,8%	1,7%
2004	1,4%	0,6%
2005	3,4%	3,1%
2006	4,6%	7,7%
2007	7,2%	10,9%
2008	11,5%	14,2%
2009	7,1%	(0,1)%
2010	4,3%	6,0%
2011	5,0%	8,4%
January 2012	6,3%	8,9%
February 2012	6,1%	8,3%
March 2012	6,0%	7,2%
April 2012	6,1%	6,6%
May 2012	5,7%	6,6%
June 2012	5,5%	6,6%
July 2012	4,9%	5,4%
August 2012	5,0%	5,1%

Source: Statistics South Africa

Our operations are subject to various laws and regulations in the countries in which we operate

The group operates in numerous countries throughout the world and is subject to various laws and regulations which may become more stringent. Our mining, gas and petroleum-related activities in South Africa are subject to, amongst others, the following laws or regulations:

The Broad-based Black Economic Empowerment Act;

The Gas Act;

The Gas Regulator Levies Act;

The Minerals Act;

The Mineral and Petroleum Resources Development Act (MPRDA);

The Mineral and Petroleum Royalty Act;

The National Energy Regulator Act;

The Petroleum Products Act and the Petroleum Products Amendment Act;

The Petroleum Pipelines Act; and

The Restitution of Land Rights Act.

We are also subject to various local, national and regional safety, health and environmental laws and regulations. Our global operations are also impacted by international environmental conventions. See "Item 4. Business overview" and "Item 3.D Key information Risk factors" for the details of the various laws and regulations which may impact on our operating results, cash flows and financial condition.

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In South Africa, our operations are required to comply with certain procurement, employment equity, ownership and other regulations which have been designed to address the country's specific transformation issues. These include the revised Mining Charter, the Liquid Fuels Charter and the Broad-based Black Economic Empowerment Act along with the various Codes of Good Corporate Practice for broad-based black economic empowerment (BEE), the MPRDA and the Restitution of Land Rights Act. See "Item 4.B Business overview".

Broad-based Black Economic Empowerment transactions

Sasol Mining Ixia BEE transaction

We announced on 16 March 2006, the first phase implementation of Sasol Mining's black empowerment strategy for compliance with the Mining Charter and the MPRDA through the formation of Igoda Coal (Pty) Ltd. (Igoda Coal), a 65:35 BEE venture with Exxaro Coal Mpumalanga (formerly Eyesizwe Coal (Pty) Ltd.). During August 2009, we received a notice of intention to withdraw from the Igoda transaction from our partner, Exxaro Coal Mpumalanga.

On 11 October 2007, Sasol Mining announced the implementation of the second phase of its BEE strategy. In a transaction valued at approximately R1,8 billion, a black-women controlled mining company called Ixia Coal (Pty) Ltd., through a funding company (Ixia Coal Funding (Pty) Ltd.), which is consolidated as part of the Sasol group, subscribed for a 20% share in Sasol Mining for a purchase consideration of R1,8 billion. The black-women members of Ixia Coal, through WipCoal (Pty) Ltd. (WipCoal), and Sasol Mining Holdings (Pty) Ltd., a wholly-owned subsidiary of Sasol Limited, contributed, in cash, equity of R47 million, in their respective shareholdings of 51% and 49%. The balance of the contribution was funded through preference share debt, including preference shares subscribed for by Sasol, issued by the funding company. Over time, the preference shares will be redeemed with the proceeds of dividends distributed by Sasol Mining.

The implementation of the transaction was conditional upon, *inter alia*, the conversion of the old order mining rights to new order rights and the South African Competition Commission approval. The conversion of the rights was approved by the Department of Mineral Resources (DMR). The converted mining rights were signed and notarially executed on 29 March 2010. The converted mining rights for the Secunda Complex have been granted for a period of 10 years. Sasol Mining has the exclusive right to apply and be granted renewal of the converted mining rights for an additional period not exceeding 30 years. The Mooikraal complex converted mining right has been granted for the maximum allowable period of 30 years. The Competition Tribunal of South Africa approved the Ixia Coal transaction on 1 September 2010. The effective date of the Ixia Coal transaction was 29 September 2010, when the remaining conditions precedent were met.

The parties are entitled to receive dividends on their shareholding in Sasol Mining in proportion to their effective interest in Sasol Mining's issued share capital, subject to the financing requirements of the preference share debt. As a result of the transaction, WipCoal now owns 10,2% of the equity in Sasol Mining.

The Ixia Coal transaction increased Sasol Mining's BEE ownership component to 20%. In May 2012, the Department of Mineral Resources confirmed that the Sasol Inzalo employee share option programme contributes 26% to the BEE ownership of Sasol Mining, based on the value of Sasol Mining's historically disadvantaged South African employees participating in the Sasol Inzalo share transaction. The combined BEE ownership in Sasol Mining is now in excess of 40%.

Preference shares

The preference share funding comprises A preference shares, which are held by an external financier and B preference shares, which are held by Sasol. The A preference shares are secured by the

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preference shares held by Sasol Mining Holdings (Pty) Ltd. In certain limited default circumstances, which include Ixia Coal being in default on the repayment of the preference shares, the external financier may require Sasol to purchase some or all of the outstanding preference shares under a call option (the preference share call option) or, alternatively, to subscribe for new preference shares issued by Ixia Coal Funding to enable Ixia Coal to redeem the preference shares held by the external financier. The B preference shares are not redeemable until the A preference shares have been fully redeemed.

The preference shares are accounted for in the statement of financial position as debt and should the preference share call option be exercised, Sasol will be required to raise the necessary funding in order to either exercise the preference share call option or, alternatively, honour the call under the preference share call option.

Accounting for transaction

The transaction was accounted for as follows:

The funding vehicle, Ixia Coal Funding, created to facilitate the transaction has been consolidated into the Sasol group results from the effective date of the transaction.

Ixia Coal, in which Sasol Mining Holdings has a 49% interest, has been accounted for as a joint venture investment and accordingly has been proportionately consolidated into the Sasol group results from the effective date of the transaction.

In 2011, an amount of R565 million was recognised in the income statement and in the share-based payment reserve in the statement of changes in equity in respect of the share-based payment expense related to the transaction. Of the amount in the share-based payment reserve, R116 million was allocated to the non-controlling interest on acquisition.

The total value of the preference shares recognised in the statement of financial position at 30 June 2012 amounts to R669 million (30 June 2011 R707 million), including finance charges and after repayment of debt issued to financial institutions related to the Ixia Coal transaction. All other preference shares issued as part of the Ixia Coal transaction have been eliminated on consolidation.

A total non-controlling interest of R256 million (30 June 2011 R149 million) related to the 10,2% investment that Ixia Coal has in Sasol Mining has been recognised in the statement of changes in equity.

Based on the weighted average number of shares issued at 30 June 2011, the share-based payment expense for 2011, resulted in a decrease in Sasol Limited's earnings per share of R0,94. The transaction did not result in a similar share-based payment expense for 2012 and did not have an impact on earnings per share in 2012.

Sasol and Tshwarisano BEE transaction

We entered into a R1,45 billion transaction with our BEE partner Tshwarisano LFB Investment (Pty) Ltd. (Tshwarisano). Tshwarisano acquired a 25% shareholding in Sasol Oil (Pty) Ltd. from Sasol Limited with effect from 1 July 2006. The financing of the transaction has been provided in part through the issue of preference shares by Tshwarisano to Standard Bank South Africa Limited (Standard Bank), and in part by application of the subscription proceeds from the issue of the ordinary shares to Tshwarisano ordinary shareholders. The Tshwarisano ordinary shareholders in turn raised the funding to subscribe for the ordinary shares through the issue of preference shares to Standard Bank. Over time, Tshwarisano and its ordinary shareholders will redeem their respective preference shares with the proceeds of dividends distributed by Sasol Oil. As part of this arrangement, Sasol Oil has

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amended its dividend policy such that it is required to pay out up to a maximum of one time earnings for that financial year by way of dividends. The actual dividend paid shall be the maximum possible amount, taking into account certain specified ratios relating to net debt to shareholders' equity and earnings before interest, tax, depreciation and amortisation to net interest. The dividend paid may not be less than one-third of earnings.

In certain limited default circumstances, which include Tshwarisano being in default on the repayment of the preference shares, Standard Bank may require that a trust (consolidated by Sasol Limited) be established in the context of the transaction to acquire the preference shares held by Standard Bank or, alternatively, to subscribe for new preference shares issued by Tshwarisano to enable Tshwarisano to redeem the preference shares held by Standard Bank. In addition and in the same limited default circumstances, the trust may acquire the ordinary shares held by its ordinary shareholders. As a result, the trust may own all or a portion of the outstanding securities issued by Tshwarisano. This would enable the trust to place these securities in another transaction in compliance with the Liquids Fuel Charter. Neither Tshwarisano nor its ordinary shareholders would owe any amounts to this trust or any other person. We have guaranteed the trust's obligation to make payment in these circumstances. This guarantee was valued at R39 million at the time of the transaction.

Sasol Inzalo share transaction

During May 2008, the shareholders approved the Sasol Inzalo share transaction, a broad-based BEE transaction, which resulted in the transfer of beneficial ownership of 10% (63,1 million shares) of Sasol Limited's issued share capital before the implementation of this transaction to its employees and a wide spread of black South Africans (BEE participants). The transaction was introduced to assist Sasol, as a major participant in the South African economy, in meeting its empowerment objectives. This transaction will provide long-term sustainable benefits to all participants and has a tenure of 10 years from the inception of the scheme. The following BEE participants acquired indirect or direct ownership in Sasol's issued share capital at the time as follows:

Sasol employees and black managers through the Sasol Inzalo Employee Trust and Sasol Inzalo Management Trust (Employee Trusts) 4,0%;

The Sasol Inzalo Foundation 1,5%;

Selected participants 1,5%; and

The black public through:

- The funded invitation 2,6%; and
- The cash invitation 0,4%.

The Employee Trusts and the Sasol Inzalo Foundation were funded entirely through Sasol facilitation whilst the selected participants and the black public participating, through the funded invitation, were funded by way of equity contributions and preference share funding (including preference shares subscribed for by Sasol). The black public participating through the cash invitation were financed entirely by the participants from their own resources.

The effective date of the transaction for the Employee Trusts and the Sasol Inzalo Foundation was 3 June 2008. The effective date of the transaction for the selected participants was 27 June 2008. The effective date for the black public invitations was 8 September 2008.

The Sasol Inzalo Employee Trust and The Sasol Inzalo Management Trust

On 3 June 2008, staff members that were South African residents or who were migrant workers that did not participate in the Sasol Share Incentive Scheme and the Sasol Share Appreciation Rights

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Scheme, participated in The Sasol Inzalo Employee Trust (Employee Scheme), while all senior black management that are South African residents participated in The Sasol Inzalo Management Trust (Management Scheme). The share rights, which entitled the employees from the inception of the scheme to receive ordinary shares at the end of the ten years, vest according to the unconditional entitlement as follows:

after three years: 30%; and

thereafter: 10% per year until maturity.

Participants in the Employee Scheme were granted share rights to receive 850 Sasol ordinary shares. The allocation of the shares in the Management Scheme was based on seniority and range from 5 000 to 25 000. 12% of the allocated shares were set aside for new employees appointed during the first five years of the transaction. On resignation, within the first three years from the inception of the transaction, share rights granted were forfeited. For each year thereafter, 10% of such share rights will be forfeited for each year or part thereof remaining until the end of the transaction period. On retirement, death or retrenchment the rights will remain with the participant.

The Sasol ordinary shares which were issued to the Employee Trusts, were funded by contributions from Sasol, which collectively subscribed for 25,2 million Sasol ordinary shares at an issue price of R366,00 per share, with a nominal value of R0,01 per share subject to the following pre-conditions:

right to receive only 50% of ordinary dividends paid on Sasol ordinary shares; and

Sasol's right to repurchase a number of shares at a nominal value of R0,01 per share at the end of year 10 in accordance with a pre-determined formula.

Participants have the right to all ordinary dividends received by the Employee Trusts for the duration of the transaction.

After Sasol has exercised its repurchase right and subject to any forfeiture of share rights, each participant will receive a number of Sasol ordinary shares in relation to their respective share rights. Any shares remaining in the Employee Trusts after the distribution to participants may be distributed to the Sasol Inzalo Foundation.

The Sasol Inzalo Foundation

On 3 June 2008, The Sasol Inzalo Foundation (the Foundation), which is incorporated as a trust and is being registered as a public benefit organisation, subscribed for 9,5 million Sasol ordinary shares at an issue price of R366,00 per share, with a nominal value of R0,01 per share. The primary focus of the Foundation is skills development and capacity building of black South Africans, predominantly in the fields of mathematics, science and technology.

The pre-conditions of subscription for Sasol ordinary shares by the Foundation includes the right to receive dividends in the amount of 5% of the ordinary dividends declared in respect of Sasol ordinary shares held by the Foundation and Sasol's right to repurchase a number of Sasol ordinary shares from the Foundation at a nominal value of R0,01 per share at the end of 10 years in accordance with a predetermined formula. After Sasol has exercised its repurchase right, the Foundation will in future receive 100% of dividends declared on the Sasol ordinary shares owned by the Foundation.

With effect from 16 August 2012, the Foundation is entitled to receive dividends up to 50% of the ordinary dividends declared in respect of Sasol ordinary shares held by the Foundation.

Selected participants

On 27 June 2008, selected BEE groups (selected participants) which included Sasol customers, Sasol suppliers, Sasol franchisees, women's groups, trade unions and other professional associations,

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through a funding company, subscribed for 9,5 million Sasol preferred ordinary shares at an issue price of R366,00 per share. The shares, which were not allocated to selected participants, have been subscribed for by a facilitation trust, which is funded by Sasol. As at 30 June 2012, 1,1 million (2011 1,1 million) Sasol preferred ordinary shares were issued to the facilitation trust. The selected participants contributed equity of between 5% and 10% of the value of their underlying Sasol preferred ordinary shares allocation, with the balance of the contribution being funded through preference share debt, including preference shares subscribed for by Sasol, issued by the funding company.

The selected participants are entitled to receive a dividend of up to 5% of the dividend declared on the Sasol preferred ordinary shares in proportion to their effective interest in Sasol's issued share capital, from the commencement of the fourth year of the transaction term of 10 years, subject to the financing requirements of the preference share debt.

At the end of the transaction term, the Sasol preferred ordinary shares will automatically be Sasol ordinary shares and will then be listed on the JSE Limited. The Sasol ordinary shares remaining in the funding company after redeeming the preference share debt and paying costs may then be distributed to the selected participants in proportion to their shareholding. The funding company, from inception, has full voting and economic rights with regard to its shareholding in Sasol.

Black public invitations

Funded invitation

The members of the black public participating in the funded invitation, through a funding company, subscribed for 16,1 million Sasol preferred ordinary shares. The black public contributed equity between 5% and 10% of their underlying Sasol preferred ordinary shares allocation, with the balance of the contribution being funded through preference share debt, including preference shares subscribed for by Sasol, issued by the funding company. As at 30 June 2012, 56 250 (2011 56 447) Sasol preferred ordinary shares, which were not subscribed for by the black public, were issued to the facilitation trust, which is funded by Sasol.

Participants in the funded invitation were not allowed to dispose of their shares for the first three years after inception. For the remainder of the transaction term of 10 years, trading in the shares is allowed with other black people or black groups through an over-the-counter trading mechanism. Participants in the funded invitation may not encumber the shares held by them before the end of the transaction term.

Members of the black public are entitled to receive a dividend of up to 5% of the dividend on the Sasol preferred ordinary shares in proportion to their effective interest in Sasol, from the commencement of the fourth year of the transaction term of ten years, subject to the financing requirements of the preference share debt.

With effect from 1 April 2012, the Sasol preferred ordinary share dividend has been increased by 10% in accordance with contractual obligations. The revised dividend is as follows for the remaining years:

R24,20 per annum for the next two years until 30 June 2014; and

R30,80 per annum for the last four years until 30 June 2018.

At the end of the transaction term, the Sasol preferred ordinary shares will automatically be Sasol ordinary shares and will then be listed on the JSE Limited. The Sasol ordinary shares remaining in the funding company after redeeming the preference share debt and paying costs may then be distributed to the black public in proportion to their shareholding. The funding company will have, from inception, full voting and economic rights with regard to its interest in Sasol's issued share capital.

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Cash invitation

The cash invitation allowed members of the black public to invest directly in 2,8 million Sasol BEE ordinary shares. The Sasol BEE ordinary shares could not be traded for the first two years of the transaction term of 10 years and, for the remainder of the transaction term, can only be traded between black people and black groups. Participants in the cash invitation are entitled to encumber their Sasol BEE ordinary shares, provided that these shares continue to be owned by members of the black public for the duration of the transaction term. In February 2011, Sasol Limited listed the Sasol BEE ordinary shares on the BEE segment of the JSE Limited's main board. This trading facility provides Sasol Inzalo shareholders access to a regulated market in line with Sasol's commitment to broad-based shareholder development. At the end of the transaction term, the Sasol BEE ordinary shares will automatically be Sasol ordinary shares. At 30 June 2012, 17 440 (2011 17 395) Sasol BEE ordinary shares, which were not subscribed for by the black public, were issued to the facilitation trust, which is funded by Sasol.

Preference shares

The preference share funding comprises A, B and guaranteed C preference shares which are funded by external financiers and D preference shares funded by Sasol. The funding companies are required to maintain, inter alia, minimum share cover ratios in respect of the A and B preference shares, being the ratio between the value of the Sasol preferred ordinary shares and the amount required to redeem the preference shares. The maintenance of the ratio is dependent upon the Sasol ordinary share price and the dividends paid by Sasol on the Sasol preferred ordinary shares. Sasol has call options to purchase some or all of the outstanding A, B and C preference shares. Currently, the minimum share cover ratio will be breached when for the A preference shares, the Sasol ordinary share price falls below approximately R168 per share and R173 per share in respect of the black public and selected participants, respectively. The minimum share cover ratio will be breached when for the B preference shares, the Sasol ordinary share price falls below approximately R199 per share and R181 per share in respect of the black public and selected participants, respectively. The Sasol ordinary share price at 30 June 2012 was R342,40 per share. The share cover ratios decrease over time with the maturation of the preference shares. In addition, a further condition to the guaranteed C preference shares is that the Sasol group must maintain a net debt to earnings before interest, taxation, depreciation and amortisation (EBITDA) cover ratio equal to or less than 2,5 times. Our current net debt to EBITDA ratio is 0,0 times at 30 June 2012.

The preference shares are accounted for in the statement of financial position as debt and should the preference share covenants described above be breached, Sasol will be required to raise the necessary funding in order to either exercise the call option or, alternatively, honour the call under the guarantee.

Accounting for the transaction

At 30 June 2012, the transaction has been accounted for as follows:

All special purpose entities created to facilitate the transaction have been consolidated into the Sasol group results from the applicable effective dates of the transaction.

An amount of R470 million (2011 R830 million) has been recognised in the income statement and in the share-based payment reserve in the statement of changes in equity in respect of the share-based payment expense related to the Employee Trusts. The amount in respect of the Employee Trusts represents the current period's expense taking into account the vesting conditions of the rights granted over the tenure of the transaction and an assumed forfeiture rate. The unrecognised share-based payment expense in respect of the share rights granted, expected to be recognised over the vesting period of the transaction amounted to R1 093 million

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at 30 June 2012 (2011 R1 585 million; 2010 R2 285 million). No additional shares were issued to the black public and selected participants during the year ended 30 June 2012. There is an amount of approximately R116 million still to be recognised in respect of the shares held in the Facilitation Trusts that are still available for issue.

The total value of the preference shares related to the Sasol Inzalo share transaction, recognised in the statement of financial position at 30 June 2012 amounts to R7 386 million (2011 R7 178 million), including finance charges.

Based on the weighted average number of shares issued at 30 June 2012, the share-based payment expense for 2012 decreased the earnings per share by R0,77.

The total share-based payment expense relating to the Employee Trusts expected to be recognised in the 2013 financial year is estimated to be R372 million.

Competition from products originating from countries with low production costs

Certain of our chemical production facilities are located in developed countries, including the US and various European countries. Economic and political conditions in these countries result in relatively high labour costs and, in some regions, inflexible labour markets, compared to others. Increasing competition from regions with lower labour costs, feedstock prices and more flexible labour markets, for example the Middle East and China, exercises pressure on the competitiveness of our chemical products and, therefore, on our profit margins and may result in the withdrawal of particular products or closure of facilities.

Engineering contract costs

We have a significant capital portfolio and are therefore exposed to fluctuations in the price and supply of engineering, procurement and construction services, in particular the availability of scarce technical skills and capacity. We are currently not expecting the abnormal inflationary pressures of the pre-recession period, but rather low to moderate increases as gradual economic recovery sets in. Significant fluctuations and volatility is, however, currently being observed.

Scarce technical skills remain a key factor, to a varying degree in different geographical areas. Cost increases will depend on the region and market dynamics, which could have a material adverse effect on our business, operating results, cash flows and financial condition.

Significant accounting policies and estimates

The preparation of our consolidated financial statements requires management to make estimates and assumptions that affect the reported results of its operations. Some of our accounting policies require the application of significant judgements and estimates by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgements are subject to an inherent degree of uncertainty and are based on our historical experience, terms of existing contracts, management's view on trends in the industries in which we operate and information from outside sources and experts. Actual results may differ from those estimates.

Our significant accounting policies are described in more detail in the notes to the consolidated financial statements. Refer "Item 18 Financial statements". This discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included in "Item 18 Financial statements".

Management believes that the more significant judgements and estimates relating to the accounting policies used in the preparation of Sasol's consolidated financial statements could potentially impact the reporting of our financial results and future financial performance.

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We evaluate our estimates, including those relating to environmental rehabilitation and decommissioning obligations, long-lived assets, trade receivables, inventories, investments, intangible assets, income taxes, share-based payment expenses, pension and other post-retirement benefits and contingencies and litigation on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making our judgements about carrying values of assets and liabilities that are not readily available from other sources.

Share options and other share-based payments

The Sasol Share Incentive Scheme

In 1988, the shareholders approved the adoption of the Sasol Share Incentive Scheme. The scheme was introduced to provide an incentive for senior employees (including executive directors) of the group who participate in management and also non-executive directors from time to time. Awards are no longer granted to non-executive directors. Following the introduction of the Sasol Share Appreciation Rights Scheme in 2007, no further options have been granted in terms of the Sasol Share Incentive Scheme. The share-based payment expense recognised in the current year relates to options granted in previous years and is calculated based on the assumptions applicable to the year in which the options were granted.

The objective of the Sasol Share Incentive Scheme is the retention of key employees. Allocations are linked to the performance of both the group and the individual. Options are granted for a period of nine years and vest as follows:

2 years 1st third;

4 years 2nd third; and

6 years final third.

Each employee is limited to holding a maximum of 1 million options to acquire Sasol Limited shares.

On resignation, share options which have not yet vested will lapse and share options which have vested may be taken up at the employee's election before their last day of service. Payment on shares forfeited will therefore not be required. On death, all options vest immediately and the deceased estate has a period of twelve months to exercise these options. On retrenchment, all options vest immediately and the employee has a period of twelve months to exercise these options. On retirement the options vest immediately and the nine year expiry period remains unchanged.

It is group policy that employees should not deal in Sasol Limited securities for the periods from 1 January for half year end and 1 July for year end until 2 days after publication of the results as well as at any other time during which they have access to price sensitive information.

We recognised a share-based payment expense for the years indicated:

	2012	2011	2010
Share-based payment expense (Rand in millions)	**15**	33	56

The unrecognised share-based payment expense related to non-vested share options, expected to be recognised over a weighted average period of 0,5 years, amounted to R2 million at 30 June 2012 (2011 R17 million).

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The Sasol Inzalo share transaction

During May 2008, our shareholders approved our broad-based BEE transaction valued then at approximately R24 billion (at R380 per share), which resulted in the transfer of beneficial ownership of 10% (63,1 million shares) of Sasol Limited's issued share capital, before the implementation of this transaction, to our employees and a wide spread of black South Africans (BEE participants).

The effective date of the transaction as it pertains to the Employee Trusts and The Sasol Inzalo Foundation was 3 June 2008. The effective date of the transaction in respect of the selected participants was 27 June 2008. The effective date for the black public invitations was 8 September 2008, the date the shares were issued to the participants. The grant date for recognising the share-based payment expense relating to the black public invitations was 9 July 2008, the date all participants agreed to the terms of the transaction.

Share-based payment expense recognised	**2012**	**2011**	**2010**
	(Rand in millions)		
The Sasol Inzalo Employee Trust and The Sasol Inzalo Management Trust[(1)]	**470**	830	824

(1) The unrecognised share-based payment expense related to non-vested Employee and Management Trusts share rights, expected to be recognised over a weighted average period of 1,94 years, amounted to R1 093 million at 30 June 2012 (2011 R1 585 million and 2010 R2 285 million).

The share-based payment expense was calculated using an option pricing model reflective of the underlying characteristics of each part of the transaction. It is calculated using the following assumptions at grant date:

		Employee Trusts 2012	**Selected participants 2012**	**Black Public Invitation Funded 2012**	**Black Public Invitation Cash 2012**
Valuation model		Monte Carlo model	Black-Scholes model	Black-Scholes model	*
Exercise price	Rand	366,00	*	*	
Risk free interest rate	(%)	11,8	*	*	
Expected volatility	(%)	23,6	*	*	
Expected dividend yield	(%)	2,67-4,5	*	*	
Vesting period		5 to 6 years**	*	*	

		Employee Trusts 2011	**Selected participants 2011**	**Black Public Invitation Funded 2011**	**Black Public Invitation Cash 2011**
Valuation model		Monte Carlo model	Black-Scholes model	Black-Scholes model	*
Exercise price	Rand	366,00	*	*	
Risk free interest rate	(%)	11,8	*	*	
Expected volatility	(%)	25,7	*	*	
Expected dividend yield	(%)	2,67-4,5	*	*	
Vesting period		6 to 7 years**	*	*	

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		Employee Trusts 2010	Selected participants 2010	Black Public Invitation Funded 2010	Black Public Invitation Cash 2010
Valuation model		Monte Carlo model	Black-Scholes model	Black-Scholes model	*
Exercise price	Rand	366,00	*	*	
Risk free interest rate	(%)	11,8	*	*	
Expected volatility	(%)	33,5	*	*	
Expected dividend yield	(%)	2,67-4,5	*	*	
Vesting period		7 to 8 years**	*	*	

* There were no further grants made during the year.

** Rights granted during the current year vest over the remaining period until tenure of the transaction until 2018.

The risk-free rate for periods within the contractual term of the share rights is based on the South African government bonds in effect at the time of the grant. The expected volatility in the value of the share rights granted is determined using the historical volatility of the Sasol share price and the expected dividend yield of the share rights granted is determined using the historical dividend yield of the Sasol ordinary shares.

The valuation of share-based payment expenses requires a significant degree of judgement to be applied by management.

The Sasol Share Appreciation Rights Scheme

During March 2007, the group introduced the Sasol Share Appreciation Rights Scheme. This scheme replaced the Sasol Share Incentive Scheme. The objectives of the scheme remain similar to that of the Sasol Share Incentive Scheme. The Sasol Share Appreciation Rights Scheme allows certain senior employees to earn a long-term incentive amount calculated with reference to the increase in the Sasol Limited ordinary share price between the offer date of share appreciation rights and the vesting and exercise of such rights.

With effect from September 2009, certain qualifying senior management, receive share appreciation rights that carry corporate performance targets. These qualifying employees retain the share appreciation rights with no corporate performance targets that have been previously granted to them.

Previously in terms of the long-term incentive scheme, the number of share options and share rights available to eligible group employees through the Sasol Share Incentive Scheme, Sasol Share Appreciation Rights Scheme and the Sasol Medium-term Incentive Scheme shall not at any time exceed 80 million shares/rights. Following the introduction of the Sasol Share Appreciation Rights Scheme in March 2007, no further options have been issued in terms of the Sasol Share Incentive Scheme.

In June 2012, the Sasol Limited board approved that the maximum number of rights to be issued under the Sasol Share Appreciation Rights Scheme and the Sasol Medium-term Incentive Scheme (including unvested share options issued under the Sasol Share Incentive Scheme) be 69 million shares/rights, representing 10% of Sasol Limited's issued share capital immediately after the Sasol Inzalo share transaction.

Share Appreciation Rights with no corporate performance targets

The Share Appreciation Rights Scheme with no corporate performance targets allows certain senior employees to earn a long-term incentive amount calculated with reference to the increase in the

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Sasol Limited ordinary share price between the offer date of share appreciation rights and the vesting and exercise of such rights.

No shares are issued in terms of this scheme and all amounts payable in terms of the Sasol Share Appreciation Rights Scheme will be settled in cash.

Rights are granted for a period of nine years and vest as follows:

2 years 1st third;

4 years 2nd third; and

6 years final third.

The offer price of these appreciation rights equals the closing market price of the underlying shares on the trading day immediately preceding the granting of the right. The fair value of the cash settled expense is calculated at each reporting date.

On resignation, share appreciation rights which have not yet vested will lapse and share appreciation rights which have vested may be taken up at the employee's election before their last day of service. Payment on appreciation rights forfeited will therefore not be required. On death, all appreciation rights vest immediately and the deceased estate has a period of twelve months to exercise these rights. On retrenchment, all appreciation rights vest immediately and the employee has a period of twelve months to exercise these rights. On retirement the appreciation rights vest immediately and the employee has a period of 12 months to exercise these rights.

It is group policy that employees should not deal in Sasol Limited securities for the periods from 1 January for half year end and 1 July for year end until 2 days after publication of the financial results as well as at any other time during which they have access to price sensitive information.

We recognised a share-based payment expense for the years indicated:

	2012	2011	2010
Share-based payment expense (Rand in millions)	**(52)**	332	51
Average fair value of rights issued during year (Rand)[(1)]		121,63	75,20

(1) Following the introduction of the share appreciation rights scheme with corporate performance targets, no further rights are issued under this scheme.

The total unrecognised share-based payment expense related to non-vested share appreciation rights, expected to be recognised over a weighted average period of 2,2 years, amounted to R111 million at 30 June 2012 (2011 R318 million and 2010 R327 million).

These rights are recognised as a liability at fair value in the statement of financial position until the date of settlement.

The fair value of these rights is determined at each reporting date and the unrecognised cost amortised to the income statement over the period that the employees provide services to the company.

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The weighted average assumptions at 30 June that were used for right grants in the respective periods are as follows:

		2012	2011	2010
Risk free interest rate at date of valuation	%	**6,09-7,15**	7,56-8,15	7,87-8,22
Expected volatility	%	**24,13**	25,58	28,69
Expected dividend yield	%	**5,11**	3,22	3,35
Expected forfeiture rate	%	**5,00**	5,00	5,00
Vesting period	years	**2, 4 & 6**	2, 4 & 6	2, 4 & 6

The risk free interest rate for periods within the contractual term of the share rights is based on South African government bonds in effect at each reporting date and the expected volatility in the value of the rights granted is determined using the historical volatility of the Sasol ordinary share price. The expected dividend yield of the rights granted is determined using the historical dividend yield of the Sasol ordinary shares.

The valuation of share-based payment expenses requires a significant degree of judgement to be applied by management.

Share Appreciation Rights with corporate performance targets

During September 2009, the group introduced corporate performance targets as an additional vesting criteria for share appreciation rights. The corporate performance targets are share price performance compared to the JSE ALSI 40 index, Sasol earnings growth and Sasol production volumes growth. The corporate performance targets determine how many rights will vest. Qualifying employees retain the share appreciation rights with no corporate performance targets that have been previously granted to them.

No shares are issued in terms of this scheme and all amounts payable in terms of the Sasol Share Appreciation Rights Scheme will be settled in cash.

Rights are granted for a period of nine years and vest as follows:

2 years 1st third;

4 years 2nd third; and

6 years final third.

The vesting period of these rights are the same as the share appreciation rights with no corporate performance targets. For 2013, the vesting periods will change to 3, 4 and 5 years, in three equal tranches.

The offer price of these appreciation rights equals the closing market price of the Sasol Limited ordinary shares on the trading day immediately preceding the granting of the right. The fair value of the cash settled expense is calculated at each reporting date.

On resignation, share appreciation rights which have not yet vested will lapse and share appreciation rights which have vested may be exercised at the employee's election before their last day of service. Payment on appreciation rights forfeited will therefore not be required. On death, all appreciation rights vest immediately and the deceased estate has a period of 12 months to exercise these rights. On retrenchment, all appreciation rights vest immediately and the employee has a period of twelve months to exercise these rights. On retirement the appreciation rights vest immediately and the employee has a period of 12 months to exercise these rights.

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It is group policy that employees should not deal in Sasol Limited securities for the periods from 1 January for half year end and 1 July for year end until 2 days after publication of the results as well as at any other time during which they have access to price sensitive information.

We recognised a share-based payment expense for the years indicated:

	2012	2011	2010
Share-based payment expense (Rand in millions)	**134**	163	6
Average fair value of rights issued during year (Rand)	**61,00**	127,28	68,47

The total unrecognised share-based payment expense related to non-vested share appreciation rights with corporate performance targets, expected to be recognised over a weighted average period of 1,7 years, amounted to R509 million at 30 June 2012 (2011 R613 million and 2010 R25 million).

These rights are recognised as a liability at fair value in the statement of financial position until the date of settlement.

The fair value of these rights is determined at each reporting date and the unrecognised cost amortised to the income statement over the period that the employees provide services to the company.

The weighted average assumptions at 30 June that were used for right grants in the respective periods are as follows:

		2012	2011	2010
Risk free interest rate at date of valuation	%	**6,09-7,15**	7,56-8,15	7,87-8,22
Expected volatility	%	**24,13**	25,58	28,69
Expected dividend yield	%	**5,11**	3,22	3,35
Expected forfeiture rate	%	**5,00**	5,00	5,00
Vesting period	Years	**2, 4 & 6**	2, 4 & 6	2, 4 & 6

The risk free interest rate for periods within the contractual term of the share rights is based on South African government bonds in effect at each reporting date and the expected volatility in the value of the share rights granted is determined using the historical volatility of the Sasol share price. The expected dividend yield is determined using the historical dividend yield of the Sasol ordinary shares.

The valuation of share-based payment expenses requires a significant degree of judgement to be applied by management.

The Sasol Medium-term Incentive Scheme

During September 2009, the group introduced the Sasol Medium-term Incentive Scheme (MTI). The objective of the Sasol Medium-term Incentive Scheme is to provide qualifying employees who participate in the Share Appreciation Rights Scheme the opportunity of receiving incentive payments based on the value of ordinary shares in Sasol Limited. The MTI is also intended to complement existing incentive arrangements, to retain and motivate key employees and to attract new key employees.

The Medium-term Incentive Scheme allows certain senior employees to earn a medium-term incentive amount, which is linked to certain corporate performance targets. These corporate performance targets are based on the share price performance compared to the JSE ALSI 40 index, Sasol earnings growth and Sasol production volumes growth. Allocations of the MTI are linked to the performance of both the group and the individual.

Rights are granted for a period of three years and vest at the end of the third year. The MTIs are encashed at the end of the third year subject to the achievement of targets. No shares are issued in

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terms of this scheme and all amounts payable in terms of the Sasol Medium-term Incentive Scheme will be settled in cash. The MTI carries no issue price. The fair value of the cash settled expense is calculated at each reporting date.

On resignation, MTIs which have not yet vested will lapse. Payment on MTIs forfeited will therefore not be required. On death, the MTIs vest immediately and the amount to be paid out to the deceased estate is calculated to the extent that the corporate performance targets are anticipated to be met. On retirement and retrenchment the MTIs vest immediately and the amount to be paid out to the deceased estate is calculated to the extent that the corporate performance targets are anticipated to be met and is paid within forty days from the date of termination.

We recognised a share-based payment expense for the year indicated:

	2012	2011	2010
Share-based payment expense (Rand in millions)	**124**	148	6
Average fair value of rights issued during year (Rand)	**250,51**	380,18	202,57

The total unrecognised share-based payment expense related to non-vested MTIs, expected to be recognised over a weighted average period of 1,0 years, amounted to R370 million at 30 June 2012 (2011 R503 million and 2010 R20 million).

These rights are recognised as a liability at fair value in the statement of financial position until the date of settlement.

The fair value of these rights is determined at each reporting date and the unrecognised cost amortised to the income statement over the period that the employees provide services to the company.

The weighted average assumptions at 30 June that were used for right grants are as follows:

		2012	2011	2010
Risk free interest rate at date of valuation	%	**6,09-7,15**	7,56-8,15	7,87-8,22
Expected volatility	%	**24,13**	25,58	28,69
Expected dividend yield	%	**5,11**	3,22	3,35
Expected forfeiture rate	%	**5,00**	5,00	5,00
Vesting period	years	**3**	3	3

The risk free interest rate for periods within the contractual term of the rights is based on South African government bonds in effect at each reporting date and the expected volatility in the value of the rights granted is determined using the historical volatility of the Sasol ordinary share price. The expected dividend yield of the rights granted is determined using the historical dividend yield of the Sasol ordinary shares.

The valuation of share-based payment expenses requires a significant degree of judgement to be applied by management.

Estimation of natural oil and gas reserves

In accordance with the United States Securities and Exchange Commission (SEC) regulations, proved oil and gas reserves, are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a

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reasonable time. Existing economic conditions include prices and costs at which economic produciability from a reservoir is to be determined. The price shall be the average price during the 12 month period prior to the ending date of the period covered by the report.

Our reported natural oil and gas reserves are estimated quantities based on SEC reporting regulations. Additionally we require that the estimated quantities of oil and gas and related substances will be produced by a project sanctioned by all internal and external parties to the extent necessary for the project to enter the execution phase and sufficient to allow the resultant products to be brought to market.

See "Item 4.D Information on the company Property, plants and equipment Oil and gas production and exploration operations Reserve disclosure".

There are numerous uncertainties inherent in estimating quantities of reserves and in projecting future rates of production, including factors which are beyond our control. The accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgement. Estimates of oil and gas reserves therefore are subject to future revision, upward or downward, resulting from new data and current interpretation, as well as a result of improved recovery, extensions and discoveries, the purchase or sale of assets, commercial arrangements, operational factors and production. Accordingly, financial and accounting measures (such as the standardised measure of future discounted cash flows, depreciation and amortisation charges and environmental and decommissioning obligations) that are based on proved reserves are also subject to revision and change.

Refer to "Table 5 Standardised measure of discounted future net cash flows", on page G-7 for our standardised discounted future net cash flow information in respect of proved reserves for the year ended 30 June 2012 and to "Table 6 Changes in the standardised measure of discounted future net cash flows", on page G-9.

Depreciation of coal mining assets

We calculate depreciation charges on coal mining assets using the units-of-production method, which is based on our proved and probable reserves. Proved and probable reserves used for the depreciation of life-of-mine assets are the total proved and probable reserves assigned to that specific mine (accessible reserves) or complex which benefit from the utilisation of those assets. Inaccessible reserves are excluded from the calculation. A unit is considered to be produced once it has been removed from underground and taken to the surface, passed the bunker and been transported by conveyor over the scale at the shaft head. The lives of the mines are estimated by our geology department using interpretations of mineral reserves, as determined in accordance with Industry Guide 7 under the US Securities Act of 1933, as amended. The estimate of the total reserves of our mines could be materially different from the actual coal mined. The actual usage by the mines may be impacted by changes in the factors used in determining the economic value of our mineral reserves, such as the coal price and foreign currency exchange rates. Any change in management's estimate of the total expected future lives of the mines would impact the depreciation charge recorded in our consolidated financial statements, as well as our estimated environmental rehabilitation and decommissioning obligations. See "Item 4.D Information on the company Property, plants and equipment".

Useful lives of long-lived assets

Given the significance of long-lived assets to our financial statements, any change in the depreciation period could have a material impact on our results of operations and financial condition.

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In assessing the useful life of long-lived assets, we use estimates of future cash flows and expectations regarding the future utilisation pattern of the assets to determine the depreciation to be charged on a straight-line basis over the estimated useful lives of the assets or units-of-production method where appropriate. Annually, we review the useful lives and economic capacity of the long-lived assets with reference to any events or circumstances that may indicate that an adjustment to the depreciation period is necessary. The assessment of the useful lives takes the following factors into account:

The expected usage of the asset by the business. Usage is assessed with reference to the asset's expected capacity or physical output;

The expected physical wear and tear, which depends on operational factors such as the number of shifts for which the asset is to be used, the repair and maintenance programme of the business and the care and maintenance of the asset while idle;

Technological obsolescence arising from changes or improvements in production or from a change in the market demand for the output of the asset;

Legal or similar limits on the use of the asset, such as expiry dates and related leases; and

Dependency or co-dependency on supply of raw materials.

There were no significant changes to the useful lives of our long-lived assets (other than oil and gas and coal mining assets as discussed above) during 2012, 2011 and 2010.

Impairment of long-lived assets

Long-lived assets are reviewed using economic valuations to calculate impairment losses whenever events or a change in circumstance indicate that the carrying amount may not be recoverable. In carrying out the economic valuations, an assessment is made of the future cash flows expected to be generated by the assets, taking into account current market conditions, the expected lives of the assets and our latest budgets. The actual outcome can vary significantly from our forecasts, thereby affecting our assessment of future cash flows. Assets whose carrying values exceed their estimated recoverable amount, determined on a discounted basis, are written down to an amount determined using discounted net future cash flows expected to be generated by the asset. The expected future cash flows are discounted based on Sasol's weighted average cost of capital (WACC) which, at 30 June 2012 and 2011, was:

	2012	**2011**
	%	**%**
South Africa	**12,95**	12,95
Europe	**8,0 to 8,7**	8,0 to 8,7
North America	**8,0**	8,0

Discount rates for all other countries are based on their specific risk rate. Refer to the discussions included below under the Segment overview for the financial impact of the impairment assessments performed during the current year.

Management has considered the sensitivity of the values in use to various key assumptions such as crude oil and gas prices, commodity prices and exchange rates. These sensitivities have been taken into consideration in determining the required impairments and reversals of impairments. With regard to the impairment recognised in respect of the Sasol Canada shale gas assets, the value in use is particularly sensitive to changes in the gas price, estimated ultimate recovery factor as well as changes in drilling and completion costs. A change in any of these would significantly affect the calculated value in use. Refer to Note 42 to "Item 18 Financial statements" for the table that includes the assumptions used for impairment testing.

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Environmental rehabilitation and decommissioning obligations

We have significant obligations to remove plant and equipment, rehabilitate land in areas in which we conduct operations upon termination of such operations and incur expenditure relating to environmental contamination treatment and cleanup. Environmental rehabilitation and decommissioning obligations are primarily associated with our mining and petrochemical operations around the world.

Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Expenditure related to environmental contamination treatment and cleanup incurred during the production of inventory in normal operations is expensed. The estimated fair value of dismantling and removing facilities is accrued for as the obligation arises, if estimable, concurrent with the recognition of an increase in the related asset's carrying value. Estimating the future asset removal expenditure is complex and requires management to make estimates and judgements because most of the removal obligations will be fulfilled in the future and contracts and regulations often have vague descriptions of what constitutes removal. Future asset removal costs are also influenced by changing removal technologies, political, environmental, safety, business relations and statutory considerations.

The group's environmental rehabilitation and decommissioning obligations accrued at 30 June 2012 were R8 911 million compared to R6 900 million in 2011.

It is envisaged that, based on the current information available, any additional liability in excess of the amounts provided will not have a material adverse effect on the group's financial position, liquidity or cash flow.

The following risk-free rates were used to discount the estimated cash flows based on the underlying currency and time duration of the obligation:

	2012	**2011**	**2010**
	%	**%**	**%**
South Africa	**5,4 to 7,5**	6,0 to 8,5	6,6 to 8,4
Europe	**0,6 to 2,2**	1,9 to 4,1	1,0 to 3,8
United States	**0,5 to 2,5**	0,4 to 4,1	0,6 to 4,5
Canada	**1,0 to 2,6**	1,2 to 4,1	

An increase in the discount rate by one percent would result in a decrease in the long-term obligations recognised of approximately R1 275 million and a decrease of one percent would result in an increase of approximately R1 606 million.

Employee benefits

We provide for our obligations and expenses for pension and provident funds as they apply to both defined contribution and defined benefit schemes, as well as post-retirement healthcare benefits. The amount provided is determined based on a number of assumptions and in consultation with an independent actuary. These assumptions are described in Note 20 to "Item 18 Financial statements" and include, among others, the discount rate, healthcare cost inflation and rates of increase in compensation costs. The nature of the assumptions is inherently long-term, and future experience may differ from these estimates. For example, a one percent increase in assumed healthcare cost trend rates would increase the accumulated healthcare post-retirement benefit obligation by R638 million to R4 083 million.

The group's net obligation in respect of defined benefit pension plans is actuarially calculated separately for each plan by deducting the fair value of plan assets from the gross obligation for

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post-retirement benefits. The gross obligation is determined by estimating the future benefit attributable to employees in return for services rendered to date.

During 2012, the group changed its accounting policy with respect to recognising actuarial gains and losses on post-retirement defined benefit plans upon the adoption of IAS 19 (Amendments), Employee Benefits (IAS 19). Under the previous policy, the group applied the corridor method whereby any cumulative unrecognised actuarial gain or loss that exceeded ten percent of the greater of the present value of the defined benefit obligation and fair value of the plan assets was charged to the income statement over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor were not recognised. Under the amended policy, all actuarial gains and losses are recognised immediately in other comprehensive income. In addition, the group changed its accounting policy with respect to calculating the expected return on plan assets. Under the previous policy, net interest income was recognised in the income statement based on the expected rate of return of plan assets. Under the amended policy, the interest rate on plan assets is no longer calculated based on an expected rate of return but rather equal to the discount rate used for determining pension obligations.

This change in accounting policy has been applied retrospectively and the 2011 and 2010 balances have been restated. The adoption of the amendments to IAS 19 did not have a significant impact on earnings or cash flows, and accordingly the income statement and statement of cash flows have not been restated. Refer to Note 1 to "Item 18 Financial statements", which summarises the adjustments made to the statement of financial position, statement of comprehensive income and statement of changes in equity on adoption of the IAS 19 amendments.

The group provides post-retirement healthcare benefits to certain of its retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued on a systematic basis over the expected remaining period of employment, using the accounting methodology described in respect of defined benefit pension plans above.

While management believes that the assumptions used are appropriate, significant changes in the assumptions may materially affect our pension and other post-retirement obligations and future expense.

In terms of the Pension Funds Second Amendment Act 2001, the Sasol Pension Fund in South Africa undertook a surplus apportionment exercise as at December 2002. The surplus apportionment exercise, and the 31 December 2002 statutory valuation of the fund, was approved by the Financial Services Board on 26 September 2006. Payments of benefits to former members in terms of the surplus apportionment scheme have been substantially completed and an amount of R101 million has been set aside for members that have not claimed their benefits. Based on the rules of the fund, the latest actuarial valuation of the fund and the approval of the trustees of the surplus allocation, the company has an unconditional entitlement to only the funds in the employer surplus account and the contribution reserve. The estimated surplus due to the company amounted to R313 million as at 31 March 2012 and has been included in the pension asset recognised in the current year.

Fair value estimations of financial instruments

We base fair values of financial instruments on quoted market prices of identical instruments, where available. If quoted market prices are not available, fair value is determined based on other relevant factors, including dealers' price quotations and price quotations for similar instruments traded in different markets. Fair value for certain derivatives is based on pricing models that consider current market and contractual prices for the underlying financial instruments or commodities, as well as the time value and yield curve or fluctuation factors underlying the positions. Pricing models and their underlying assumptions impact the amount and timing of unrealised gains and losses recognised, and

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the use of different pricing models or assumptions could produce different financial results. See "Item 11 Quantitative and qualitative disclosures about market risk".

Deferred tax

We apply significant judgement in determining our provision for income taxes and our deferred tax assets and liabilities. Temporary differences arise between the carrying values of assets and liabilities for accounting purposes and the amounts used for tax purposes. These temporary differences result in tax liabilities being recognised and deferred tax assets being considered based on the probability of our deferred tax assets being recoverable from future taxable income. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be realised. We provide deferred tax using enacted or substantively enacted tax rates at the reporting date on all temporary differences arising between the carrying values of assets and liabilities for accounting purposes and the amounts used for tax purposes unless there is a temporary difference that is specifically excluded in accordance with IFRS. The carrying value of our net deferred tax assets assumes that we will be able to generate sufficient future taxable income in applicable tax jurisdictions, based on estimates and assumptions.

Secondary Taxation on Companies/Dividend Withholding Tax

In South Africa, we pay income tax only. Secondary Taxation on Companies (STC) was levied on companies until 1 April 2012 at a rate of 10% (2011 10%) of dividends distributed. STC has been replaced by a dividend withholding tax at the rate of 15% on dividends distributed to shareholders with effect from 1 April 2012. The change to the dividend withholding tax has resulted in the shareholders being liable for this tax. See "Item 10.E South African taxation Taxation of dividends".

We do not provide for deferred tax on undistributed earnings at the tax rate applicable to distributed earnings. We believe that this is consistent with the accounting principle that does not allow the accrual of dividend payments if a dividend is declared after year end.

Dividend withholding tax is payable at a rate of 15% on dividends distributed to shareholders. This tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder. On receipt of a dividend, the dividend withholding tax is recognised as part of the current tax charge in the income statement in the period in which the dividend is received.

Commitments and contingencies

Management's current estimated range of liabilities relating to certain pending liabilities for claims, litigation, competition matters, tax matters and environmental remediation is based on management's judgement and estimates of the amount of loss. The actual costs may vary significantly from estimates for a variety of reasons. A liability is recognised for these types of contingencies if management determines that the loss is both probable and estimable. We have recorded the estimated liability where such amount can be determined. As additional information becomes available, we will assess the potential liability related to our pending litigation proceedings and revise our estimates. Such revisions in our estimates of the potential liability could materially impact our results of operation and financial position. See "Item 4.B Business overview Legal proceeding and other contingencies" and "Item 5.E Off-balance sheet arrangements".

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OUR RESULTS OF OPERATIONS

The financial results for the years ended 30 June 2012, 2011 and 2010 below are stated in accordance with IFRS as issued by the IASB.

Results of operations

	2012	2011	Change 2012/2011	Change 2012/2011	2010	Change 2011/2010	Change 2011/2010
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover	**169 446**	142 436	27 010	19	122 256	20 180	17
Cost of sales and services rendered	**(111 042)**	(90 467)	(20 575)	23	(79 183)	(11 284)	14
Gross profit	**58 404**	51 969	6 435	12	43 073	8 896	21
Other operating income	**1 416**	1 088	328	30	854	234	27
Operating expenditure	**(23 062)**	(23 107)	45		(19 990)	(3 117)	16
Operating profit	**36 758**	29 950	6 808	23	23 937	6 013	25
Net other expenses	**(755)**	(534)	(221)	41	(565)	31	(5)
Profit before tax	**36 003**	29 416	6 587	22	23 372	6 044	26
Taxation	**(11 746)**	(9 196)	(2 550)	28	(6 985)	(2 211)	32
Profit	**24 257**	20 220	4 037	20	16 387	3 833	23
Attributable to							
Shareholders	**23 583**	19 794	3 789	19	15 941	3 853	24
Non-controlling interests in subsidiaries	**674**	426	248	58	446	(20)	(4)
	24 257	20 220	4 037	20	16 387	3 833	23

Overview

Turnover has increased by 19%, operating profit by 23% and profit attributable to shareholders by 19% for this year. This has primarily resulted from the higher average crude oil prices and product prices, as well as the impact of the weaker average rand/US dollar exchange rate. Overall, group production volumes are in line with the prior year, despite interruptions in Sasol Synfuels' production resulting from industrial action and production incidents in the first half of the year. Our operating margin has been enhanced by the cost containment initiatives implemented over the last three years.

Operating profit of R36,8 billion increased by 23% compared with the prior year. The higher operating profit resulted due to a 17% improvement in the average crude oil (average dated Brent was US$112,42/b at 30 June 2012 compared with US$96,48/b at 30 June 2011) and product prices as well as an 11% weaker average rand/US dollar exchange rate (R7,78/US$ at 30 June 2012 compared with R7,01/US$ at 30 June 2011). This was coupled with a solid operational performance in our businesses, despite lower overall sales volumes throughout the group. In addition, the results have been positively impacted by exchange gains on forward exchange contracts, primarily related to the Canadian shale gas assets.

In addition, operating profit in 2012 was negatively impacted by once-off charges totalling R2 121 million (2011 R1 103 million). These items relate primarily to the partial impairment of our Canadian shale gas assets and impairment of Block 16 & 19 in Mozambique of R964 million and R434 million, respectively, and the write off of unsuccessful exploration wells in Australia amounting to R274 million, offset by the profit of R124 million on the sale of our Sasol Nitro Phalaborwa operations and certain of the downstream fertiliser businesses and the profit realised on the disposal of the Witten plant in Germany of R285 million. The operating profit in 2011 includes once-off competition related

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administrative penalties of R112 million, the partial impairment of Escravos GTL of R123 million, the reversal of the impairment of Sasol Italy of R491 million and the share-based payment expense related to the Ixia Coal transaction of R565 million. Operating profit includes the Sasol Inzalo share-based payment expense of R470 million, which is lower than the expense of R830 million in the previous year. In addition, there was a general decrease in the Sasol incentive schemes expense in line with the Sasol share price performance.

Group production volumes remained consistent with the prior year. Sasol Synfuels' production for the year of 7,2 million tons (Mt) was above expectations, despite the negative effect of industrial action and plant instabilities in the first half of the year. We reprioritised our focus in respect of production utilisation, especially in our European chemical businesses, to match lower demand and optimise margins in light of the weakening European macroeconomic conditions.

Turnover

Turnover consists of the following categories:

	2012	**2011**	**Change 2012/2011**	**Change 2012/2011**	**2010**	**Change 2011/2010**	**Change 2011/2010**
	(Rand in millions)			**(%)**	**(Rand in millions)**		**(%)**
Sale of products	**167 893**	141 018	26 875	19	120 820	20 198	17
Services rendered	**1 027**	867	160	18	889	(22)	(2)
Commission and marketing income	**526**	551	(25)	(5)	547	4	1
Turnover	**169 446**	142 436	27 010	19	122 256	20 180	17

The primary factors contributing to these increases were:

	Change 2012/2011 (Rand in millions)	**%**	**Change 2011/2010 (Rand in millions)**	**%**
Turnover, 2011 and 2010, respectively	**142 436**		122 256	
Exchange rate effects	**8 944**	6	(6 206)	(5)
Product prices	**23 722**	17	22 630	19
crude oil	**2 036**	2	3 101	3
other products (including chemicals)	**21 686**	15	19 529	16
Net volume changes	**(5 836)**	(4)	3 639	3
Other effects	**180**		117	
Turnover, 2012 and 2011, respectively	**169 446**		142 436	

Cost of sales and services rendered

Cost of sales of products. The cost of sales in 2012 amounted to R110 763 million, an increase of R20 675 million, or 23%, compared with R90 088 million in 2011 which increased by 14% from R78 886 million in 2010. The increase in 2012 compared with 2011 was mainly due to the increase in feedstock prices resulting from higher average crude oil prices. Included in cost of sales in 2012, is an amount of R331 million (2011 R120 million and 2010 R172 million) in respect of the net write-down of inventories to net realisable value. The increase in 2011 compared with 2010 was mainly due to the increase in feedstock prices resulting from higher average crude oil prices. Compared to turnover from the sale of products, cost of sales of products was 66% in 2012, 64% in 2011 and 65% in 2010.

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Other operating income

Other operating income in 2012 amounted to R1 416 million, which represents an increase of R328 million, or 30%, compared with R1 088 million in 2011, which increased by R234 million compared with R854 million in 2010. Included in other operating income for the 2012 year is a gain on hedging activities realised by Sasol Financing on foreign exchange contracts of R335 million (2011 R276 million and 2010 R218 million), insurance proceeds of R39 million (2011 R46 million and 2010 R25 million) and R128 million (2011 R79 million and 2010 R143 million) in respect of deferred income received related to emission rights.

Operating expenditure

Operating expenditure consists of the following categories:

	2012	2011	Change 2012/2011	Change 2012/2011	2010	Change 2011/2010	Change 2011/2010
	(Rand in millions)			(%)	(Rand in millions)		(%)
Marketing and distribution expenditure	**(6 701)**	(6 796)	95	(1)	(6 496)	(300)	5
Administrative expenditure	**(11 672)**	(9 887)	(1 785)	18	(9 451)	(436)	5
Other expenses	**(4 932)**	(5 408)	476	(9)	(3 036)	(2 372)	78
Translation gains/(losses)	**243**	(1 016)	1 259	(124)	(1 007)	(9)	1
Operating expenditure	**(23 062)**	(23 107)	45		(19 990)	(3 117)	16

The variances in operating costs and expenses are described in detail in each of the various reporting segments, included in the Segment overview below.

Marketing and distribution expenditure. These costs comprise marketing and distribution of products as well as advertising, salaries and expenses of marketing personnel, freight, railage and customs and excise duty. Marketing and distribution costs in 2012 amounted to R6 701 million, R6 796 million in 2011 and R6 496 million in 2010. Compared to sales of products, marketing and distribution costs represented 4% in 2012 compared with 5% in both 2011 and 2010. The variation in these costs has been contained to inflation levels during the years under review.

Administrative expenditure. These costs comprise expenditure of personnel and administrative functions, including accounting, information technology, human resources, legal and administration, pension and post-retirement healthcare benefits. Administrative expenses in 2012 amounted to R11 672 million, an increase of R1 785 million, or 18%, compared with R9 887 million in 2011 which increased by 5% from R9 451 million in 2010. The increase in 2012 is mainly related to higher labour costs due to inflation and increased costs associated with the establishing and advancing of various further growth initiatives at SPI and SSI, including costs related for a full 12 months relating to our Canadian shale gas operations. These increases were partially offset by the reduction of costs in line with the group's cost containment initiative to contain costs to within inflation levels. The increase in 2011 was mainly due to higher labour costs due to inflation and increased costs associated with the establishing and advancing of various growth initiatives at SPI and SSI, including costs related to our Canadian shale gas operations. These increases were partially offset by the reduction of costs in line with the group's cost containment initiative to contain costs to within inflation levels.

Other expenses. Other expenses in 2012 amounted to R4 932 million, a decrease of R476 million, compared to R5 408 million in 2011, which increased by R2 372 million from R3 036 million in 2010. This amount includes impairments of R1 642 million (2011 R190 million and 2010 R110 million), reversal of impairments of R12 million (2011 R535 million and 2010 R365 million), scrapping of assets of R459 million (2011 R359 million and 2010 R156 million), the write off of unsuccessful exploration wells of R270 million (2011 R441 million and 2010 R58 million) and net profit on the

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disposal of property, plant and equipment and other intangible assets of R138 million (2011 R14 million and 2010 R3 million). Other expenses also includes the effects of our crude oil hedging activities amounting to a net loss of R214 million (2011 a gain of R118 million and 2010 a loss of R87 million), share-based payment expenses of R691 million (2011 R2 071 million and 2010 R943 million) and a profit of R361 million (2011 profit of R15 million and 2010 profit of R2 million) which was realised on the disposal of businesses. Further, impairments of R135 million (2011 R293 million and 2010 R138 million) were recognised in respect of trade receivables during the year. Other expenses in 2011 included amounts in respect of competition related administrative penalties of R112 million. There were no competition related administrative penalties in 2012 and 2010. Details of the impairments, scrapping of assets and the profit/(loss) on disposals are detailed in the "Segment overview".

Translation gains. Translation gains arising primarily from the translation of monetary assets and liabilities amounted to R243 million in 2012. The gain recognised is due to the weakening of the rand/US dollar exchange rate during the year closing at R8,17 at 30 June 2012, compared with the closing rate at 30 June 2011 of R6,77 per US dollar. The closing rate is used to translate to rand all our monetary assets and liabilities denominated in a currency other than the rand at the reporting date and as a result a net gain was recognised on these translations in 2012. The strengthening of the rand has a positive impact on the translation of our monetary liabilities, while the weakening of the rand has a negative impact on the translation of our monetary assets. In 2011, foreign exchange losses of R1 016 million were recognised due to the strengthening of the rand/US dollar exchange rate towards the end of the year closing at R6,77 at 30 June 2011 compared to the closing rate at 30 June 2010 of R7,67 per US dollar. A net foreign exchange loss of R1 007 million was recognised in 2010.

The effects of remeasurement items[(1)] recognised for the year ended 30 June are set out below:

	2012	2011	2010
	(Rand in millions)		
South African Energy Cluster			
Sasol Mining	**61**	3	1
scrapping of assets	***55***	*5*	5
profit on disposal of property, plant and equipment		(2)	(4)
impairments	***6***		
Sasol Gas	**11**	6	
scrapping of assets	***11***	*6*	
Sasol Synfuels	**238**	197	58
scrapping of assets	***238***	*197*	59
profit on disposal of property, plant and equipment			(1)
Sasol Oil	**14**	17	10
impairments	***1***	*7*	
scrapping of assets	***13***	*25*	15
profit on disposal of property, plant and equipment		(15)	(5)
International Energy Cluster			
Synfuels International	**34**	126	4
impairments		123	
scrapping of assets	***34***	*3*	
loss on disposal of property, plant and equipment			4
Petroleum International	**1 609**	442	108
impairments	***1 398***	*1*	50
write off of unsuccessful exploration wells	***270***	*441*	58
profit on disposal of businesses	***(59)***		

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	2012	2011	2010
	(Rand in millions)		
Chemical Cluster			
Sasol Polymers	**62**	46	14
impairments	***61***	*5*	5
scrapping of assets	***2***	*42*	6
(profit)/loss on disposal of property, plant and equipment	***(1)***	*(1)*	3
Sasol Solvents	**83**	63	58
impairments	***37***	*38*	14
reversal of impairment of property, plant and equipment		(15)	
scrapping of assets	***44***	*32*	44
loss on disposal of property, plant and equipment	***2***	*8*	
Sasol Olefins & Surfactants	**(179)**	(500)	(344)
impairments	***85***	*6*	8
reversal of impairments		(520)	(365)
scrapping of assets	***9***	*4*	2
loss on disposal of property, plant and equipment	***12***	*13*	6
(profit)/loss on disposal of business	***(285)***	*(3)*	5
Other Chemicals	**(94)**	(11)	21
impairments	***35***	*6*	13
scrapping of assets	***37***	*10*	17
profit on disposal of property, plant and equipment	***(137)***	*(15)*	(3)
loss on disposal of intangible assets			1
profit on disposal of associate	***(7)***	*(6)*	(7)
profit on disposal of businesses	***(10)***	*(6)*	
reversal of impairment of intangible assets	***(12)***		
Other businesses	**21**	37	24
impairments	***19***	*4*	20
scrapping of assets	***16***	*35*	8
profit on disposal of property, plant and equipment	***(14)***	*(2)*	(4)
Remeasurement items included in other operating expenses	**1 860**	426	(46)

(1) Remeasurement items include impairments, reversal of impairments, scrapping of assets and (profits)/losses on disposals of businesses, property, plant and equipment and other intangible assets.

Operating profit

The main factors contributing to the increase in operating profit were:

	Change 2012/2011 (Rand in millions)	%	Change 2011/2010 (Rand in millions)	%
Operating profit, 2011 and 2010, respectively	**29 950**		23 937	
Exchange rate effects[1]	**7 384**	25	(4 545)	(19)
Net product and feedstock price[2]	**6 720**	23	13 913	58
crude oil effects	**7 453**	25	6 965	29
other products (including chemicals)	**(733)**	(2)	6 948	29
Inflation on other operating costs	**(2 650)**	(9)	(2 285)	(10)
Net volume and productivity effects[3]	**(607)**	(2)	238	1
Effects of remeasurement items[4]	**(1 434)**	(5)	(472)	(2)
Other effects[5]	**(2 605)**	(9)	(836)	(3)

Operating profit, 2012 and 2011, respectively	**36 758**	29 950

(1) This arises primarily from the effects of the average US dollar exchange rate during the year on both turnover and operating expenses.

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(2) This arises primarily from the effects of changes in product and feedstock prices on turnover and cost of sales and services rendered.

(3) This arises primarily from the effects of plant volumes and productivity on cost of sales and services rendered.

(4) This arises primarily from the effects of remeasurement items refer to previous analysis.

(5) This amount includes the depreciation charge of our Canadian operations of approximately R1,3 billion in 2012, as well as the effects of the once-off share-based payment expense relating to the Ixia Coal transaction recognised in 2011 and the competition related administrative penalty paid in 2011.

Net other (expenses)/income

Net other (expenses)/income consist of the following:

	2012	2011	Change 2012/2011	Change 2012/2011	2010	Change 2011/2010	Change 2011/2010
	(Rand in millions)			(%)	(Rand in millions)		(%)
Dividends received	**22**	40	(18)	(45)	31	9	29
Share of profit of associates (net of tax)	**479**	292	187	64	217	75	35
Interest received	**774**	951	(177)	(19)	1 301	(350)	(27)
Finance costs	**(2 030)**	(1 817)	(213)	12	(2 114)	297	14
interest incurred	**(2 054)**	(1 860)	(194)	10	(2 172)	312	14
interest capitalised	**24**	43	(19)	(44)	58	15	26
Net other expenses	**(755)**	(534)	(221)	41	(565)	31	5

The share of profit of associates (net of tax) amounted to R479 million in 2012 compared with R292 million in 2011 and R217 million in 2010. The increase in 2012 is attributable to the higher share of associates profit earned during the year.

Interest received amounted to R774 million in 2012 compared with R951 million in 2011 and R1 301 million in 2010. The decrease in the interest received during 2012 and 2011 is attributable to the decrease in short-term interest bearing deposits included in cash and cash equivalents during the year, as well as the decrease in interest rates. The group recorded a net decrease in short-term deposits for the year of R3 billion (2011 R2 billion).

Interest incurred in 2012 amounted to R2 054 million, an increase of 10% from 2011, of which R24 million was capitalised, compared with interest incurred of R1 860 million in 2011 and R2 172 million in 2010, of which R43 million and R58 million was capitalised for the respective years. The increase in 2012 is mainly due to the increase of the A and B preference shares dividends relating to the Sasol Inzalo long-term debt. The decrease in 2011 is mainly due to decreasing interest rates from 2010 to 2011 of approximately 100 basis points and the 4% decrease in net debt from 2010. Interest capitalised in 2012, 2011 and 2010 relates to interest on specific borrowings only. Included in interest incurred is an amount of R489 million in 2012, R468 million in 2011 and R373 million in 2010 related to notional interest (unwinding of discount) primarily in respect of environmental rehabilitation and decommissioning obligations.

Income tax

Income tax expense in 2012 amounted to R11 746 million, an increase of 28%, compared with R9 196 million in 2011, which increased by 32% from R6 985 million in 2010.

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The income statement charge consists of the following:

	2012	2011	2010
	(Rand in millions)		
Current tax			
South African normal tax	**7 358**	5 235	4 270
Dividend withholding tax	**16**		
Secondary tax on companies (STC)	**1 032**	771	606
Foreign tax	**1 861**	1 192	726
Total current tax	**10 267**	7 198	5 602
Deferred tax			
South African	**1 711**	1 491	1 105
Foreign	**(232)**	507	278
Total deferred tax expense	**1 479**	1 998	1 383
Income tax expense for the year	**11 746**	9 196	6 985

The effective tax rate was 32,6% in 2012, 31,3% in 2011 and 29,9% in 2010. The difference in 2012 between the South African statutory tax rate of 28% and the effective tax rate results mainly from the STC, which is levied at a rate of 10% on dividends paid (until 1 April 2012), differences in foreign tax rates, deferred tax assets not recognised on tax losses and disallowed expenditure, which mainly related to share-based payment expenses, and preference share dividends offset by exempt income and utilisation of tax losses.

The increase in the effective tax rate from 31,3% in 2011 to 32,6% in 2012 is primarily as a result of the lower share-based payment expenses in 2012, resulting from the once-off Ixia Coal transaction in 2011, a decrease in the utilisation of tax losses in 2012, additional tax losses which have not been recognised as deferred tax assets compared to the prior year, an increase in income received which is exempt for tax purposes, an increase in expenditure which is not tax deductible, increase in the interest rates of the A and B preference shares dividends relating to the Sasol Inzalo long-term debt of which the dividends are not deductible for tax purposes and other adjustments. The share-based payment expenses are not deductible for tax purposes. The increase in the effective tax rate from 29,9% in 2010 to 31,3% in 2011 is as a result of the higher share-based payment expenses, resulting from the Ixia Coal transaction and competition related administrative penalties paid in 2011 compared with the prior year. The competition related administrative penalties and share-based payment expenses are not deductible for tax purposes. Refer to Item 18 "Financial Statements Note 41 Taxation".

Non-controlling interests in subsidiaries

Profit attributable to non-controlling interests in subsidiaries in 2012 amounted to R674 million compared with R426 million in 2011 and R446 million in 2010. In 2012, the non-controlling interests in subsidiaries increased due to an increase in profits earned from Sasol Oil, in which outside shareholders have a 25% interest.

Segment overview

The following is a discussion of our segment results. Segmental financial performance is measured on a management basis. This approach is based on the way in which the GEC organises segments within our group for making operating decisions and assessing performance. The segment overview included below is based on our segment results.

Inter-segment turnover was entered into under terms and conditions substantially similar to terms and conditions which would have been negotiated with an independent third party.

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Turnover per segment

	South African energy cluster					International energy cluster		Chemical cluster					
	Sasol Mining	Sasol Gas	Sasol Synfuels	Sasol Oil	Other	Sasol Synfuels International	Sasol Petroleum International	Sasol Polymers	Sasol Solvents	Sasol Olefins & Surfactants	Other Chemicals	Other businesses	Total
	(Rand in millions)												
2012													
External turnover	2 256	3 967	1 268	66 800		5 182	1 778	19 952	17 429	37 044	13 720	50	169 446
% of external turnover	2%	2%	1%	39%		3%	1%	12%	10%	22%	8%		100%
Inter-segment turnover	8 416	2 964	47 523	620		136	1 333	129	1 485	654	4 339	8 548	76 147
% of inter-segment turnover	11%	4%	62%	1%			2%		2%	1%	6%	11%	100%
Total turnover	**10 672**	**6 931**	**48 791**	**67 420**		**5 318**	**3 111**	**20 081**	**18 914**	**37 698**	**18 059**	**8 598**	**245 593**
2011													
External turnover	2 029	3 170	1 208	54 265		3 715	1 211	16 985	16 156	31 116	12 554	27	142 436
% of external turnover	1%	2%	1%	38%		3%	1%	12%	11%	22%	9%		100%
Inter-segment turnover	7 117	2 275	36 277	519			946	97	1 124	599	4 223	6 016	59 193
% of inter-segment turnover	12%	4%	61%	1%			2%		2%	1%	7%	10%	100%
Total turnover	**9 146**	**5 445**	**37 485**	**54 784**		**3 715**	**2 157**	**17 082**	**17 280**	**31 715**	**16 777**	**6 043**	**201 629**
2010													
External turnover	1 696	2 986	879	47 932		2 282	916	14 236	14 425	24 774	11 951	179	122 256
% of external turnover	1%	2%	1%	39%		2%	1%	12%	12%	20%	10%		100%
Inter-segment turnover	6 167	2 385	33 014	479			769	85	1 340	509	4 257	5 241	54 246
% of inter-segment turnover	11%	4%	61%	1%			1%		3%	1%	8%	10%	100%
Total turnover	**7 863**	**5 371**	**33 893**	**48 411**		**2 282**	**1 685**	**14 321**	**15 765**	**25 283**	**16 208**	**5 420**	**176 502**

Operating profit/(loss) per segment

	South African energy cluster					International energy cluster		Chemical cluster					
	Sasol Mining	Sasol Gas	Sasol Synfuels	Sasol Oil	Other	Sasol Synfuels International	Sasol Petroleum International	Sasol Polymers	Sasol Solvents	Sasol Olefins & Surfactants	Other Chemicals	Other businesses	Total
Operating profit/(loss) 2012 (Rm)	2 287	2 985	22 095	1 592	(2)	1 881	(1 936)	716	1 403	3 193	1 188	1 356	36 758
% of total	6%	8%	60%	4%		5%	(5%)	2%	4%	(9%)	3%	4%	100%
Operating profit/(loss) 2011 (Rm)	1 063	2 578	15 188	1 180	(62)	1 205	382	1 579	1 655	4 161	1 317	(296)	29 950
% of total	4%	9%	51%	3%		4%	1%	5%	6%	14%	4%	(1%)	100%
Operating profit/(loss) 2010 (Rm)	815	2 479	13 175	1 364	(25)	131	337	958	1 154	2 492	892	165	23 937
% of total	3%	10%	55%	6%		1%	1%	4%	5%	10%	4%	1%	100%

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Segment review

South African energy cluster

Sasol Mining results of operations

	2012	2011	Change 2012/2011	Change 2012/2011	2010	Change 2011/2010	Change 2011/2010
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	2 256	2 029	227	11	1 696	333	20
Inter-segment	8 416	7 117	1 299	18	6 167	950	15
Total turnover	**10 672**	**9 146**	**1 526**	**17**	**7 863**	**1 283**	**16**
Operating costs and expenses[(1)]	(8 385)	(8 083)	(302)	4	(7 048)	(1 035)	15
Operating profit	**2 287**	**1 063**	**1 224**	**115**	**815**	**248**	**30**
Operating margin %	21	12			10		

(1) Operating costs and expenses net of other income.

Results of operations 2012 compared to 2011

Total turnover increased by 17% from R9 146 million to R10 672 million mainly due to higher sales prices to Sasol Synfuels and the positive impact of the weaker rand/US dollar exchange rate, offset by lower US dollar export coal prices per ton. Sales volumes were in line with those of the prior year at 42,8 million tons (Mt) for 2012 compared with 42,6 Mt in 2011.

Production volumes increased by 4% to 40,0 Mt for 2012 compared with 38,6 Mt in 2011, despite industrial action and adverse geological conditions due to some collieries reaching the end of their life of mine.

Operating costs and expenses increased by 12% excluding the effects of the Sasol Ixia transaction, mainly due to higher labour costs, inflation, maintenance costs and material costs.

Results of operations 2011 compared to 2010

Total turnover increased by 16% from R7 863 million to R9 146 million mainly due to the higher average US dollar export coal price per ton compared with the prior year and the positive impact of higher sales prices to Sasol Synfuels, despite lower sales volumes. The effect of this increase was partially offset by the negative impact of a stronger rand/US dollar exchange rate (average rate R7,01 per US dollar for 2011 year compared with R7,59 per US dollar for 2010).

Production volumes were 9% lower at 38,6 million tons (Mt) for 2011 compared with 42,6 Mt in 2010. The decrease in production is mainly as a result of lower off take from Sasol Synfuels due to the Sasol Synfuels' planned maintenance outage as well as adverse geological conditions due to some collieries reaching the end of their life of mine.

Operating costs and expenses increased by 7%, excluding the effects of the share-based payment resulting from the Ixia Coal transaction of R565 million. The remaining increase in operating costs is mainly due to increased labour costs, maintenance and inflation, which was partially offset by a decrease in pre-feasibility and bulk sample costs related to Project Mafutha.

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The main factors contributing to the increase in operating profit were:

	Change 2012/2011 (Rand in millions)	%	Change 2011/2010 (Rand in millions)	%
Operating profit, 2011 and 2010, respectively	**1 063**		815	
Exchange rate effects	**258**	24	(182)	(22)
Net product price	**383**	36	1 917	235
Inflation on other operating costs	**(310)**	(29)	(251)	(31)
Net volume and productivity effects	**347**	33	(487)	(60)
Effects of remeasurement items	**(58)**	(6)	(2)	
Other effects[(1)]	**604**	57	(747)	(92)
Operating profit, 2012 and 2011, respectively	**2 287**		1 063	

(1) This arises primarily from the effects of the share-based payment expense resulting from the Ixia Coal transaction in 2011.

Remeasurement items for the years ended 30 June

Operating costs and expenses include the effect of the following remeasurement items:

	2012	2011	2010
	(Rand in millions)		
Scrapping of property, plant and equipment	**43**	5	5
Scrapping of assets under construction	**12**		
Impairment of property, plant and equipment	**6**		
Profit on disposal of property, plant and equipment		(2)	(4)
Total loss	**61**	3	1

The remeasurement items in 2012 include the scrapping of thin seam mining components which are no longer economically viable (R43 million) and projects, which were discontinued and whose technologies can no longer be used (R12 million). In addition, an impairment was recognised in respect of battery haulers of which the recoverable amount was assessed as being below R6 million of its carrying amount.

During 2011 and 2010 numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off. Other smaller assets were disposed of in 2011 and 2010 realising a profit of R2 million in 2011 (2010 R4 million).

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Sasol Gas results of operations

	2012	2011	Change 2012/2011	Change 2012/2011	2010	Change 2011/2010	Change 2011/2010
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	3 967	3 170	797	25	2 986	184	6
Inter-segment	2 964	2 275	689	30	2 385	(110)	(4)
Total turnover	**6 931**	**5 445**	**1 486**	**27**	**5 371**	**74**	**1**
Operating costs and expenses[(1)]	(3 946)	(2 867)	(1 079)	38	(2 892)	25	(1)
Operating profit	**2 985**	**2 578**	**407**	**16**	**2 479**	**99**	**4**
Operating margin %	43	47			46		

(1) Operating costs and expenses net of other income.

Results of operations 2012 compared to 2011

Total turnover increased by 27% from R5 445 million in 2011 to R6 931 million in 2012 mainly due to higher sales volumes due to stronger demand from Sasol's operations in Sasolburg and Secunda and higher gas sales prices, despite the negative impact of exchange rates on gas purchases.

Sales volumes were 1,5% higher at 152,4 MGJ for 2012 compared with 150,2 MGJ in 2011.

Operating costs and expenses increased by 38% which is as a result of higher cash fixed costs, higher labour costs due to the filling of vacant positions, and increases in corporate fees and sundry costs.

Results of operations 2011 compared to 2010

Total turnover increased marginally by 1% from R5 371 million in 2010 to R5 445 million in 2011 mainly due to higher sales volumes due to stronger demand from Sasol's operations in Sasolburg and Secunda and the successful commissioning of the open cycle turbines at Sasol Synfuels. This was negated by lower gas prices due to the strong rand/US dollar exchange rate.

Operating costs and expenses decreased by 1% mainly due to a reduction of costs resulting from the sale of the auto thermal reformer (ATR) to Sasol Infrachem. The decrease in operating costs and expenses were partially offset by start-up costs in respect of a new compressor station in Mozambique, which was commissioned in August 2010.

The main factors contributing to the increase in operating profit were:

	Change 2012/2011 (Rand in millions)	%	Change 2011/2010 (Rand in millions)	%
Operating profit, 2011 and 2010, respectively	**2 578**		2 479	
Exchange rate effects	**3**		5	
Net product price	**427**	16	(525)	(21)
Inflation on other operating costs	**(30)**	(1)	(13)	(1)
Net volume and productivity effects	**123**	5	687	28
Effects of remeasurement items	**(5)**		(6)	
Other effects	**(111)**	(4)	(49)	(2)

Operating profit, 2012 and 2011, respectively	**2 985**	2 578

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Remeasurement items for the years ended 30 June

Operating costs and expenses include the effect of the following remeasurement items:

	2012	2011	2010
	(Rand in millions)		
Scrapping of assets under construction	**11**	6	

In 2012 and 2011, smaller projects which are no longer considered economically viable were written off.

Sasol Synfuels results of operations

	2012	2011	Change 2012/2011	Change 2012/2011	2010	Change 2011/2010	Change 2011/2010
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	1 268	1 208	60	5	879	329	37
Inter-segment	47 523	36 277	11 246	31	33 014	3 263	10
Total turnover	**48 791**	**37 485**	**11 306**	**30**	**33 893**	**3 592**	**11**
Operating costs and expenses[(1)]	(26 696)	(22 297)	(4 399)	20	(20 718)	(1 579)	8
Operating profit	**22 095**	**15 188**	**6 907**	**45**	**13 175**	**2 013**	**15**
Operating margin %	45	41			39		

(1) Operating costs and expenses net of other income.

Results of operations 2012 compared to 2011

Total turnover increased by 30% from R37 485 million in 2011 to R48 791 million in 2012 mainly due to the higher average crude oil prices, higher product prices and the weakening of the rand against the US dollar.

Production volumes were 1,1% higher than in the previous year, due to improved plant efficiencies and a phase shutdown in comparison with a full shutdown in the previous year which were reduced by the impact of plant instabilities and incidents in the first half of the year.

Operating costs and expenses increased by 20% mainly due to increased feedstock, maintenance and energy costs, as well as provisions for rehabilitation expenses.

Results of operations 2011 compared to 2010

Total turnover increased by 11% from R33 893 million in 2010 to R37 485 million in 2011 mainly due to the higher average crude oil prices, which were partially negated by the strengthening of the rand against the US dollar (average rate R7,01 per US dollar for 2011 compared with R7,59 per US dollar for 2010).

Production volumes decreased by 4% from 7,4 Mt in 2010 to 7,1 Mt in 2011 due to the largest planned maintenance outage in Sasol Synfuels' history.

The open cycle gas turbines were commissioned during July 2010 and have resulted in an additional 200 megawatts of electricity generation for the Sasol Synfuels operations, thereby reducing the impact of above inflation electricity price increases in Sasol Synfuels' unit cost.

Operating costs and expenses increased by 8% mainly due to increased depreciation resulting from the commissioning of the open cycle gas turbines.

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The main factors contributing to the increase in operating profit were:

	Change 2012/2011 (Rand in millions)	%	Change 2011/2010 (Rand in millions)	%
Operating profit, 2011 and 2010, respectively	**15 188**		13 175	
Exchange rate effects	**3 980**	26	(2 702)	(21)
Net product and feedstock price	**6 345**	42	6 676	51
crude oil effects	**5 567**	37	6 531	50
other products	**778**	5	145	1
Inflation on other operating costs	**(1 202)**	(8)	(797)	(6)
Net volume and productivity effects	**(863)**	(6)	(1 743)	(13)
Effects of remeasurement items	**(41)**		(139)	(1)
Other effects[(1)]	**(1 312)**	(9)	718	5
Operating profit, 2012 and 2011, respectively	**22 095**		15 188	

(1) The most significant movement in 2012 was as a result of provision for rehabilitation expenses due to a change in the discount rate and PPI assumptions.

Remeasurement items for the years ended 30 June

Operating costs and expenses include the effect of the following remeasurement items:

	2012	2011	2010
	(Rand in millions)		
Scrapping of property, plant and equipment	**57**	151	35
Scrapping of assets under construction	**181**	46	24
Profit on disposal of property, plant and equipment			(1)
Total loss	**238**	197	58

The remeasurement items in 2012 include the scrapping of sections of projects and property, plant and equipment (R57 million) and assets under construction (R181 million) which are no longer economically viable and whose technologies can no longer be used.

The remeasurement items in 2011 include the scrapping of sections of projects and property, plant and equipment which are no longer economically viable and whose technologies can no longer be used (R140 million), critical spares (R7 million), term operating assets (R7 million), precious metals (R13 million), catalyst losses (R9 million) and other smaller items (R21 million).

The remeasurement items in 2010 include the scrapping of sections of projects which are no longer economically viable and whose technologies can no longer be used (R24 million), critical spares (R11,9 million), term operating assets (R14,4 million) and other smaller items (R9 million).

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Sasol Oil results of operations

	2012	2011	Change 2012/2011	Change 2012/2011	2010	Change 2011/2010	Change 2011/2010
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	66 800	54 265	12 535	23	47 932	6 333	13
Inter-segment	620	519	101	19	479	40	8
Total turnover	**67 420**	**54 784**	**12 636**	**23**	**48 411**	**6 373**	**13**
Operating costs and expenses[(1)]	(65 828)	(53 604)	(12 224)	23	(47 047)	(6 557)	14
Operating profit	**1 592**	**1 180**	**412**	**35**	**1 364**	**(184)**	**(13)**
Operating margin %	2	2			3		

(1) Operating costs and expenses net of other income.

Results of operations 2012 compared to 2011

Total turnover increased by 23% from R54 784 million in 2011 to R67 420 million in 2012, mainly due to higher virtual refining margins of US$3,21/b in 2012 compared to US$2,43/b in 2011 and the weakening of the rand against the US dollar. Total liquid fuel sales were lower at 9,6 million cubic metres (Mm^3) in 2012 compared with 10,5 Mm^3 in 2011, specifically due to the overland exporters into Southern Africa.

The crude oil throughput at our Natref refinery decreased by 11% from 3,7 Mm^3 in 2011 to 3,3 Mm^3 in 2012, resulting from an extended planned shutdown at the Natref refinery, coupled with crude oil supply shortages resulting from an unplanned third party single buoy mooring (SBM) shutdown in December 2011 and sales volumes were further negatively impacted by reduced trading activities.

Operating costs and expenses increased mainly as a result of higher labour costs. Higher marketing margins, together with higher product prices underpinned the improved operating profit. Higher wholesale margins were also partly negated by the impact of the weaker rand/US dollar exchange rate.

Results of operations 2011 compared to 2010

Total turnover increased by 13% from R48 411 million in 2010 to R54 784 million in 2011 mainly due to higher retail sales volumes. Total liquid fuel sales were marginally lower at 10,5 million cubic metres (Mm^3) in 2011 compared with 10,5 Mm^3 in 2010, specifically to the overland exporters into Southern Africa. Retail sales were 4% higher at 1,39 Mm^3 in 2011 compared with 1,33 Mm^3 in 2010.

The increase in volumes was supported by improved production. The crude oil throughput at our Natref refinery increased by 12% from 3,3 Mm^3 in 2010 to 3,7 Mm^3 in 2011. The increased level of production in 2011 resulted in reduced imports to meet contractual obligations.

Operating costs and expenses increased by 14% mainly as a result of higher raw material input and component prices as well as a bad debt provision recognised in 2011 in respect of a specific customer amounting to R215 million.

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The main factors contributing to the increase /decrease in operating profit were:

	Change 2012/2011 (Rand in millions)	%	Change 2011/2010 (Rand in millions)	%
Operating profit, 2011 and 2010, respectively	**1 180**		1 364	
Exchange rate effects	**162**	14	(344)	(25)
Net product and feedstock price	**585**	50	533	39
Inflation on other operating costs	**(119)**	(10)	(100)	(7)
Net volume and productivity effects	**(185)**	(16)	70	5
Effects of remeasurement items	**3**		(7)	
Other effects[(1)]	**(34)**	(3)	(336)	(25)
Operating profit, 2012 and 2011, respectively	**1 592**		1 180	

(1) This amount includes a bad debt provision of R215 million recognised in 2011.

Remeasurement items for the years ended 30 June

Operating costs and expenses include the effect of the following remeasurement items:

	2012	2011	2010
	(Rand in millions)		
Impairment of property, plant and equipment	**1**	7	
Scrapping of property, plant and equipment	**11**	18	15
Scrapping of assets under construction	**2**	7	
Profit on disposal of property, plant and equipment		(15)	(5)
Total loss	**14**	17	10

The remeasurement items in 2012 include the impairment and scrapping of various projects and assets with small carrying values.

The remeasurement items in 2011 include the impairment of property, plant and equipment of R7 million relating to the poor operational performance of a retail convenience centre in Durban, South Africa. In addition, various projects and assets with small carrying values were retired from use and scrapped, with the remaining carrying values attributable to these assets written off. The profit on the disposal of property, plant and equipment relates to various small items.

The remeasurement items in 2010 include the scrapping of a number of assets with small carrying values that were retired from use and the remaining carrying values attributable to these assets were written off. The profit on the disposal of property, plant and equipment relates to various small items.

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International energy cluster

Sasol Synfuels International (SSI) results of operations

	2012	2011 (Rand in millions)	Change 2012/2011	Change 2012/2011 (%)	2010	Change 2011/2010 (Rand in millions)	Change 2011/2010 (%)
Turnover							
External	5 182	3 715	1 467	39	2 282	1 433	63
Inter-segment	136		136	100			
Total turnover	**5 318**	**3 715**	**1 603**	**43**	**2 282**	**1 433**	**63**
Operating costs and expenses[(1)]	(3 437)	(2 510)	(927)	37	(2 151)	(359)	17
Operating profit	**1 881**	**1 205**	**676**	**56**	**131**	**1 074**	**820**
Operating margin %	35	32			6		

(1) Operating costs and expenses net of other income.

Results of operations 2012 compared to 2011

Total turnover increased significantly by 43% from R3 715 million in 2011 to R5 318 million in 2012 mainly due to continued increased production volumes at the ORYX GTL plant in Qatar and higher product prices derived from crude oil prices.

Production volumes (our share of production by our joint ventures) increased by 9% from 559k tons to 611k tons of refined products produced. The ORYX GTL plant continues to achieve new production records and is consistently producing above design capacity of 32 400 bpd.

Operating costs and expenses increased by 37% mainly due to inflation, the impact of negative translation differences and increased spending on study costs in North America. Savings were obtained on labour costs due to staff migration and information technology centralisation in certain areas.

Results of operations 2011 compared to 2010

Total turnover increased significantly by 63% from R2 282 million in 2010 to R3 715 million in 2011 mainly due to increased production volumes at the ORYX GTL plant in Qatar and higher product prices derived from crude oil prices, which were partially offset by a stronger rand/US dollar exchange rate.

Operating costs and expenses increased by 17% from R2 151 million in 2010 to R2 510 million in 2011 primarily due to the partial impairment of the investment in the EGTL project amounting to R123 million in 2011.

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The main factors contributing to the increase in operating profit were:

	Change 2012/2011 (Rand in millions)	%	Change 2011/2010 (Rand in millions)	%
Operating profit, 2011 and 2010, respectively	**1 205**		131	
Exchange rate effects	**(357)**	(30)	(46)	(35)
Net product price	**569**	47	774	590
Inflation on other operating costs	**(76)**	(6)	(36)	(27)
Net volume and productivity effects	**411**	34	714	545
Effects of remeasurement items	**92**	8	(122)	(93)
Other effects	**37**	3	(210)	(160)
Operating profit, 2012 and 2011, respectively	**1 881**		1 205	

Remeasurement items for the years ended 30 June

Operating costs and expenses include the effect of the following remeasurement items:

	2012	2011	2010
	(Rand in millions)		
Scrapping of property, plant and equipment		3	
Scrapping of assets under construction	**34**		
Loss on disposal of property, plant and equipment			4
Impairment of investment in associate		123	
Total loss	**34**	126	4

The remeasurement items in 2012, include the scrapping of assets under construction of R34 million which primarily relates to costs capitalised in respect of ORYX GTL.

The remeasurement items in 2011 include the scrapping of a number of assets with small carrying values that were retired from use and the remaining carrying values attributable to these assets were written off.

The 10% interest in EGTL is recognised as an investment in associate. Due to the delay in the project and the increasing costs of completion, an impairment review was performed based on the current project economics. The results of the impairment review indicated that the value in use was lower than the carrying value of the investment. A partial impairment of R123 million was recognised in 2011.

The remeasurement items in 2010 include the loss on the disposal of property, plant and equipment that relates to various small items.

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Sasol Petroleum International (SPI) results of operations

	2012	2011	Change 2012/2011	Change 2012/2011	2010	Change 2011/2010	Change 2011/2010
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	1 778	1 211	567	47	916	295	32
Inter-segment	1 333	946	387	41	769	177	23
Total turnover	**3 111**	**2 157**	**954**	**44**	**1 685**	**472**	**28**
Operating costs and expenses[(1)]	(5 047)	(1 775)	(3 272)	184	(1 348)	(427)	32
Operating (loss)/profit	**(1 936)**	**382**	**(2 318)**	**(607)**	**337**	**45**	**13**
Operating margin %	(62)	18			20		

(1) Operating costs and expenses net of other income and including exploration costs.

Results of operations 2012 compared to 2011

Total turnover increased significantly by 44% from R2 157 million in 2011 to R3 111 million in 2012.

Increased gas production volumes from our Mozambique operations and sustained production at our Gabon operation contributed positively to SPI's results. Natural gas produced and sold increased by 2% from 88,0 MGJ in 2011 to 90,0 MGJ in 2012. Our Canadian operations produced and sold 17,0 billion standard cubic feet (Bscf) of natural gas during 2012 compared to 2,9 Bscf in 2011. Condensate sales were maintained at 0,3 million bbl in 2012 and 2011. Total oil sales after royalties from Gabon was maintained at 1,5 billion bbl from 2011.

Operating costs and expenses increased by 184% mainly due to the impact of increased depreciation of R1 296 million relating to our Canadian operations, which were acquired in the last quarter of 2011, and a partial impairment of R964 million related to our Canadian (shale/tight gas) asset. The price of gas in North America is currently displaying more volatility than initially anticipated, coupled with higher than expected drilling and completion costs and sub-surface complexities. The asset in Canada remains under pressure in the short-term due to the extremely low natural gas prices in North America, but we are positive about the medium to long-term volume potential and strategic value of the asset. In addition, the impairment of Block 16 & 19 in Mozambique amounting to R434 million and the write-off of a dry well, WA-433 in Australia, for an amount of R274 million, negatively impacted our operating profit in 2012.

Results of operations 2011 compared to 2010

Total turnover increased by 28% from R1 685 million in 2010 to R2 157 million in 2011 mainly due to the higher sales volumes resulting from increased production. This was further underpinned by higher average crude oil and gas prices.

Total natural gas sales volumes from Mozambique increased from 75,1 million gigajoules (MGJ) in 2010 to 88,0 MGJ in 2011. Condensate sales increased by 50% from 0,2 million bbl in 2010 to 0,3 million bbl in 2011. Total oil sales from Gabon were maintained at 1,9 million bbl (before royalty) or 1,5 million bbl (after royalty) from 2010 to 2011.

In 2011, SPI acquired a 50% stake in the Farrell Creek and Cypress A shale gas assets of Talisman Energy Inc. (Talisman), a Canadian-based company, located in the Montney Basin, of British Columbia, Canada. The combined shale gas production from the Farrell Creek and Cypress A assets amounted to 2,9 Bscf. Production from the Canadian operation is ramping up.

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Operating costs and expenses increased by 32% mainly due to the write off of unsuccessful exploration wells of R441 million in 2011 and higher cash fixed costs related to the expansion of the onshore gas production facilities in Pande and Temane, Mozambique, to increase the current annual production capacity from 120 MGJ to 183 MGJ.

The main factors contributing to the decrease / increase in operating profit were:

	Change 2012/2011 (Rand in millions)	%	Change 2011/2010 (Rand in millions)	%
Operating profit, 2011 and 2010, respectively	**382**		337	
Exchange rate effects	**(46)**	(12)	(22)	(7)
Net product and feedstock price	**439**	115	407	121
crude oil effects	**270**	71	273	81
other products	**169**	44	134	40
Inflation on other operating costs	**(45)**	(12)	(24)	(7)
Net volume and productivity effects	**158**	41	196	58
Effects of remeasurement items	**(1 167)**	(305)	(334)	(99)
Other effects[(1)]	**(1 657)**	(434)	(178)	(53)
Operating (loss)/profit, 2012 and 2011, respectively	**(1 936)**		382	

(1) Mainly due to increase in depreciation (R1 336 million) including the Canada operations (R1 296 million).

Remeasurement items for the years ended 30 June

Operating costs and expenses include the effect of the following remeasurement items:

	2012	2011	2010
	(Rand in millions)		
Write off of unsuccessful exploration wells	**270**	441	58
Impairment of property, plant and equipment	**519**		
Impairment of assets under construction	**879**	1	50
Profit on disposal of businesses	**(59)**		
Total loss	**1 609**	442	108

The remeasurement items for 2012 include an amount of R270 million that was written off in respect of capitalised exploration wells subsequently appraised to be unsuccessful. This amount mainly relates to the WA-433-P licence in the Carnavon Basin offshore North West Australia.

In 2012, an amount of R434 million (US$56,1 million), which had been capitalised in respect of exploration expenditure on Block 16 & 19, in Mozambique was impaired to zero as it was determined that it is not economically viable to develop Block 16 & 19.

The assets in Canada remain under pressure in the short-term mainly due to the extremely low natural gas prices in North America. The value in use is particularly sensitive to changes in the gas price, estimated ultimate recovery factor as well as changes in drilling and completion costs. An amount of R964 million (CAD120 million) has been recognised as a partial impairment in respect of the Farrell Creek and Cypress A assets at 30 June 2012.

Sasol Petroleum International disposed of its JDZ Block-1 licence in Nigeria, realising a loss on disposal of R1 million. This was offset by a profit realised of R60 million on the farm-down of a 10% equity share in the PPL-285 licence in Papua New Guinea.

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In 2011, an amount of R441 million was written off in respect of capitalised exploration wells subsequently appraised to be unsuccessful.

In 2010, an amount of R58 million was written off in respect of capitalised exploration wells subsequently appraised to be unsuccessful. Further, certain upstream exploration assets in Nigeria were evaluated for impairment due to market transactions of similar assets and the Nigerian government's proposed new bill, which introduces changes to the fiscal regime of existing and new oil and gas licences. This evaluation resulted in an impairment of R50 million in 2010.

Chemical Cluster

Sasol Polymers results of operations

Our polymer-related activities are housed in two separate entities, Sasol Polymers, a division of Sasol Chemical Industries Limited, and Sasol Polymers International Investments (Pty) Ltd., a subsidiary of the Sasol Investment Company (Pty) Ltd.

	2012	2011	Change 2012/2011	Change 2012/2011	2010	Change 2011/2010	Change 2011/2010
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	19 952	16 985	2 967	17	14 236	2 749	19
Inter-segment	129	97	32	33	85	12	14
Total turnover	**20 081**	**17 082**	**2 999**	**18**	**14 321**	**2 761**	**19**
Operating costs and expenses[(1)]	(19 365)	(15 503)	(3 862)	25	(13 363)	(2 140)	16
Operating profit	**716**	**1 579**	**(863)**	**(55)**	**958**	**621**	**65**
Operating margin %	4	9			7		

(1) Operating costs and expenses net of other income.

Results of operations 2012 compared to 2011

Total turnover increased by 18% from R17 082 million in 2011 to R20 081 million in 2012, mainly due to the increase in production volumes during the second half of the year and the weakening of the rand against the US dollar.

The overall increase in our sales volumes of 1% to 1,8 Mt sold in 2012, was negated by the slowing of the international polymers market, coupled with the continued margin squeeze experienced in the South African polymers business, where feedstock price increases outweighed the increases in selling prices.

Operating costs and expenses mainly increased due to higher feedstock prices, which offset the increase in selling prices. In addition, translation losses of R480 million were recognised, primarily arising from an exchange rate adjustment at our Arya Sasol Polymer Company operations.

Our international operations contributed R1 864 million to the operating profit. Arya Sasol Polymer Company achieved a capacity utilisation rate of 84% for 2012.

Results of operations 2011 compared to 2010

Total turnover increased by 19% from R14 321 million in 2010 to R17 082 million in 2011 mainly due to the increase in production volumes and the recovery of international polymer prices which was partly offset by the strengthening of the rand against the US dollar.

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Operating costs and expenses increased by 16% from R13 363 million in 2010 to R15 503 million in 2011 primarily due to the once-off administrative penalty of R112 million paid to the South African Competition Commission and increased feedstock prices resulting from higher average oil prices.

Arya Sasol Polymer Company contributed positively with an average capacity utilisation of 80% for the year.

The main factors contributing to the decrease / increase in operating profit were:

	Change 2012/2011 (Rand in millions)	**%**	**Change 2011/2010 (Rand in millions)**	**%**
Operating profit, 2011 and 2010, respectively	**1 579**		958	
Exchange rate effects	**257**	16	(30)	(3)
Net product and feedstock price	**(811)**	(51)	254	27
crude oil	**(208)**	(13)	(1 145)	(119)
other products	**(603)**	(38)	1 399	146
Inflation on other operating costs	**(162)**	(10)	(182)	(19)
Net volume and productivity effects	**(247)**	(16)	943	98
Effects of remeasurement items	**(16)**	(1)	(32)	(3)
Other effects[(1)]	**116**	7	(332)	(35)
Operating profit, 2012 and 2011, respectively	**716**		1 579	

(1) Other effects in 2011 include the competition related administrative penalty.

Remeasurement items for the years ended 30 June

Operating costs and expenses include the effect of the following remeasurement items:

	2012	**2011**	**2010**
	(Rand in millions)		
Impairment of property, plant and equipment		5	5
Impairment of investments	**61**		
Scrapping of property, plant and equipment	**2**	42	6
(Profit)/ loss on disposal of property, plant and equipment	**(1)**	(1)	3
Total loss	**62**	46	14

The remeasurement items in 2012 include an impairment relating to the 40% investment in associate in Wesco China Limited. The results of the impairment review indicated that the value in use was R61 million lower than the carrying amount of the investment. Various projects and assets were retired from use and disposed of realising a profit of R1 million and numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off to the value of R2 million.

The remeasurement items in 2011 include the impairment of property, plant and equipment relating to a railway line at Petlin, which is no longer in use. In addition, various projects and assets were retired from use and disposed of realising a profit of R1 million. Numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off to the value of R42 million.

Remeasurement items in 2010 include the impairment of property, plant and equipment of R5 million relating to the closure of the Peroxide business. In addition, various projects and assets were retired from use and disposed of realising a loss of R3 million and numerous assets with small carrying

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values were retired from use and the remaining carrying values attributable to these assets were written off to the value of R6 million.

Sasol Solvents results of operations

	2012	2011	Change 2012/2011	Change 2012/2011	2010	Change 2011/2010	Change 2011/2010
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	17 429	16 156	1 273	8	14 425	1 731	12
Inter-segment	1 485	1 124	361	32	1 340	(216)	(16)
Total turnover	**18 914**	**17 280**	**1 634**	**9**	**15 765**	**1 515**	**10**
Operating costs and expenses[(1)]	(17 511)	(15 625)	(1 886)	12	(14 611)	(1 014)	7
Operating profit	**1 403**	**1 655**	**(252)**	**(15)**	**1 154**	**501**	**43**
Operating margin %	7	10			7		

(1) Operating costs and expenses net of other income.

Results of operations 2012 compared to 2011

Total turnover increased by 9% from R17 280 million in 2011 to R18 914 million in 2012. The increase was primarily due to higher average product prices which, despite being above prior year levels, steadily reduced over the course of the year. Margins contracted on the back of higher feedstock costs, and the impact of lower sales volumes was partially offset by the weaker rand/US dollar exchange rate. Difficult trading conditions continued to prevail, especially during the latter half of the year.

Production volumes were comparable with the prior year, despite planned and unplanned outages at Sasol's upstream production facilities, as well as production cut-backs, mainly in Europe, due to market constraints. Sales volumes decreased by 3% from 1,61 Mt sold in 2011 to 1,56 Mt sold in 2012.

Operating costs and expenses increased by 12% due to the increased cost of feedstock and the impact of a weaker rand/US dollar exchange rate.

Results of operations 2011 compared to 2010

Total turnover increased by 10% from R15 765 million in 2010 to R17 280 million in 2011. The increase was primarily due to higher sales prices resulting from market shortages and the increase in crude oil prices in 2011.

Total production volumes for Sasol Solvents decreased by 9% from 1,71 Mt in 2010 to 1,55 Mt in 2011. Total sales volumes decreased from 1,71 Mt in 2010 to 1,61 Mt in 2011 due to scheduled outages at production facilities.

Operating costs and expenses increased by 7% from R14 611 million in 2010 to R15 625 million in 2011 due to the increased cost of feedstock and the impact of the stronger rand US dollar exchange rate.

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The main factors contributing to the decrease / increase in operating profit were:

	Change 2012/2011 (Rand in millions)	%	Change 2011/2010 (Rand in millions)	%
Operating profit, 2011 and 2010, respectively	**1 655**		1 154	
Exchange rate effects	**1 230**	74	(373)	(32)
Net product and feedstock price	**(1 062)**	(64)	937	81
crude oil	**685**	41	854	74
other products	**(1 747)**	(105)	83	7
Inflation on other operating costs	**(149)**	(9)	(172)	(15)
Net volume and productivity effects	**(120)**	(7)	(189)	(16)
Effects of remeasurement items	**(20)**	(1)	(5)	
Other effects	**(131)**	(8)	303	25
Operating profit, 2012 and 2011, respectively	**1 403**		1 655	

Remeasurement items for the years ended 30 June

Operating costs and expenses include the effect of the following remeasurement items:

	2012	2011	2010
	(Rand in millions)		
Impairment of property, plant and equipment	**12**	31	12
Impairment of assets under construction		1	2
Impairment of intangible assets	**25**	6	
Reversal of impairment of property, plant and equipment		(15)	
Scrapping of property, plant and equipment	**44**	32	44
Loss on disposal of property, plant and equipment	**2**	8	
Total loss	**83**	63	58

During 2012, further impairments amounting to R12 million were recognised in respect of the Herne site in Germany. This cash generating unit was fully impaired in 2008. Expenditure relating to compliance with legal and safety obligations was capitalised to the asset during the year and subsequently impaired.

In addition, an impairment of R25 million was recognised in respect of intangible assets due to the decrease in the market price of emission rights during the year.

The scrapping of property, plant and equipment relates to in process consumption of rhodium catalyst amounting to R42 million. The remaining scrapping of R2 million relates to other smaller assets.

Various projects and assets were retired from use and disposed of realising a loss of R2 million.

During 2011, further impairments amounting to R34 million were recognised in respect of the Herne site in Germany. This cash generating unit was fully impaired in 2008. Further, expenditure relating to compliance with legal and safety obligations was capitalised to the asset during the year and subsequently impaired.

In addition, an impairment of R4 million was recognised in respect of intangible assets due to the decrease in the market price of emission rights during the year.

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In 2007, the Methyl Ethyl Ketone in Moers, Germany, was impaired as a result of recurring losses. During 2011, the economics of the business had improved due to the successful implementation of a restructuring plan and the increase in sales prices. The previous impairment was reassessed by management and a reversal of R9 million of the previous impairment was recognised in 2011. In addition, the previously recognised impairment of R6 million of the Acrylates Glacial Acrylic Acid plant in South Africa was reversed.

The scrapping of property, plant and equipment relates to in process consumption of Rhodium catalyst amounting to R30 million. The remaining scrapping of R2 million relates to other smaller assets.

In addition, various projects and assets were retired from use and disposed of realising a loss of R8 million.

During 2010, further impairments amounting to R14 million were recognised in respect of the Herne site in Germany. This cash generating unit was fully impaired in 2008. Further, expenditure relating to compliance with legal and safety obligations was capitalised to the asset during the year and subsequently impaired.

The scrapping of property, plant and equipment relates to in process consumption of Rhodium catalyst amounting to R27 million. A further R10 million relates to in process consumption associated with other catalysts. The remaining scrapping of R7 million relates to other smaller assets.

Sasol Olefins & Surfactants (Sasol O&S) results of operations

	2012	2011	Change 2012/2011	Change 2012/2011	2010	Change 2011/2010	Change 2011/2010
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	37 044	31 116	5 928	19	24 774	6 342	26
Inter-segment	654	599	55	9	509	90	18
Total turnover	**37 698**	**31 715**	**5 983**	**19**	**25 283**	**6 432**	**25**
Operating costs and expenses[(1)]	(34 505)	(27 554)	(6 951)	25	(22 791)	(4 763)	21
Operating profit	**3 193**	**4 161**	**(968)**	**(23)**	**2 492**	**1 669**	**67**
Operating margin %	8	13			10		

(1) Operating costs and expenses net of other income.

Results of operations 2012 compared to 2011

Total turnover increased by 19% from R31 715 million in 2011 to R37 698 million in 2012, mainly due to increased product prices in some regions which were partially offset by lower sales volumes.

Total sales volumes decreased by 4% from 2,04 Mt in 2011 to 1,95 Mt in 2012 due to lower demand. Production was optimised to match lower demand and optimise margins in light of the weakening European market conditions.

Operating costs and expenses include a profit of R285 million recognised on the sale of the Witten site in Germany. The prior year included a reversal of an impairment of R486 million related to the Sasol Italy operations.

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Results of operations 2011 compared to 2010

Total turnover increased by 25% from R25 283 million in 2010 to R31 715 million in 2011 mainly due to increased sales volumes and improved product prices. Sales volumes increased by 6% from 1,92 Mt in 2010 to 2,04 Mt in 2011 as demand in the market recovered.

Operating costs and expenses increased by 21% from R22 791 million in 2010 to R27 554 million in 2011. The effect of higher crude oil prices impacted negatively on oil-derived feedstock prices resulting in increased cost of sales of approximately 25%. This was offset to some extent by lower cash fixed costs. In addition, included in operating costs and expenses for 2011 is the partial reversal of the impairment of the Sasol Italy assets of R486 million and R343 million for 2011 and 2010 respectively.

The main factors contributing to the decrease / increase in operating profit were:

	Change 2012/2011 (Rand in millions)	**%**	**Change 2011/2010 (Rand in millions)**	**%**
Operating profit, 2011 and 2010, respectively	**4 161**		2 492	
Exchange rate effects	**356**	9	(403)	(16)
Net product and feedstock price	**(371)**	(9)	1 769	71
Inflation on other operating costs	**(119)**	(3)	(72)	(3)
Net volume and productivity effects	**(285)**	(7)	302	12
Effects of remeasurement items	**(321)**	(8)	156	6
Other effects	**(228)**	(5)	(83)	(3)
Operating profit, 2012 and 2011, respectively	**3 193**		4 161	

Remeasurement items for the years ended 30 June

During the year under review operating costs and expenses include the effect of the following remeasurement items:

	2012	**2011**	**2010**
	(Rand in millions)		
Impairment of property, plant and equipment			8
Impairment of intangible assets	**85**	6	
Reversal of impairment of property, plant and equipment		(514)	(348)
Reversal of impairment of intangible assets		(4)	(15)
Reversal of impairment of assets under construction		(2)	(2)
Scrapping of property, plant and equipment	**9**	4	2
Loss on disposal of property, plant and equipment	**12**	13	6
(Profit)/loss on disposal of business	**(285)**	(3)	5
Total profit	**(179)**	(500)	(344)

The remeasurement items in 2012 include:

An impairment of R85 million was recognised in respect of intangible assets due to the decrease in the market price of emission rights during the year;

Numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off to the value of R9 million;

Various projects and assets were retired from use and disposed of realising a loss of R12 million; and

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Profit on disposal of business we disposed of the Witten plant in Germany. The conditions precedent were met on 29 February 2012 and a profit on the disposal of R285 million was recognised.

The remeasurement items in 2011 include:

Reversal of impairments

During 2007, the Sasol Italy Organics business was fully impaired due to a decline in the economics of the business. Following the termination of the Sasol O&S divestiture process in 2007, Sasol O&S implemented a turnaround programme. The Sasol O&S turnaround programme included, among others, the closure of the Porto Torres and Augusta plants in Italy, the sale of unprofitable assets such as Crotone as well as various cost reduction initiatives. As a result, these initiatives as well as improvements in overall market conditions have provided indications that part of the previously recognised impairments should be reversed. Management concluded that a reversal of the previously recognised impairment of approximately R900 million (€96 million) was appropriate. Accordingly, an amount of R491 million was recognised in 2011 as a reversal of the impairment;

Reversal of impairment of property, plant and equipment during 2007, the Cumol Sulfonate and Butyl Glycol Ether businesses within the Sasol Germany Organics cash generating unit were impaired as these assets were not performing. In 2008, management implemented a restructuring plan which was focused on the reduction of cash fixed costs and improved asset utilisation. Based on the current indicators from the turnaround process, management concluded that these businesses are showing signs of sustainable improvement and recorded a reversal of R29 million of the previously recognised impairment;

Impairment of intangible assets amounting to R6 million resulted from the decrease in the market price of emission rights during the year;

Numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off to the value of R4 million;

Various projects and assets were retired from use and disposed of realising a loss of R13 million in 2011; and

Profit on disposal of business during 2007, Sasol Olefins & Surfactants approved the closure and dissolution of its investment in Sasol O&S China Investment Co. Ltd. (CHC). The liquidation was finalised in December 2011, resulting in a profit of R3 million.

The remeasurement items in 2010 include:

Impairment of property, plant and equipment the closure of the Paraffin Sulfonate plant in Germany resulted in an impairment for an amount of R8 million;

Reversal of impairment of property, plant and equipment and assets under construction during 2007, the Sasol Italy Organics business was fully impaired due to a decline in the economics of the business. Following the termination of the Sasol O&S divestiture process in 2007, Sasol O&S has implemented a turnaround programme. The Sasol O&S turnaround programme included, among others, the closure of the Porto Torres and Augusta plants in Italy, the sale of unprofitable assets such as Crotone as well as various cost reduction initiatives. As a result, these initiatives as well as improvements in overall market conditions have provided indications that part of the previously recognised impairments should be reversed. Management concluded that a partial reversal of the previously recognised impairment of approximately R900 million (€96 million) was

appropriate. Accordingly, an amount of R350 million (€37 million) was recognised in 2010 as a reversal of the impairment;

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Reversal of impairment of intangible assets amounting to R15 million due to the increase in the market price of emission rights during the year;

Numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off to the value of R2 million;

Various projects and assets were retired from use and disposed of realising a loss of R6 million in 2010; and

Loss on disposal of business during 2009, as part of the Sasol O&S turnaround programme announced in 2007, Sasol decided to dispose of its investment in the inorganic business situated at the Crotone, Italy site and realised a loss on disposal business amounting to R5 million.

Other Chemicals results of operations

Other chemical business includes Sasol Nitro, Sasol Wax, Merisol, Sasol Infrachem and various smaller chemical businesses.

	2012	2011	Change 2012/2011	Change 2012/2011	2010	Change 2011/2010	Change 2011/2010
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	13 720	12 554	1 166	9	11 951	603	5
Inter-segment	4 339	4 223	116	3	4 257	(34)	(1)
Total turnover	**18 059**	**16 777**	**1 282**	**8**	**16 208**	**569**	**4**
Operating costs and expenses[(1)]	(16 871)	(15 460)	(1 411)	9	(15 316)	(144)	1
Operating profit	**1 188**	**1 317**	**(129)**	**(10)**	**892**	**425**	**48**
Operating margin %	7	8			6		

(1) Operating costs and expenses net of other income.

Results of operations 2012 compared to 2011

Operating profit in our other chemical businesses decreased by 10% to R1 188 million compared with the prior year.

Sasol Nitro's operating profit was negatively impacted by lower explosive sales volumes, due to safety stoppages and labour unrest in the mining sector. Operating profit includes a once-off profit resulting from the sale of Sasol Nitro's Phalaborwa assets and certain of its downstream fertiliser businesses.

Sasol Wax's operating profit was negatively impacted by declining sales and production volumes in the wax markets, on the back of lower demand for paraffin waxes in the US and European markets and production difficulties in South Africa. This impact was partially negated by the weakening of the rand against the US dollar. Sales volumes decreased by 11% from 636 ktpa in 2011 to 574 ktpa in 2012.

Merisol's operating profit was positively impacted by an increase in total turnover by 10% from R846 million to R931 million in 2012 mainly due to increased sales volumes.

Sasol Infrachem's operating profit was positively impacted by an increase in turnover relating to the sale of ammonia and speciality gasses which are partially offset by lower reformed gas production and sales volumes.

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Results of operations 2011 compared to 2010

Sasol Nitro, which comprises our South African ammonia, fertilisers, phosphates and explosives portfolios, increased operating profit by 99% from R306 million in 2010 to R610 million in 2011 due to improved product margins in the ammonia, explosives and fertiliser businesses, higher commodity selling prices and the reduction of cash fixed costs. These results were partially offset by the effect of the stronger rand/US dollar exchange rate. In addition, lower fertiliser sales volumes were realised due to the settlement agreement with the South African Competition Commission to exit the retail fertiliser sales sector of the market as well as exiting fertiliser trading activities.

Sasol Wax produces and markets wax and wax related products to commodity and specialty wax markets globally. Total turnover has increased by 7%, primarily as a result of increased sales volumes in the South African and European wax market. This impact was partially negated by the strengthening of the rand against the US dollar. Operating profit increased by 13% from R659 million in 2010 to R742 million in 2011 despite higher raw material prices. Cash fixed costs were contained within inflation levels.

Merisol's total turnover increased by 11% from R759 million to R846 million in 2011 mainly due to increased sales volumes.

Sasol Infrachem's total turnover decreased by 2% from R4 102 million in 2010 to R4 008 million in 2011 due to lower sales volumes resulting from scheduled outages at the various business unit production facilities. Sasol Infrachem realised an operating loss of R56 million in 2010 compared with an operating profit of R7 million in 2011. Gas production increased marginally by 2% from 37,2 MGJ in 2010 to 37,8 MGJ in 2011.

Remeasurement items for the years ended 30 June

Operating costs and expenses includes the effect of the following remeasurement items:

	2012	2011	2010
	(Rand in millions)		
Impairment of property, plant and equipment	**34**	6	5
Impairment of assets under construction			7
Impairment of intangible and other assets	**1**		
Impairment of investments			1
Reversal of impairment of intangible assets	**(12)**		
Scrapping of property, plant and equipment	**30**	10	9
Scrapping of assets under construction	**7**		8
Profit on disposal of property, plant and equipment	**(137)**	(15)	(3)
Loss on disposal of intangible assets			1
Profit on disposal of businesses	**(10)**	(6)	
Profit on disposal of associate	**(7)**	(6)	(7)
Total (profit)/loss	**(94)**	(11)	21

The remeasurement items in 2012 include:

Impairment of property, plant and equipment An impairment of R25 million was recognised at 30 June 2012 in respect of the ammonium sulphate plant. An additional impairment of R9 million relating to the Sasol Nitro's Secunda liquids and Secunda granular blending and bagging plant was also recognised;

Impairment of intangible and other assets An impairment of R1 million related to Sasol Wax was recognised in respect of intangible assets due to the decrease in the market price of emission rights during the year;

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Reversal of impairment of intangible assets Reversal of impairment of intangible assets related to Merisol amounting to R12 million due to the increase in the market price of emission rights during the year;

Scrapping of property, plant and equipment Numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off to the value of R30 million;

Scrapping of assets under construction Numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off to the value of R7 million;

Profit on disposal of property, plant and equipment In June 2009, a decision was taken to exit the phosphoric acid business and the Phalaborwa site was closed. As a result, the Phalaborwa business was disposed of, resulting in a profit on disposal of property, plant and equipment of R120 million being recognised. Various projects and assets were retired from use and disposed of realising a profit of R4 million;

Profit on disposal of businesses As part of the settlement agreement with the Competition Commission, the Bellville, Endicott and Kimberley facilities, in South Africa, were sold during the period as going concerns and a profit of R10 million on the sale was realised. The Durban and Potchefstroom facilities were sold in 2011; and

Profit on disposal of associate On 10 July 2007, Sasol Wax disposed of its 31% investment in Paramelt RMC BV, operating in The Netherlands, for a consideration of R251 million, realising a profit of R129 million. During 2012, the additional conditions precedent were met resulting in the receipt of additional consideration of R7 million and thus realising a profit on disposal of the associate of R7 million.

The remeasurement items in 2011 include:

Impairment of property, plant and equipment R6 million related to the Sasol Nitro fertiliser downstream bagging facilities;

Scrapping of property, plant and equipment numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off to the value of R10 million;

Profit on disposal of property, plant and equipment various projects and assets were retired from use and disposed of realising a profit of R15 million;

Profit on disposal of associate on 10 July 2007, Sasol Wax disposed of its 31% investment in Paramelt RMC BV, operating in The Netherlands, for a consideration of R251 million, realising a profit of R129 million. During 2011, the additional conditions precedent were met resulting in the receipt of additional consideration of R6 million; and

Profit on disposal of businesses On 20 July 2010, Sasol Nitro concluded an agreement with the South African Competition Commission to dispose of the bulk blending and liquid fertiliser blending facilities in Potchefstroom, Durban, Bellville, Endicott and Kimberley. As a result, Sasol entered into negotiations with potential buyers for the purchase of the plants. In June 2011, the Potchefstroom facility was sold resulting in a profit of R6 million. The remaining facilities have been accounted for as assets held for sale.

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The remeasurement items in 2010 include:

Impairment of property, plant and equipment R4,5 million related to the Sasol Nitro Powergel plant which is planned to be shut down and R0,5 million in respect of the shut down the Sasol Nitro Polyfos plant;

Impairment of assets under construction R7 million is in respect of the costs of roller crushers relating to Sasol Nitro's Granulation plant in Secunda which was impaired in 2009;

Impairment of investment R1 million relates to Merisol's investment in a joint venture that is currently being wound up;

Scrapping of property, plant and equipment and assets under construction numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off to the value of R9 million. Further, other smaller projects which are no longer considered economically viable were also written off to the value of R8 million;

Profit on disposal of property, plant and equipment various projects and assets were retired from use and disposed of realising a profit of R3 million;

Loss on disposal of intangible assets relates to emission rights donated by Sasol Nitro realising a loss of R1 million; and

Profit on disposal of associate on 10 July 2007, Sasol Wax disposed of its 31% investment in Paramelt RMC BV, operating in The Netherlands, for a consideration of R251 million, realising a profit of R129 million. During 2010, the additional conditions precedent were met resulting in the receipt of additional consideration of R7 million.

Other businesses results of operations

Other businesses include Sasol Financing, Sasol Technology, the group's central administration activities and alternative energy businesses.

	2012	2011	Change 2012/2011	Change 2012/2011	2010	Change 2011/2010	Change 2011/2010
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	50	27	23	85	179	(152)	(85)
Inter-segment	8 548	6 016	2 532	42	5 241	775	15
Total turnover	**8 598**	**6 043**	**2 555**	**42**	**5 420**	**623**	**(11)**
Operating costs and expenses[(1)]	(7 242)	(6 339)	(903)	14	(5 255)	(1 084)	21
Operating profit/(loss)	**1 356**	**(296)**	**1 652**	**558**	**165**	**(461)**	**(279)**

(1) Operating costs and expenses net of other income.

Results of operations 2012 compared to 2011

Operating profit for 2012 is mainly higher due to net gains realised on hedging activities.

Results of operations 2011 compared to 2010

Operating profit for 2011 was negatively impacted by net losses incurred on hedging activities and operating expenses incurred in the ramping up of the new energy business.

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Remeasurement items for the years ended 30 June

Operating costs and expenses includes the effect of the following remeasurement items:

	2012	2011	2010
	(Rand in millions)		
Impairment of property, plant and equipment			17
Impairment of intangible and other assets	**16**	4	1
Impairment of assets under construction			2
Impairment of investments	**3**		
Scrapping of property, plant and equipment	**16**	2	8
Scrapping of assets under construction		33	
Profit on disposal of property, plant and equipment	**(14)**	(2)	(4)
Total loss	**21**	37	24

The remeasurement items in 2012 include:

An impairment of intangible assets of R16 million was due to the decrease in the market price of emission rights during the year;

An impairment of R3 million relates to the 40% investment in Thin Film Solar Technologies (Pty) Ltd. which subsequently was subsequently sold for a consideration equal to its carrying value;

Numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off to the value of R16 million; and

Profit on disposal of property, plant and equipment The profit on disposal of property, plant and equipment of R14 million mainly relates to the disposal of an accommodation facility owned by Sasol in the Secunda area.

The remeasurement items in 2011 include:

The scrapping of assets under construction related to the replacement of information management systems and software in which numerous projects and assets were written off to the value of R33 million;

An impairment of intangible assets of R4 million was due to the decrease in the market price of emission rights during the year; and

Numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off to the value of R2 million.

The remeasurement items in 2010 include:

Due to the increasing cash fixed costs to maintain the accommodation facility owned by Sasol in Secunda and the relatively low occupation levels, the carrying value of the hotel was impaired by R17 million;

An impairment of intangible assets of R1 million was due to the decrease in the market price of emission rights during the year;

The impairment of assets under construction relates to the impairment of generators amounting to R2 million;

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Numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off to the value of R8 million; and

Various projects and assets were retired from use and disposed of realising a profit of R4 million in 2010.

RECENT ACCOUNTING PRONOUNCEMENTS

The following accounting standards, interpretations and amendments to published accounting standards which are relevant to Sasol but not yet effective, have not been adopted in the current year:

Standard	Date published	Effective date*	Anticipated impact on Sasol
IFRS 9, Financial Instruments	12 November 2009	1 January 2015	IFRS 9 introduced new requirements for classifying and measuring financial assets. Subsequently, new requirements were published for the accounting for financial liabilities and the derecognition of financial instruments. As the scope of the standard will be further expanded to include impairment of assets and hedge accounting, we will review the effects of a comprehensive standard on financial instruments and consider adoption when appropriate.
IFRS 10, Consolidated Financial Statements	12 May 2011	1 January 2013^	This standard defines the principle of control and establishes control as the basis for determining which entities are included in the consolidated financial statements. This standard will not have a significant impact on the financial statements of the group as we currently apply the criteria for establishing control as defined in IFRS 10, Consolidated Financial Statements.
IFRS 11, Joint Arrangements	12 May 2011	1 January 2013^	This standard establishes the principles for financial reporting by parties to a joint arrangement, and focuses on the rights and obligations established under the joint arrangement rather than the legal form of the arrangement. Under this standard, a joint arrangement is classified as either a joint operation or joint venture, and the option to proportionately consolidate joint ventures has been removed. Sasol currently consolidates its joint ventures proportionately on a line-by-line basis. Application of this standard could result in some jointly controlled entities being accounted for using the equity method. We are currently evaluating the impact on the financial statements of the group and will consider adoption when appropriate.

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Standard	Date published	Effective date*	Anticipated impact on Sasol
IFRS 12, Disclosure of Interests in Other Entities	12 May 2011	1 January 2013^	The standard requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in subsidiaries, entities that are not fully consolidated, including joint arrangements, associates and special purposes entities; and the effects of those interests on its financial position, financial performance and cash flows. We are currently reviewing the effects of the standard in conjunction with IFRS 11, Joint Arrangements, and will consider adoption when appropriate.
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	28 June 2012	1 January 2013^	The amendments clarify the transition guidance in IFRS 10 Consolidated Financial Statements (IFRS 10). The amendments also provide additional transition relief in IFRS 10, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities (IFRS 12), limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. We are currently reviewing the effects of the standard and will consider adoption when appropriate.
IAS 27 (Amendment), Separate Financial Statements	12 May 2011	1 January 2013^	Following the introduction of IFRS 10, Consolidated Financial Statements, this standard was also amended. We are currently reviewing the effects of the standard in conjunction with IFRS 11, Joint Arrangements, and will consider adoption when appropriate.
IAS 28 (Amendment), Investments in Associates and Joint Ventures	12 May 2011	1 January 2013^	Following the introduction of IFRS 11, Joint Arrangements, this standard was also amended to take into account the changes in accounting for joint arrangements whereby joint ventures are equity accounted. We are currently reviewing the effects of the standard in conjunction with IFRS 11, Joint Arrangements, and will consider adoption when appropriate.

* The effective date refers to periods commencing on or after the date noted and early adoption is permitted, unless otherwise indicated.

^ Early adoption is permitted provided that the entire suite of consolidation standards is adopted at the same time.

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5.B Liquidity and capital resources

Liquidity

Management believes that cash on hand and funds from operations, together with our existing borrowing facilities, will be sufficient to cover our reasonably foreseeable working capital and debt requirements. We finance our capital expenditure from funds generated out of our business operations, existing borrowing facilities and, in some cases, additional borrowings to fund specific projects.

In 2012, we continued with our cash conservation approach, which included our cost containment strategy and the suspension of our share repurchase programme. This resulted in the group's strong cash position. In addition, our cash conservation approach also included the prioritisation of our capital expenditure programme. In the short term, our capital expenditure was prioritised to that which can be funded through cash generated from operating activities. Our liquidity was underpinned by the higher crude oil prices and the resultant increase in product prices.

The following table provides a summary of our cash flows for each of the three years ended 30 June 2012, 2011 and 2010:

	2012	2011	2010
	(Rand in millions)		
Net cash retained from operating activities	**28 024**	25 816	15 529
Net cash utilised in investing activities	**(27 616)**	(24 465)	(16 704)
Net cash retained (utilised by)/from financing activities	**(1 029)**	288	(2 701)

The cash generated by our operating activities is applied first to pay our debt and tax commitments and then to provide a return in the form of a dividend to our shareholders. The net cash retained is applied primarily to invest in our capital investment programme.

Refer to "Item 18 Financial Statements Note 16 Cash and cash equivalents" of the consolidated financial statements for additional information on the currency analysis of the group's cash and cash equivalents.

Operating activities

Net cash retained from operating activities has increased over the past three years to R28 024 million in 2012 from R25 816 million in 2011 and R15 529 million in 2010 as a result of higher crude oil prices and increase in product prices. Cash flows retained from operating activities include the following significant cash flows:

	2012	2011	Change 2012/2011	Change 2012/2011	2010	Change 2011/2010	Change 2011/2010
	(Rand in millions)			(%)	(Rand in millions)		(%)
Cash generated by operating activities	**47 901**	38 639	9 262	24	27 338	11 301	41
Income tax paid	**(10 760)**	(6 691)	(4 069)	61	(6 040)	(651)	11
Dividends paid	**(9 600)**	(6 614)	(2 986)	45	(5 360)	(1 254)	23

In 2012, the average dated Brent crude oil price increased to US$112,42/b from the average of US$96,48/b in 2011 and from US$74,37/b in 2010. The impact of higher average crude oil prices and the resultant improved product prices, together with improved volumes, has had a positive impact on our operations in 2012 and 2011. However, we have seen an increase in our working capital, which has partially offset this improvement. Cash generated by operating activities has increased by 24% to R47 901 million in 2012 and by 41% to R38 639 million in 2011. In line with operating profit generated by our businesses, the most significant contributor to our cash generated by operations is Sasol Synfuels. The increase in tax paid during the year is due to the increase in taxable profit.

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Dividends paid amounted to R9 600 million in 2012 compared to R6 614 million in 2011 and R5 360 million in 2010. Our dividend distribution policy is a progressive dividend policy to distribute dividends on a regular basis, to maintain and/or grow dividends in line with the anticipated sustainable growth in earnings, barring significant economic variables such as fluctuations in the oil price and exchange rates. The prevailing circumstances of the company, future investment plans, financial performance and the trading and macro economic environments are considered when we make decisions on dividends. Dividend cover is calculated by dividing attributable earnings per share (including Secondary Tax on Companies (STC) on the prior year final dividend and excluding STC on the current year final dividend) by the interim dividend paid per share (which includes the final dividend declared per share). The average dividend cover in the past five years was approximately 2,6 times. Our dividend cover for 2012 is 2,3 times.

Investing activities

Net cash utilised in investing activities has increased from R16 704 million in 2010 to R24 465 million in 2011 and to R27 616 million in 2012.

Cash flows utilised in investing activities include the following significant cash flows:

	2012	2011	Change 2012/2011	Change 2012/2011	2010	Change 2011/2010	Change 2011/2010
	(Rand in millions)			(%)	(Rand in millions)		(%)
Additions to non-current assets[1]	**(29 160)**	(20 665)	(8 495)	41	(16 108)	(4 557)	28
Acquisition of interests in joint ventures	**(24)**	(3 823)	3 799	(99)		(3 823)	100
Disposal of businesses	**713**	22	691	3 140		22	100

(1) Includes additions to property, plant and equipment, assets under construction and intangible assets.

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The increase in additions to non-current assets is primarily due to an increase in capital expenditure on projects to expand our operations, which includes the following key projects:

Projects[1]	Business categories	30 June 2012	30 June 2011	30 June 2010
			(Rand millions)	
Pipeline expansion & 1 compressor	Sasol Gas	486	177	186
Additional gasifiers in gas production	Sasol Synfuels	284	661	
Reforming gas improvement project	Sasol Synfuels	433	557	
Power generation with open cycle turbines	Sasol Synfuels	41	307	842
16th Oxygen train project	Sasol Synfuels	106	559	970
10th Sasol advanced synthol reactor	Sasol Synfuels	171	378	463
Gas heated heat exchange reformers	Sasol Synfuels	669	608	354
Ethane and heavier hydrocarbons	Sasol Synfuels	233		
3rd Catalyst plant in Sasolburg, South Africa	Sasol Synfuels International	68	218	465
Uzbekistan GTL plant	Sasol Synfuels International	72		
Mozambique exploration and development	Sasol Petroleum International	391	675	484
West Africa development	Sasol Petroleum International	93	197	83
Gas exploration project in Australia	Sasol Petroleum International	276		
Canadian shale gas exploration and development	Sasol Petroleum International	6 441	1 242	
Ethylene purification unit	Sasol Polymers	673	675	109
2nd and 3rd Octene trains	Sasol Solvents		124	
Ethylene tetramerisation project in North America	Sasol Olefins & Surfactants	809	68	
Limestone ammonium nitrate (LAN) replacement project	Other chemical businesses	350	367	
Fischer-Tropsch wax expansion project	Other chemical businesses	2 884	1 720	564
Sasolburg gas power engines	Other businesses	949		
Other smaller projects	Various	1 954	1 920	2 080
		17 383	**10 453**	**6 600**

(1) The amounts include business development costs and our group's share of capital expenditure of joint ventures. The amounts exclude finance expenses capitalised. These amounts were approved by our board of directors. We hedge all our major South African capital expenditure in foreign currency immediately upon commitment of the expenditure or upon approval of the project.

In addition, we invested R11 777 million, R10 212 million and R9 508 million on non-current assets in 2012, 2011 and 2010, respectively, to sustain existing operations.

In 2012, we acquired an additional 11,2% interest in the Uzbekistan GTL project for a purchase consideration of R24 million, increasing our total participating interest in this project to 44,5%.

On 17 December 2010, Sasol signed an agreement with the Canadian based Talisman Energy Inc (Talisman) to acquire a 50% stake in their Farrell Creek shale gas assets, located in the Montney Basin of British Columbia, Canada for a purchase consideration of R7,1 billion. Talisman will retain the remaining 50% interest and continue as operator of the Farrell Creek asset, that includes gas gathering systems and processing facilities. On 1 March 2011, the suspensive conditions pertaining to the agreement with Talisman were fulfilled and the transaction was completed. A cash consideration of CAD295,7 million (R2 068 million) was paid at that time. The remainder of the purchase consideration will be settled through the capital carry obligation.

On 8 March 2011, Sasol exercised an option with Talisman to acquire a 50% stake in their Cypress A shale gas asset for a purchase consideration of R7,1 billion. This acquisition is also located in the Montney Basin in Canada. Consistent with the Farrell Creek shale gas acquisition, this second acquisition will also see Talisman retain the remaining 50% interest and continue to operate the Cypress A gas asset. On 10 June 2011, the suspensive conditions pertaining to the agreement with

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Talisman were fulfilled and the transaction was completed. A cash consideration of CAD250,8 million (R1 755 million) was paid at that time. The remainder of the purchase consideration will be settled through the capital carry obligation.

The total cash consideration paid in 2011 relating to the Canadian shale gas assets amounted to R3 823 million.

During 2012, we disposed of businesses for a net consideration of R713 million (2011 net consideration of R22 million and 2010 net amount of nil). The disposals during 2012 include the following:

Sasol Petroleum International (SPI) disposed of 10% of its equity interest in an exploration asset in Papua New Guinea. In addition, SPI disposed of exploration assets in Nigeria. The sale of these assets was concluded in 2012 for a total consideration of R96 million;

As part of the Sasol Olefins & Surfactants restructuring programme announced in March 2007, Sasol decided to dispose of the Witten plant in Germany for a total consideration of R550 million;

Sasol Nitro concluded a settlement agreement with the South African Competition Commission to dispose of the bulk blending and liquid fertiliser blending facilities in Potchefstroom, Durban, Bellville, Endicott and Kimberley, South Africa. During 2012, the facilities in Kimberley, Bellville and Endicott were sold for a total consideration of R31 million;

Sasol Wax disposed of its 31% investment in Paramelt RMC BV, operating in The Netherlands, for a consideration of R251 million, realising a profit of R129 million in 2007. During 2012, the additional conditions precedent were met resulting in the receipt of additional consideration of R7 million; and

Sasol disposed of our 40% investment in Thin Film Solar Technologies (Pty) Ltd. for a consideration of R29 million.

The 2011 disposals include Sasol's receipt of an additional consideration of R6 million following the fulfilment of the remaining conditions precedent relating to the disposal of the investment in Paramelt RMC BV in 2007. In addition, Sasol Nitro divested from its regional blending facilities in Durban and Potchefstroom, South Africa, for a consideration of R16 million. This divestiture is in accordance with a settlement agreement concluded with the South African Competition Commission. The 2010 disposals comprised Sasol's receipt of an additional consideration of R7 million following the fulfilment of the remaining conditions precedent relating to the disposal of the investment in Paramelt RMC BV in 2007. This consideration was offset by the additional payment required in respect of creditors related to the disposal of Sasol Italy's Crotone assets during the current year.

Financing activities

The group's operations are financed primarily by means of its operating cash flows. Cash shortfalls are usually short-term in nature and are met primarily from short-term banking facilities. Long-term capital expansion projects and acquisitions of businesses are financed by a combination of internally generated cash flow and variable and fixed rate debt. This debt is usually in the measurement currency of the project or acquisition being financed and we aim to negotiate repayment terms that match the expected cash flow to be generated by the asset or the business acquired. Net cash utilised from financing activities was R1 029 million in 2012, compared with net cash retained of R288 million and

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net cash utilised of R2 701 million in 2011 and 2010, respectively. The following significant cash flows are included in financing activities:

	2012	2011	Change 2012/2011	Change 2012/2011	2010	Change 2011/2010	Change 2011/2010
	(Rand in millions)			(%)	(Rand in millions)		(%)
Repayment of short-term debt	**(153)**	(413)	260	(63)	(199)	214	108
Repayment of long-term debt	**(1 997)**	(1 702)	(295)	17	(4 647)	2 945	63
Proceeds from short-term debt	**41**	118	(77				