

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

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**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)

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**Title of Each Class**  
American Depositary Shares  
Ordinary Shares of no par value\*

**Name of Each Exchange on Which Registered**  
New York Stock Exchange  
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.

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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**

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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**

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

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  No**

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  No**

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  No**

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  Accelerated filer  Non-accelerated filer**

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

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

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  Item 18**

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  No**

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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.

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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 cyclicity 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;

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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;

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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 judgments 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.

Table of Contents**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).

	30 June 2008	30 June 2009	Year ended		30 June 2012	30 June <sup>(1)</sup> 2012 (US\$ in millions)
			30 June 2010	30 June 2011		
	(Rand in millions)					
	(except per share information and weighted average shares in issue)					
<b>Income Statement data:</b>						
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
<b>Statement of Financial Position data:</b>						
Total assets <sup>(3)</sup>	139 904	145 296	155 873	177 445	203 753	24 519
Total equity <sup>(3)</sup>	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
<b>Per share information (Rand and US\$):</b>						
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 <sup>(2)</sup>	13,00	8,50	10,50	13,00	17,50	2,11
<b>Weighted average shares in issue (in millions):</b>						
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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The following table sets forth certain information with respect to the rand/US dollar exchange rate for the years shown:

<b>Rand per US dollar for the year ended 30 June or the respective month</b>	<b>Average<sup>(1)</sup></b>	<b>High</b>	<b>Low</b>
2008 <sup>(2)</sup>	7,30	8,25	6,43
2009 <sup>(3)</sup>	9,04	11,88	7,17
2010 <sup>(3)</sup>	7,59	8,36	7,20
2011 <sup>(3)</sup>	7,01	7,75	6,57
2012 <sup>(3)</sup>	7,78	8,58	6,67
2013 <sup>(4)</sup>	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 syngas 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 divestiture from our Iranian activities, however, we cannot assure you as to the timing or terms of such divestiture, particularly in light of the impact of the Iranian sanctions programmes on the divestiture 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:

o The funded invitation 2,6%; and

o 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 Arkhapol 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 <sup>(1)</sup>	Business categories	30 June	30 June	30 June
		2012	2011	2010
(Rand in millions)				
Pipeline expansion <sup>s</sup> 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
16 <sup>th</sup> Oxygen train project	Sasol Synfuels	106	559	970
10 <sup>th</sup> 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		
3 <sup>rd</sup> 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
2 <sup>nd</sup> and 3 <sup>rd</sup> 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 <sup>(2)</sup>	Various	1 954	1 920	2 080
		<b>17 383</b>	<b>10 453</b>	<b>6 600</b>

(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 <sup>(1)</sup>	Business categories	30 June	30 June	30 June
		2012	2011	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 Infracem 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 <sup>(2)</sup>	Various	5 967	3 973	4 577
Expenditure related to environmental obligations	Various	587	961	126

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Projects <sup>(1)</sup>	Business categories	30 June	30 June	30 June
		2012	2011	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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<b>Project</b>	<b>Business categories</b>	<b>Total cost approved and contracted (Rand in millions)</b>	<b>Estimated beneficial operation (Calendar year)</b>
3 <sup>rd</sup> 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. (Rompc), 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<sub>6</sub>-C<sub>22</sub> 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:

2012	South African Energy Cluster				International Energy Cluster			Chemical Cluster				Total	
	Sasol Mining	Sasol Gas	Sasol Synfuels	Sasol Oil	Other	Sasol International Synfuels	Sasol International Petroleum	Sasol Polymers	Sasol Solvents	Sasol Olefins and Surfactants	Other chemicals		Other businesses
(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
<b>Turnover</b>	<b>2 256</b>	<b>3 967</b>	<b>1 268</b>	<b>66 800</b>		<b>5 182</b>	<b>1 778</b>	<b>19 952</b>	<b>17 429</b>	<b>37 044</b>	<b>13 720</b>	<b>50</b>	<b>169 446</b>

2011	South African Energy Cluster				International Energy Cluster			Chemical Cluster				Total	
	Sasol Mining	Sasol Gas	Sasol Synfuels	Sasol Oil	Other	Sasol International Synfuels	Sasol International Petroleum	Sasol Polymers	Sasol Solvents	Sasol Olefins and Surfactants	Other chemicals		Other businesses
(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
<b>Turnover</b>	<b>2 029</b>	<b>3 170</b>	<b>1 208</b>	<b>54 265</b>		<b>3 715</b>	<b>1 211</b>	<b>16 985</b>	<b>16 156</b>	<b>31 116</b>	<b>12 554</b>	<b>27</b>	<b>142 436</b>

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2010	South African Energy Cluster				International Energy Cluster			Chemical Cluster				Total	
	Sasol Mining	Sasol Gas	Sasol Synfuels	Sasol Oil	Other International	Sasol Synfuels	Sasol Petroleum	Sasol Polymers	Sasol Solvents	Sasol Olefins and Surfactants	Other chemicals		Other businesses
	(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
<b>Turnover</b>	<b>1 696</b>	<b>2 986</b>	<b>879</b>	<b>47 932</b>		<b>2 282</b>	<b>916</b>	<b>14 236</b>	<b>14 425</b>	<b>24 774</b>	<b>11 951</b>	<b>179</b>	<b>122 256</b>

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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
<b>Total production</b>	<b>40,0</b>	38,6	42,6
Saleable production from all mines <sup>(1)</sup>	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
<b>Total sales including exports</b>	<b>42,8</b>	42,6	44,3
Production tons per continuous miner (mining production machine) per shift (t/cm/shift)	<b>1 438</b>	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:

Mine	Market	Location	Production (Mt)		
			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 <sup>(1)</sup>	Secunda	6,3	6,1	6,6
Sigma : Mooikraal	Sasol Infrachem	Sasolburg	1,9	1,9	2,0
			<b>40,0</b>	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.

Table of Contents**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 (SO<sub>x</sub>) and oxides of nitrogen (NO<sub>x</sub>). 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 (17<sup>th</sup>) 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 <sup>3</sup> )		
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<sup>3</sup> 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.

Table of Contents**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<sup>(1)</sup>*

	2012	2011	2010
Crude oil processed (million m <sup>3</sup> )	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).

Table of Contents**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*

<b>Plant description</b>	<b>Location</b>	<b>Design capacity<sup>(1)</sup></b>
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.

Table of Contents**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***

<b>Plant description</b>	<b>Location</b>	<b>Design capacity<sup>(1)(2)</sup></b>
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***

<b>Plant description</b>	<b>Location</b>	<b>Design capacity<sup>(1)(2)</sup></b>
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***

<b>Plant description</b>	<b>Location</b>	<b>Design capacity<sup>(1)(2)</sup></b>
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 divestiture 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.

Table of Contents*Production capacity at 30 June 2012*

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

(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 maleic 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 Sasol 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.

Table of Contents**Property, plants and equipment***Production capacity as at 30 June 2012*

<b>Product</b>	<b>South Africa</b>	<b>Germany (ktpa)</b>	<b>Total<sup>(1)</sup></b>
<b>Ethylene</b>	293	65	<b>358</b>
	175		175
<i>Acetone</i>			
	60	65	125
<i>MEK</i>			
	58		58
<i>MiBK</i>			
<b>Glycol ethers</b>		80	<b>80</b>
		80	80
<i>Butyl glycol ether</i>			
<b>Acetates</b>	54		<b>54</b>
	54		54
<i>Ethyl acetate</i>			
<b>Mixed alcohols</b>	215		<b>215</b>
<b>Pure alcohols</b>	473	380	<b>853</b>
	140		140
<i>Methanol (C<sub>1</sub>)</i>			
	114	140	254
<i>Ethanol (C<sub>2</sub>)</i>			
	54		54
<i>n-Propanol (C<sub>3</sub>)</i>			
		240	240
<i>Isopropanol (C<sub>3</sub>)</i>			

<i>n-Butanol (C<sub>4</sub>)</i>	150		150
<i>iso-Butanol (C<sub>4</sub>)</i>	15		15
<b>Acrylates</b>	125		<b>125</b>
<i>Ethyl acrylate</i>	35		35
<i>Butyl acrylate</i>	80		80
<i>Glacial acrylic acid</i>	10		10
<b>C<sub>5</sub>-C<sub>8</sub> alpha olefins</b>	356		<b>356</b>
<b>Maleic anhydride</b>		53	<b>53</b>
<b>Other</b>	19	20	<b>39</b>

(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<sub>6</sub> and C<sub>22</sub>+. 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.

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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 specialties 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. Cyclicity 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.

Table of Contents**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*

<b>Product</b>	<b>Facilities location</b>	<b>Total<sup>(1)</sup> (ktpa)</b>
Surfactants	United States, Europe, Far East, Middle East	<b>1 000</b>
C <sub>6+</sub> alcohol	United States, Europe, South Africa, Far East	<b>630</b>
Ethylene	United States	<b>455</b>
Inorganics	United States, Europe	<b>70</b>
Paraffins and olefins	United States, Europe	<b>750</b>
LAB	United States, Europe	<b>435</b>

- (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<sub>5</sub> through C<sub>20</sub>. 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 <sup>(1)</sup>
			(ktpa)	
Paraffin wax and wax emulsions	430			<b>430</b>
FT-based wax and related products		220		<b>220</b>
Paraffin wax		30	100	<b>130</b>

(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;

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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, Bronkhorstspuit, 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 <sup>(1)</sup> (ktpa)
		(Number of plants)			
Granular and liquid fertilisers <sup>(2)</sup>	2				700
Fertiliser bulk blending <sup>(2)</sup>	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.

Table of Contents**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 <sup>(1)</sup>
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 <sup>(2)</sup>	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 (ktpa)	Total <sup>(1)</sup>
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



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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 Grootvleyn 293 IS. Sasol Mining is the owner of Portions 13 and 29 of the farm Grootvleyn 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 licensee 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. (Rompc). 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. Rompc 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, Rompc 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 Rompc on 21 February 2007. After completion of the Rompc 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<sub>2</sub>) emitted will be addressed to combat climate change. We have initiated a focused and coordinated approach to understanding and providing solutions to reduce CO<sub>2</sub> 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-compliance 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 of 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 <sup>(1)</sup>	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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<b>Name</b>	<b>Nature of business</b>	<b>Percentage ownership</b>	<b>Country of incorporation</b>
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 <sup>(3)</sup>	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 <sup>(2)</sup>	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 <sup>(2)</sup>	South Africa
National Petroleum Refiners of South Africa (Pty) Ltd.	Refining crude oil	47,73 <sup>(2)</sup>	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<sup>2</sup>) with operating plants accounting for 8,35 km<sup>2</sup>.

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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<sup>2</sup>.

The size of the Natref refinery, also based in Sasolburg, is approximately 1,1 km<sup>2</sup>.

***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<sup>2</sup>. 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<sup>2</sup>; plant size 400 000 m<sup>2</sup>).

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<sup>2</sup>; plant size 500 000 m<sup>2</sup>) and Marl (site size approximately 160 000 m<sup>2</sup>; plant size 75 000 m<sup>2</sup>).

Sasol Wax facilities are based in Hamburg (site size approximately 160 000 m<sup>2</sup>; plant size 100 000 m<sup>2</sup>).

***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<sup>2</sup>; plant size 510 000 m<sup>2</sup>) and Terranova (site size approximately 330 000 m<sup>2</sup>; plant size 160 000 m<sup>2</sup>).

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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<sup>2</sup>; plant size 540 000 m<sup>2</sup>).

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<sup>2</sup>).

***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.

Table of Contents**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***

<b>Mine</b>	<b>Nominated capacity per year<sup>(1)</sup> (Mt)</b>	<b>2012 actual production (Mt)</b>	<b>2011 actual production (Mt)</b>
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<sup>(1)</sup>:** the safety factor used in the mine planning, for primary development, in normal ground conditions is 1,8.

**Secondary safety factor<sup>(1)</sup>:** 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<sup>(1)</sup> 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 <sup>(2)</sup> (Mt) <sup>(5)</sup>	Geological discount (Mt) <sup>(5)</sup>	Mine layout losses (Mt) <sup>(5)</sup>	Extraction rate (%)	Recoverable reserves <sup>(3)</sup> (Mt) <sup>(5)</sup>	Beneficiated yield <sup>(4)</sup> (%)	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
<b>Total Secunda area</b>	<b>4 039</b>				<b>1 324</b>		

- (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<sup>(1)</sup> 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 <sup>(2)</sup> (Mt) <sup>(5)</sup>	Geological discount (Mt) <sup>(5)</sup>	Mine layout losses (Mt) <sup>(5)</sup>	Extraction Rate (%)	Recoverable Coal reserves <sup>(3&amp;4)</sup> (Mt) <sup>(5)</sup>	Proved/ probable
Sigma : Mooikraal (Remainder)	3B	240	20	66	43	61	Proved
<b>Total Sasolburg area</b>		<b>240</b>				<b>61</b>	

(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.



Table of Contents*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 <sup>(1)</sup> (Millions of barrels)
<b>Proved developed</b>			
Mozambique	1,7	796,1	134,3
Gabon	3,5		3,5
Canada <sup>(2)</sup>	0,2	55,2	9,4
	5,4	851,3	147,2
<b>Proved undeveloped</b>			
Mozambique	1,8	655,0	111,0
Gabon	0,6		0,6
Canada <sup>(2)</sup>			
	2,4	655,0	111,6
<b>Total proved reserves</b>	<b>7,8</b>	<b>1 506,3</b>	<b>258,8</b>

(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)
<b>Balance at 30 June 2011</b>	<b>258,1</b>	<b>3,7</b>	<b>9,2</b>	<b>271,0</b>
<b>Revisions</b>	<b>1,1</b>	<b>1,1</b>	<b>3,0</b>	<b>5,2</b>
<b>Improved recovery</b>		<b>0,6</b>		<b>0,6</b>
<b>Commercial arrangements</b>		<b>0,1</b>		<b>0,1</b>
<b>Production</b>	<b>(13,8)</b>	<b>(1,5)</b>	<b>(2,8)</b>	<b>(18,1)</b>
<b>Balance at 30 June 2012</b>	<b>245,4</b>	<b>4,0</b>	<b>9,4</b>	<b>258,8</b>
<b>Proved developed</b>				
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
<b>Proved undeveloped</b>				
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.

<b>Production for the year ended 30 June</b>	<b>Mozambique</b>	<b>Gabon</b>	<b>Canada</b>	<b>Total</b>
<b>2010</b>				
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
<b>2011</b>				
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
<b>2012</b>				
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:

<b>Average sales prices and production costs for the year ended 30 June</b>	<b>Mozambique</b>	<b>Gabon</b>	<b>Canada</b>	<b>Other areas</b>
	<b>(Rand per unit)</b>			
<b>2010</b>				
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		
<b>2011</b>				
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	
<b>2012</b>				
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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*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)				
<b>2010</b>					
Exploratory well discovery		1			1
Exploratory well dry		2			2
Development well productive		1			1
Development well dry					
<b>2011</b>					
Exploratory well discovery	1				1
Exploratory well dry	2	1		2	5
Development well productive	3	2			5
Development well dry					
<b>2012</b>					
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<sup>2</sup>) 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<sup>2</sup>) 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<sup>2</sup> 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				Total
	Mozambique	Gabon	Canada	Other areas	
	(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 <sup>(1)</sup>		21 <sup>(1)</sup>

(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
<b>Productive oil wells (number)</b>					
Gross	1	10			11
Net	1	3			4
<b>Productive gas wells (number)</b>					
Gross	22		87		109
Net	15		44		59
<b>Developed area (km<sup>2</sup>)</b>					
Gross	1 745	116	155		2 016
Net	1 222	32	78		1 332
<b>Undeveloped area (km<sup>2</sup>)</b>					
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 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, cyclicalities 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:

Financial year	US dollars per barrel (US\$/b)		
	Average <sup>(1)</sup>	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.

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*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:

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*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;

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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:

o The funded invitation 2,6%; and

o 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).



Table of Contents**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 <sup>(1)</sup>	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) <sup>(1)</sup>		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	%	<b>6,09-7,15</b>	7,56-8,15	7,87-8,22
Expected volatility	%	<b>24,13</b>	25,58	28,69
Expected dividend yield	%	<b>5,11</b>	3,22	3,35
Expected forfeiture rate	%	<b>5,00</b>	5,00	5,00
Vesting period	years	<b>2, 4 &amp; 6</b>	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 producibility 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	<b>12,95</b>	12,95
Europe	<b>8,0 to 8,7</b>	8,0 to 8,7
North America	<b>8,0</b>	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.



Table of Contents***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:

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>%</b>	<b>%</b>	<b>%</b>
South Africa	<b>5,4 to 7,5</b>	6,0 to 8,5	6,6 to 8,4
Europe	<b>0,6 to 2,2</b>	1,9 to 4,1	1,0 to 3,8
United States	<b>0,5 to 2,5</b>	0,4 to 4,1	0,6 to 4,5
Canada	<b>1,0 to 2,6</b>	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".

Table of Contents**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	<b>169 446</b>	142 436	27 010	19	122 256	20 180	17
Cost of sales and services rendered	<b>(111 042)</b>	(90 467)	(20 575)	23	(79 183)	(11 284)	14
<b>Gross profit</b>	<b>58 404</b>	51 969	6 435	12	43 073	8 896	21
Other operating income	<b>1 416</b>	1 088	328	30	854	234	27
Operating expenditure	<b>(23 062)</b>	(23 107)	45		(19 990)	(3 117)	16
<b>Operating profit</b>	<b>36 758</b>	29 950	6 808	23	23 937	6 013	25
Net other expenses	<b>(755)</b>	(534)	(221)	41	(565)	31	(5)
<b>Profit before tax</b>	<b>36 003</b>	29 416	6 587	22	23 372	6 044	26
Taxation	<b>(11 746)</b>	(9 196)	(2 550)	28	(6 985)	(2 211)	32
<b>Profit</b>	<b>24 257</b>	20 220	4 037	20	16 387	3 833	23
<i>Attributable to</i>							
Shareholders	<b>23 583</b>	19 794	3 789	19	15 941	3 853	24
Non-controlling interests in subsidiaries	<b>674</b>	426	248	58	446	(20)	(4)
	<b>24 257</b>	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
<b>Turnover</b>	<b>169 446</b>	142 436	27 010	19	122 256	20 180	17

The primary factors contributing to these increases were:

	Change 2012/2011		Change 2011/2010	
	(Rand in millions)	%	(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
<i>crude oil</i>	2 036	2	3 101	3
<i>other products (including chemicals)</i>	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.

Table of Contents**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
<b>Operating expenditure</b>	<b>(23 062)</b>	<b>(23 107)</b>	<b>45</b>		<b>(19 990)</b>	<b>(3 117)</b>	<b>16</b>

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<sup>(1)</sup> recognised for the year ended 30 June are set out below:

	2012	2011	2010
	(Rand in millions)		
<b>South African Energy Cluster</b>			
Sasol Mining	61	3	1
<i>scrapping of assets</i>	55	5	5
<i>profit on disposal of property, plant and equipment</i>		(2)	(4)
<i>impairments</i>	6		
Sasol Gas	11	6	
<i>scrapping of assets</i>	11	6	
Sasol Synfuels	238	197	58
<i>scrapping of assets</i>	238	197	59
<i>profit on disposal of property, plant and equipment</i>			(1)
Sasol Oil	14	17	10
<i>impairments</i>	1	7	
<i>scrapping of assets</i>	13	25	15
<i>profit on disposal of property, plant and equipment</i>		(15)	(5)
<b>International Energy Cluster</b>			
Synfuels International	34	126	4
<i>impairments</i>		123	
<i>scrapping of assets</i>	34	3	
<i>loss on disposal of property, plant and equipment</i>			4
Petroleum International	1 609	442	108
<i>impairments</i>	1 398	1	50
<i>write off of unsuccessful exploration wells</i>	270	441	58
<i>profit on disposal of businesses</i>	(59)		

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	2012	2011	2010
	(Rand in millions)		
<b>Chemical Cluster</b>			
Sasol Polymers	62	46	14
<i>impairments</i>	61	5	5
<i>scrapping of assets</i>	2	42	6
<i>(profit)/loss on disposal of property, plant and equipment</i>	(1)	(1)	3
Sasol Solvents	83	63	58
<i>impairments</i>	37	38	14
<i>reversal of impairment of property, plant and equipment</i>		(15)	
<i>scrapping of assets</i>	44	32	44
<i>loss on disposal of property, plant and equipment</i>	2	8	
Sasol Olefins & Surfactants	(179)	(500)	(344)
<i>impairments</i>	85	6	8
<i>reversal of impairments</i>		(520)	(365)
<i>scrapping of assets</i>	9	4	2
<i>loss on disposal of property, plant and equipment</i>	12	13	6
<i>(profit)/loss on disposal of business</i>	(285)	(3)	5
Other Chemicals	(94)	(11)	21
<i>impairments</i>	35	6	13
<i>scrapping of assets</i>	37	10	17
<i>profit on disposal of property, plant and equipment</i>	(137)	(15)	(3)
<i>loss on disposal of intangible assets</i>			1
<i>profit on disposal of associate</i>	(7)	(6)	(7)
<i>profit on disposal of businesses</i>	(10)	(6)	
<i>reversal of impairment of intangible assets</i>	(12)		
<b>Other businesses</b>	21	37	24
<i>impairments</i>	19	4	20
<i>scrapping of assets</i>	16	35	8
<i>profit on disposal of property, plant and equipment</i>	(14)	(2)	(4)
<b>Remeasurement items included in other operating expenses</b>	<b>1 860</b>	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		Change 2011/2010	
	(Rand in millions)	%	(Rand in millions)	%
Operating profit, 2011 and 2010, respectively	29 950		23 937	
Exchange rate effects <sup>(1)</sup>	7 384	25	(4 545)	(19)
Net product and feedstock price <sup>(2)</sup>	6 720	23	13 913	58
<i>crude oil effects</i>	7 453	25	6 965	29
<i>other products (including chemicals)</i>	(733)	(2)	6 948	29
Inflation on other operating costs	(2 650)	(9)	(2 285)	(10)
Net volume and productivity effects <sup>(3)</sup>	(607)	(2)	238	1
Effects of remeasurement items <sup>(4)</sup>	(1 434)	(5)	(472)	(2)
Other effects <sup>(5)</sup>	(2 605)	(9)	(836)	(3)



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Operating profit, 2012 and 2011, respectively      **36 758**      29 950

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- (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	
<i>interest incurred</i>	<b>(2 054)</b>	(1 860)	(194)	10	(2 172)	312	14	
<i>interest capitalised</i>	24	43	(19)	(44)	58	15	26	
<b>Net other expenses</b>	<b>(755)</b>	(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)		
<b>Current tax</b>			
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
<b>Total current tax</b>	<b>10 267</b>	7 198	5 602
<b>Deferred tax</b>			
South African	1 711	1 491	1 105
Foreign	(232)	507	278
<b>Total deferred tax expense</b>	<b>1 479</b>	1 998	1 383
<b>Income tax expense for the year</b>	<b>11 746</b>	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				Other businesses	Total
	Sasol Mining	Sasol Gas	Sasol Synfuels	Sasol Oil	Sasol Synfuels	Sasol Petroleum	Sasol Polymers	Sasol Solvents	Sasol Olefins & Surfactants	Sasol Chemical			
(Rand in millions)													
<b>2012</b>													
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%	
<b>Total turnover</b>	<b>10 672</b>	<b>6 931</b>	<b>48 791</b>	<b>67 420</b>	<b>5 318</b>	<b>3 111</b>	<b>20 081</b>	<b>18 914</b>	<b>37 698</b>	<b>18 059</b>	<b>8 598</b>	<b>245 593</b>	
<b>2011</b>													
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%	
<b>Total turnover</b>	<b>9 146</b>	<b>5 445</b>	<b>37 485</b>	<b>54 784</b>	<b>3 715</b>	<b>2 157</b>	<b>17 082</b>	<b>17 280</b>	<b>31 715</b>	<b>16 777</b>	<b>6 043</b>	<b>201 629</b>	
<b>2010</b>													
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%	
<b>Total turnover</b>	<b>7 863</b>	<b>5 371</b>	<b>33 893</b>	<b>48 411</b>	<b>2 282</b>	<b>1 685</b>	<b>14 321</b>	<b>15 765</b>	<b>25 283</b>	<b>16 208</b>	<b>5 420</b>	<b>176 502</b>	

Operating profit/(loss) per segment

	South African energy cluster				International energy cluster			Chemical cluster				Other businesses	Total
	Sasol Mining	Sasol Gas	Sasol Synfuels	Sasol Oil	Sasol Synfuels	Sasol Petroleum	Sasol Polymers	Sasol Solvents	Sasol Olefins & Surfactants	Sasol Chemical			
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)		(%)
<b>Turnover</b>							
External	2 256	2 029	227	11	1 696	333	20
Inter-segment	8 416	7 117	1 299	18	6 167	950	15
<b>Total turnover</b>	<b>10 672</b>	<b>9 146</b>	<b>1 526</b>	<b>17</b>	<b>7 863</b>	<b>1 283</b>	<b>16</b>
Operating costs and expenses <sup>(1)</sup>	(8 385)	(8 083)	(302)	4	(7 048)	(1 035)	15
<b>Operating profit</b>	<b>2 287</b>	<b>1 063</b>	<b>1 224</b>	<b>115</b>	<b>815</b>	<b>248</b>	<b>30</b>
<b>Operating margin %</b>	<b>21</b>	<b>12</b>			<b>10</b>		

(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		Change 2011/2010	
	(Rand in millions)	%	(Rand in millions)	%
Operating profit, 2011 and 2010, respectively	<b>1 063</b>		815	
Exchange rate effects	<b>258</b>	24	(182)	(22)
Net product price	<b>383</b>	36	1 917	235
Inflation on other operating costs	<b>(310)</b>	(29)	(251)	(31)
Net volume and productivity effects	<b>347</b>	33	(487)	(60)
Effects of remeasurement items	<b>(58)</b>	(6)	(2)	
Other effects <sup>(1)</sup>	<b>604</b>	57	(747)	(92)
Operating profit, 2012 and 2011, respectively	<b>2 287</b>		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	<b>43</b>	5	5
Scrapping of assets under construction	<b>12</b>		
Impairment of property, plant and equipment	<b>6</b>		
Profit on disposal of property, plant and equipment		(2)	(4)
Total loss	<b>61</b>	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).

Table of Contents*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)	
<b>Total turnover</b>	<b>6 931</b>	<b>5 445</b>	<b>1 486</b>	<b>27</b>	<b>5 371</b>	<b>74</b>	<b>1</b>	
Operating costs and expenses <sup>(1)</sup>	(3 946)	(2 867)	(1 079)	38	(2 892)	25	(1)	
<b>Operating profit</b>	<b>2 985</b>	<b>2 578</b>	<b>407</b>	<b>16</b>	<b>2 479</b>	<b>99</b>	<b>4</b>	
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		Change 2011/2010	
	(Rand in millions)	%	(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)



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Operating profit, 2012 and 2011, respectively

**2 985**

2 578

168

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Table of Contents*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	
<b>Total turnover</b>	<b>48 791</b>	<b>37 485</b>	<b>11 306</b>	<b>30</b>	<b>33 893</b>	<b>3 592</b>	<b>11</b>	
Operating costs and expenses <sup>(1)</sup>	(26 696)	(22 297)	(4 399)	20	(20 718)	(1 579)	8	
<b>Operating profit</b>	<b>22 095</b>	<b>15 188</b>	<b>6 907</b>	<b>45</b>	<b>13 175</b>	<b>2 013</b>	<b>15</b>	
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		Change 2011/2010	
	(Rand in millions)	%	(Rand in millions)	%
Operating profit, 2011 and 2010, respectively	<b>15 188</b>		13 175	
Exchange rate effects	<b>3 980</b>	26	(2 702)	(21)
Net product and feedstock price	<b>6 345</b>	42	6 676	51
<i>crude oil effects</i>	<b>5 567</b>	37	6 531	50
<i>other products</i>	<b>778</b>	5	145	1
Inflation on other operating costs	<b>(1 202)</b>	(8)	(797)	(6)
Net volume and productivity effects	<b>(863)</b>	(6)	(1 743)	(13)
Effects of remeasurement items	<b>(41)</b>		(139)	(1)
Other effects <sup>(1)</sup>	<b>(1 312)</b>	(9)	718	5
Operating profit, 2012 and 2011, respectively	<b>22 095</b>		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	<b>57</b>	151	35
Scrapping of assets under construction	<b>181</b>	46	24
Profit on disposal of property, plant and equipment			(1)
Total loss	<b>238</b>	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).

Table of Contents*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
<b>Total turnover</b>	<b>67 420</b>	<b>54 784</b>	<b>12 636</b>	<b>23</b>	<b>48 411</b>	<b>6 373</b>	<b>13</b>
Operating costs and expenses <sup>(1)</sup>	(65 828)	(53 604)	(12 224)	23	(47 047)	(6 557)	14
<b>Operating profit</b>	<b>1 592</b>	<b>1 180</b>	<b>412</b>	<b>35</b>	<b>1 364</b>	<b>(184)</b>	<b>(13)</b>
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<sup>3</sup>) in 2012 compared with 10,5 Mm<sup>3</sup> 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<sup>3</sup> in 2011 to 3,3 Mm<sup>3</sup> 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<sup>3</sup>) in 2011 compared with 10,5 Mm<sup>3</sup> in 2010, specifically to the overland exporters into Southern Africa. Retail sales were 4% higher at 1,39 Mm<sup>3</sup> in 2011 compared with 1,33 Mm<sup>3</sup> 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<sup>3</sup> in 2010 to 3,7 Mm<sup>3</sup> 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		Change 2011/2010	
	(Rand in millions)	%	(Rand in millions)	%
Operating profit, 2011 and 2010, respectively	<b>1 180</b>		1 364	
Exchange rate effects	<b>162</b>	14	(344)	(25)
Net product and feedstock price	<b>585</b>	50	533	39
Inflation on other operating costs	<b>(119)</b>	(10)	(100)	(7)
Net volume and productivity effects	<b>(185)</b>	(16)	70	5
Effects of remeasurement items	<b>3</b>		(7)	
Other effects <sup>(1)</sup>	<b>(34)</b>	(3)	(336)	(25)
Operating profit, 2012 and 2011, respectively	<b>1 592</b>		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	<b>1</b>	7	
Scrapping of property, plant and equipment	<b>11</b>	18	15
Scrapping of assets under construction	<b>2</b>	7	
Profit on disposal of property, plant and equipment		(15)	(5)
Total loss	<b>14</b>	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.

Table of Contents*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 (%)
<b>Turnover</b>							
External	5 182	3 715	1 467	39	2 282	1 433	63
Inter-segment	136		136	100			
<b>Total turnover</b>	<b>5 318</b>	<b>3 715</b>	<b>1 603</b>	<b>43</b>	<b>2 282</b>	<b>1 433</b>	<b>63</b>
Operating costs and expenses <sup>(1)</sup>	(3 437)	(2 510)	(927)	37	(2 151)	(359)	17
<b>Operating profit</b>	<b>1 881</b>	<b>1 205</b>	<b>676</b>	<b>56</b>	<b>131</b>	<b>1 074</b>	<b>820</b>
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		Change 2011/2010	
	(Rand in millions)	%	(Rand in millions)	%
Operating profit, 2011 and 2010, respectively	<b>1 205</b>		131	
Exchange rate effects	(357)	(30)	(46)	(35)
Net product price	<b>569</b>	47	774	590
Inflation on other operating costs	(76)	(6)	(36)	(27)
Net volume and productivity effects	<b>411</b>	34	714	545
Effects of remeasurement items	<b>92</b>	8	(122)	(93)
Other effects	<b>37</b>	3	(210)	(160)
Operating profit, 2012 and 2011, respectively	<b>1 881</b>		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	<b>34</b>		
Loss on disposal of property, plant and equipment			4
Impairment of investment in associate		123	
Total loss	<b>34</b>	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.



Table of Contents*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)		(%)
<b>Turnover</b>							
External	1 778	1 211	567	47	916	295	32
Inter-segment	1 333	946	387	41	769	177	23
<b>Total turnover</b>	<b>3 111</b>	<b>2 157</b>	<b>954</b>	<b>44</b>	<b>1 685</b>	<b>472</b>	<b>28</b>
Operating costs and expenses <sup>(1)</sup>	(5 047)	(1 775)	(3 272)	184	(1 348)	(427)	32
<b>Operating (loss)/profit</b>	<b>(1 936)</b>	<b>382</b>	<b>(2 318)</b>	<b>(607)</b>	<b>337</b>	<b>45</b>	<b>13</b>
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		Change 2011/2010	
	(Rand in millions)	%	(Rand in millions)	%
Operating profit, 2011 and 2010, respectively	<b>382</b>		337	
Exchange rate effects	<b>(46)</b>	(12)	(22)	(7)
Net product and feedstock price	<b>439</b>	115	407	121
<i>crude oil effects</i>	<b>270</b>	71	273	81
<i>other products</i>	<b>169</b>	44	134	40
Inflation on other operating costs	<b>(45)</b>	(12)	(24)	(7)
Net volume and productivity effects	<b>158</b>	41	196	58
Effects of remeasurement items	<b>(1 167)</b>	(305)	(334)	(99)
Other effects <sup>(1)</sup>	<b>(1 657)</b>	(434)	(178)	(53)
Operating (loss)/profit, 2012 and 2011, respectively	<b>(1 936)</b>		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	<b>270</b>	441	58
Impairment of property, plant and equipment	<b>519</b>		
Impairment of assets under construction	<b>879</b>	1	50
Profit on disposal of businesses	<b>(59)</b>		
Total loss	<b>1 609</b>	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
<b>Total turnover</b>	<b>20 081</b>	<b>17 082</b>	<b>2 999</b>	<b>18</b>	<b>14 321</b>	<b>2 761</b>	<b>19</b>
Operating costs and expenses <sup>(1)</sup>	(19 365)	(15 503)	(3 862)	25	(13 363)	(2 140)	16
<b>Operating profit</b>	<b>716</b>	<b>1 579</b>	<b>(863)</b>	<b>(55)</b>	<b>958</b>	<b>621</b>	<b>65</b>
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		Change 2011/2010	
	(Rand in millions)	%	(Rand in millions)	%
Operating profit, 2011 and 2010, respectively	<b>1 579</b>		958	
Exchange rate effects	<b>257</b>	16	(30)	(3)
Net product and feedstock price	<b>(811)</b>	(51)	254	27
<i>crude oil</i>	<b>(208)</b>	(13)	(1 145)	(119)
<i>other products</i>	<b>(603)</b>	(38)	1 399	146
Inflation on other operating costs	<b>(162)</b>	(10)	(182)	(19)
Net volume and productivity effects	<b>(247)</b>	(16)	943	98
Effects of remeasurement items	<b>(16)</b>	(1)	(32)	(3)
Other effects <sup>(1)</sup>	<b>116</b>	7	(332)	(35)
 Operating profit, 2012 and 2011, respectively	 <b>716</b>		 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	<b>61</b>		
Scrapping of property, plant and equipment	<b>2</b>	42	6
(Profit)/ loss on disposal of property, plant and equipment	<b>(1)</b>	(1)	3
 Total loss	 <b>62</b>	 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)		(%)	
<b>Turnover</b>								
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)	
<b>Total turnover</b>	<b>18 914</b>	<b>17 280</b>	<b>1 634</b>	<b>9</b>	<b>15 765</b>	<b>1 515</b>	<b>10</b>	
<b>Operating costs and expenses<sup>(1)</sup></b>	<b>(17 511)</b>	<b>(15 625)</b>	<b>(1 886)</b>	<b>12</b>	<b>(14 611)</b>	<b>(1 014)</b>	<b>7</b>	
<b>Operating profit</b>	<b>1 403</b>	<b>1 655</b>	<b>(252)</b>	<b>(15)</b>	<b>1 154</b>	<b>501</b>	<b>43</b>	
<b>Operating margin %</b>	<b>7</b>	<b>10</b>			<b>7</b>			

(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		Change 2011/2010	
	(Rand in millions)	%	(Rand in millions)	%
Operating profit, 2011 and 2010, respectively	<b>1 655</b>		1 154	
Exchange rate effects	<b>1 230</b>	74	(373)	(32)
Net product and feedstock price	<b>(1 062)</b>	(64)	937	81
<i>crude oil</i>	<b>685</b>	41	854	74
<i>other products</i>	<b>(1 747)</b>	(105)	83	7
Inflation on other operating costs	<b>(149)</b>	(9)	(172)	(15)
Net volume and productivity effects	<b>(120)</b>	(7)	(189)	(16)
Effects of remeasurement items	<b>(20)</b>	(1)	(5)	
Other effects	<b>(131)</b>	(8)	303	25
Operating profit, 2012 and 2011, respectively	<b>1 403</b>		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	<b>12</b>	31	12
Impairment of assets under construction		1	2
Impairment of intangible assets	<b>25</b>	6	
Reversal of impairment of property, plant and equipment		(15)	
Scrapping of property, plant and equipment	<b>44</b>	32	44
Loss on disposal of property, plant and equipment	<b>2</b>	8	
Total loss	<b>83</b>	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
<b>Total turnover</b>	<b>37 698</b>	<b>31 715</b>	<b>5 983</b>	<b>19</b>	<b>25 283</b>	<b>6 432</b>	<b>25</b>
Operating costs and expenses <sup>(1)</sup>	(34 505)	(27 554)	(6 951)	25	(22 791)	(4 763)	21
<b>Operating profit</b>	<b>3 193</b>	<b>4 161</b>	<b>(968)</b>	<b>(23)</b>	<b>2 492</b>	<b>1 669</b>	<b>67</b>
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.

Table of Contents*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		Change 2011/2010	
	(Rand in millions)	%	(Rand in millions)	%
Operating profit, 2011 and 2010, respectively	<b>4 161</b>		2 492	
Exchange rate effects	<b>356</b>	9	(403)	(16)
Net product and feedstock price	<b>(371)</b>	(9)	1 769	71
Inflation on other operating costs	<b>(119)</b>	(3)	(72)	(3)
Net volume and productivity effects	<b>(285)</b>	(7)	302	12
Effects of remeasurement items	<b>(321)</b>	(8)	156	6
Other effects	<b>(228)</b>	(5)	(83)	(3)
Operating profit, 2012 and 2011, respectively	<b>3 193</b>		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	<b>85</b>	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	<b>9</b>	4	2
Loss on disposal of property, plant and equipment	<b>12</b>	13	6
(Profit)/loss on disposal of business	<b>(285)</b>	(3)	5
Total profit	<b>(179)</b>	(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 Crotona 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 Crotona 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)		(%)
<b>Turnover</b>							
External	13 720	12 554	1 166	9	11 951	603	5
Inter-segment	4 339	4 223	116	3	4 257	(34)	(1)
<b>Total turnover</b>	<b>18 059</b>	<b>16 777</b>	<b>1 282</b>	<b>8</b>	<b>16 208</b>	<b>569</b>	<b>4</b>
Operating costs and expenses <sup>(1)</sup>	(16 871)	(15 460)	(1 411)	9	(15 316)	(144)	1
<b>Operating profit</b>	<b>1 188</b>	<b>1 317</b>	<b>(129)</b>	<b>(10)</b>	<b>892</b>	<b>425</b>	<b>48</b>
<b>Operating margin %</b>	<b>7</b>	<b>8</b>			<b>6</b>		

(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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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	
<b>Total turnover</b>	<b>8 598</b>	<b>6 043</b>	<b>2 555</b>	<b>42</b>	<b>5 420</b>	<b>623</b>	<b>(11)</b>	
Operating costs and expenses <sup>(1)</sup>	(7 242)	(6 339)	(903)	14	(5 255)	(1 084)	21	
<b>Operating profit/(loss)</b>	<b>1 356</b>	<b>(296)</b>	<b>1 652</b>	<b>558</b>	<b>165</b>	<b>(461)</b>	<b>(279)</b>	

(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.

Table of Contents*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;

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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:*

<b>Standard</b>	<b>Date published</b>	<b>Effective date*</b>	<b>Anticipated impact on Sasol</b>
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 <sup>^</sup>	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 <sup>^</sup>	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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<b>Standard</b>	<b>Date published</b>	<b>Effective date*</b>	<b>Anticipated impact on Sasol</b>
IFRS 12, Disclosure of Interests in Other Entities	12 May 2011	1 January 2013 <sup>^</sup>	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 <sup>^</sup>	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 <sup>^</sup>	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 <sup>^</sup>	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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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 <sup>(1)</sup>	<b>(29 160)</b>	(20 665)	(8 495)	41	(16 108)	(4 557)	28
Acquisition of interests in joint ventures	<b>(24)</b>	(3 823)	3 799	(99)		(3 823)	100
Disposal of businesses	<b>713</b>	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 <sup>(1)</sup>	Business categories	30 June	30 June	30 June
		2012	2011	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
16 <sup>th</sup> Oxygen train project	Sasol Synfuels	106	559	970
10 <sup>th</sup> 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		
3 <sup>rd</sup> 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
2 <sup>nd</sup> and 3 <sup>rd</sup> 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
		<b>17 383</b>	<b>10 453</b>	<b>6 600</b>

(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)	(65)	170	(52)	(31)
Proceeds from long-term debt	1 138	2 247	(1 109)	(49)	2 080	167	8

At the annual general meeting held on 27 November 2009, shareholders renewed the directors' authority to repurchase up to 4% of the issued ordinary shares of the company, subject to the provisions of the Companies Act of South Africa and the requirements of the JSE Limited. No purchases have been made under this authority. At the annual general meeting held on 26 November 2010, shareholders granted the authority to the Sasol directors to repurchase up to 10% of Sasol's issued share capital (excluding the preferred ordinary and Sasol BEE shares) for a further maximum of 15 months. On 25 November 2011, shareholders granted the authority to the Sasol directors to repurchase up to 10% of Sasol's issued securities for a further maximum of 15 months. No shares were repurchased during 2010, 2011 and 2012.

Through our subsidiary, Sasol Investment Company (Pty) Ltd., we had purchased 40 309 886 ordinary shares representing 6,39% of the issued share capital of the company, excluding the Sasol Inzalo share transaction, for R12,1 billion at a cumulative average price of R299,77 per share since the inception of the programme in 2007. 31 500 000 ordinary shares of the repurchased shares were cancelled on 4 December 2008 for a total value of R7,9 billion. As at 30 June 2012, through our subsidiary, Sasol Investment Company (Pty) Ltd., we held 8 809 886 ordinary shares, representing 1,44% of the issued share capital of the company, excluding the Sasol Inzalo share transaction, for an amount of R2 641 million at a cumulative average price of R299,77 per share.

During 2012, approximately R1,4 billion relating to Arya Sasol Polymer Company was reclassified from long-term debt to short-term debt as it is expected that the debt will be repayable within the next 12 months.

During 2011, proceeds from long-term debt included preference share debt of R707 million related to the Ixia Coal transaction and various other facilities raised across the group. In 2011, the repayment of the long-term debt related primarily to the settlement of the term loan from the Central Energy Fund in Republic of Mozambique Pipeline Investments Company (Pty) Ltd. and the repayment of the long-term debt in Arya Sasol Polymer Company which bears interest at significantly higher interest rates. In 2010, the repayment of long-term debt related primarily to the settlement of our Eurobond facility, while the proceeds from long-term debt relates to various facilities raised across the group.

### **Capital resources**

Sasol Financing and Sasol Financing International act as our group's financing vehicles. All our group treasury, cash management and borrowing activities are facilitated through Sasol Financing and Sasol Financing International. The group executive committee (GEC) and senior management meet regularly, to review and, if appropriate, approve the implementation of optimal strategies for the effective management of the group's financial risk. Our cash requirements for working capital, share repurchases, capital expenditures and acquisitions, over the past three years have been primarily financed through a combination of funds generated from operations and borrowings. In our opinion, our working capital is sufficient for present requirements.

As at 30 June 2012, we have authorised capital expenditure of R78,6 billion, of which R32,8 billion has already been spent. See "Item 5.F Tabular disclosure of contractual obligation Capital

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commitments". Our long-term capital expansion projects are financed by means of a combination of internally generated cash flow and variable and fixed-rate long-term debt. This debt is normally raised in the same currency as the underlying project and repayment terms are designed to match the expected cash flows to be generated by that project.

Our debt comprises the following:

	<b>2012</b>	<b>2011</b>
	<b>(Rand in millions)</b>	
Long-term debt, including current portion	<b>15 885</b>	15 849
Short-term debt	<b>15</b>	109
Bank overdraft	<b>222</b>	209
Total debt	<b>16 122</b>	16 167
Less cash (excluding cash restricted for use)	<b>(12 746)</b>	(14 716)
Net debt	<b>3 376</b>	1 451

Our debt profile has a longer-term bias which is a reflection of both our capital investment programme and the favourable results generated by operating activities over the last three years.

The group has borrowing facilities with major financial institutions of R45 278 million (2011 R42 436 million). Of these facilities, R16 122 million (2010 R16 167 million) has been utilised at year end.

There were no events of default for the years ended 30 June 2012 and 30 June 2011.

Table of Contents**Banking facilities and debt arrangements at 30 June 2012**

	Expiry date	Currency	Rand equivalent Rm	Utilisation Rm
<b>Sasol Financing</b>				
<i>Uncommitted facilities</i>				
Commercial banking facilities	Various (short-term)	Rand	<b>6 892</b>	
Commercial paper programme	None	Rand	<b>8 000</b>	
<i>Committed facility</i>				
Revolving credit facility (bilateral)	June 2013	US dollar	<b>1 225</b>	
Commercial banking facilities	Various (short-term)	Rand	<b>2 000</b>	
<b>Sasol Financing International</b>				
<i>Committed facility</i>				
Revolving credit facility (bilateral)	June 2013	US dollar	<b>1 225</b>	
Other commercial banking facilities	Various	Euro	<b>8</b>	
<b>Other Sasol businesses</b>				
<i>Uncommitted facilities</i>				
Commercial banking facilities	Various (short-term)	Rand	<b>7 798</b>	
<i>Asset based finance</i>				
Republic of Mozambique Pipeline Investments Company (Pty) Ltd.	December 2017	Rand	<b>1 992</b>	<b>1 992</b>
Sasol Petroleum Temane Limitada	June 2015	Euro and Rand	<b>411</b>	<b>411</b>
<i>Debt arrangements</i>				
Arya Sasol Polymer Company	March 2016	Euro	<b>2 218</b>	<b>2 218</b>
National Petroleum Refiners of South Africa (Pty) Ltd	Various	Rand	<b>2 018</b>	<b>1 642</b>
Sasol Inzalo Groups Funding (Pty) Ltd. (preference shares)	October 2011 to October 2018	Rand	<b>2 569</b>	<b>2 569</b>
Sasol Inzalo Public Funding (Pty) Ltd. (preference shares)	October 2011 to October 2018	Rand	<b>4 817</b>	<b>4 817</b>
Sasol Mining Holdings (Pty) Ltd. (preference shares)	March 2013 to October 2018	Rand	<b>669</b>	<b>669</b>
<i>Property finance leases</i>				
Sasol Oil (Pty) Ltd. and subsidiaries	Various	Rand	<b>703</b>	<b>703</b>
<i>Other banking facilities and debt arrangements</i>				
			<b>2 733</b>	<b>1 101</b>
			<b>45 278</b>	<b>16 122</b>
<b>Comprising</b>				
Long-term debt				<b>15 885</b>
Short-term debt				<b>15</b>
Bank overdraft				<b>222</b>
				<b>16 122</b>

Besides our normal commercial banking facilities, the majority of which is in South Africa, an additional facility to fund short-term funding requirements in South Africa is our commercial paper programme of R8 billion, normally at fixed interest rates. We had no exposure on the programme at 30 June 2012.

We manage our short-term debt interest rate exposure by making use of a combination of commercial banking facilities with variable interest rates and commercial paper issues at fixed interest

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rates. Refer to "Item 11 Quantitative and qualitative disclosures about market risk" for a breakdown of our liabilities summarised by fixed and floating interest rates.

***Debt profile***

We actively monitor and manage our cash flow requirements and to the extent that core long-term financing requirements are identified, we will finance these with longer-term debt issues.

	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
	(Rand in millions)				
<b>Maturity profile long-term debt</b>	3 057	1 439	3 220	8 169	15 885

We endeavour to match the tenure of our debt with the nature of the asset or project being financed.

***Covenants***

The group is subject to certain covenants on its debt facilities relating to earnings, debt cover, and net asset value, amongst others. There were no events of default in the year ended 30 June 2012.

The covenant terms above are defined contractually in each of the agreements for the above facilities using definitions agreed to between the parties derived from amounts published in the consolidated annual financial statements of Sasol prepared in accordance with IFRS for any year and adjusted in terms of the agreed definitions.

For information regarding our material commitments for capital expenditure see "Item 4.A History and development of the company".

**5.C Research and development, patents and licenses****Research and development**

Our research and development function consists of a central research and development division in South Africa, which focuses on fundamental research while our decentralised divisions focus on applications. The central research function has a full suite of state-of-the-art pilot plants to support both current and future technology being developed.

Our application research and development capabilities are focused around four areas:

technical service;

analytical service;

plant support; and

new applications, products and processes.

Total expenditure on research in years 2012, 2011 and 2010 was R1 257 million, R1 006 million and R908 million, respectively. Development costs capitalised in 2012, 2011 and 2010 amounted to R107 million, R76 million and R198 million, respectively. For further information regarding our research and development activities, see "Item 4.B Business overview Sasol Technology".

**5.D Trend information**



Our financial results since the end of 2012 have been principally affected by fluctuations in dated Brent crude oil prices and a weakening of the rand to US dollar.

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In recent months, the derived European Brent crude oil spot price increased from the year end level as at 30 June 2012 of US\$94,17/b to US\$111,81/b on 28 September 2012 with a high of US\$117,45/b and a low of US\$95,28/b during that period. Given the current global economic conditions and the uncertain political environment in certain major oil producing countries, the oil price has been volatile and this volatility is expected to continue in the foreseeable future. As discussed above, a high oil price generally results in increased profitability for our group.

The rand to US dollar exchange rate was R8,17 at 30 June 2012. The rand weakened subsequent to 30 June 2012 reaching R8,31 per US dollar at 28 September 2012 with a high of R8,52 per US dollar and a low of R8,08 per US dollar during the period 1 July 2012 to 28 September 2012. While the exchange rate during the current year has been relatively more volatile than in previous years due to the current global economic conditions, we are unable to accurately forecast whether this will continue in the foreseeable future.

**5.E Off-balance sheet arrangements**

We do not engage in off-balance sheet financing activities and do not have any off-balance sheet debt obligations, off-balance sheet special purpose entities or unconsolidated affiliates.

**Guarantees**

As at 30 June 2012, the group has issued the following guarantees for which the liabilities have not been included in the statement of financial position.

	Note	Maximum potential amount 2012 (Rand in millions)
In respect of GTL ventures	i	1 950
In respect of the shale gas ventures	ii	6 243
Other guarantees and claims	iii	812
In respect of letters of credit	iv	1 541

- i. Sasol Limited has issued the following significant guarantees for the obligations of various of its subsidiaries in respect of the GTL Ventures. These guarantees relate to the construction and funding of ORYX GTL Limited in Qatar, including inter alia:

A guarantee for the take-or-pay obligations of a wholly owned subsidiary has been issued under the gas sale and purchase agreement (GSPA) entered into between ORYX GTL Limited, Qatar Petroleum and ExxonMobil Middle East Gas Marketing Limited, by virtue of this subsidiary's 49% shareholding in ORYX GTL Limited. Sasol's exposure is limited to the amount of US\$179 million (R1 462 million). In terms of the GSPA, ORYX GTL Limited is contractually committed to purchase minimum volumes of gas from Qatar Petroleum and ExxonMobil Middle East Gas Marketing Limited on a take-or-pay basis. Should ORYX GTL terminate the GSPA prematurely, Sasol Limited's wholly owned subsidiary will be obliged to take or pay for its 49% share of the contracted gas requirements. The term of the GSPA is 25 years from the date of commencement of operations. The project was commissioned in April 2007.

Sasol Limited issued a performance guarantee for the obligations of its subsidiaries in respect of and for the duration of the investment in Sasol Chevron Holdings Limited, limited to an amount of US\$60 million (R490 million). Sasol Chevron Holdings Limited is a joint venture between a wholly owned subsidiary of Sasol Limited and Chevron Corporation.

All guarantees listed above are issued in the normal course of business.

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- ii. Guarantees of R6 243 million have been issued to Talisman Energy Inc, in respect of the development of the qualifying costs related to the Farrell Creek and Cypress A shale gas asset in Canada.
- iii. Included in other guarantees are customs and excise guarantees of R232 million and R341 million in respect of feedstock purchases.
- iv. Various guarantees issued in respect of letters of credit issued by subsidiaries.

**Product warranties**

The group provides product warranties with respect to certain products sold to customers in the ordinary course of business. These warranties typically provide that products sold will conform to specifications. The group generally does not establish a liability for product warranty based on a percentage of turnover or other formula. The group accrues a warranty liability on a transaction-specific basis depending on the individual facts and circumstances related to each sale. Both the liability and the annual expense related to product warranties are immaterial to the consolidated financial statements.

**5.F Tabular disclosure of contractual obligations**

**Contractual obligations/commitments.** The following significant contractual obligations existed at 30 June 2012:

Contractual obligations (excluding capital expenditure)	Total amount	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
(Rand in millions)							
Operating leases	8 376	1 003	890	762	676	577	4 468
External long-term debt	15 885	3 057	1 439	1 759	822	639	8 169
External short-term debt	15	15					
Purchase commitments	45 562	15 207	9 543	8 174	6 075	2 191	4 372
Bank overdraft	222	222					
Finance leases*	1 299	190	129	101	84	81	714
<b>Total</b>	<b>71 359</b>	<b>19 694</b>	<b>12 001</b>	<b>10 796</b>	<b>7 657</b>	<b>3 488</b>	<b>17 723</b>

\*

R789 million related to these finance lease obligations is included in the external long-term debt contractual obligations.

Purchase commitments have increased marginally from R45 442 million in 2011 to R45 562 in 2012 due to market price movements.

**Capital commitments.** Commitments are budgeted, approved and reported in accordance with our management policy for segmental reporting.

The following table sets forth our authorised capital expenditure as of 30 June:

Capital expenditure	2012 (Rand in millions)
Authorised and contracted for	50 243
Authorised but not yet contracted for	28 417
Authorised capital expenditure	78 660
Less expenditure to date	(32 841)

<b>Unspent capital commitments</b>	<b>45 819</b>
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For more information regarding our planned capital expenditure see "4.A History and development of the company Capital expenditure".

It is estimated that the expenditure will be incurred as follows:

<b>Contractual commitments</b>	<b>Total amount</b>	<b>Within 1 year</b>	<b>1 to 2 years</b>	<b>2 to 5 years</b>	<b>Over 5 years</b>
<b>(Rand in millions)</b>					
Capital commitments	45 819	24 805	16 415	4 585	14

The above amounts are as reported to our board. They exclude capitalised finance expenses but include business development costs and our group's share of capital expenditure of proportionately consolidated investees. In 2012, no additional amounts (2011 R148 million and 2010 R1 266 million) has been committed by the group for further development of the Escravos GTL project.

We make use of forward exchange contracts and cross currency swaps to hedge all our major capital expenditure in foreign currency (ie contracts in South Africa contracted in a currency other than the rand) immediately upon commitment of expenditure or upon approval of the project. See "Item 11 Quantitative and qualitative disclosure about market risk".

Table of Contents**ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES****6.A Directors and senior management***The board of directors*

Our board currently comprises the following:

<b>Name</b>	<b>Position</b>	<b>Age<sup>(1)</sup></b>	<b>Member since</b>	<b>Current term expires<sup>(2)</sup></b>
Thembalihle Hixonia Nyasulu	Non-executive chairman	58	1 June 2006	22 November 2013
Colin Beggs	Independent non-executive director	64	8 July 2009	30 November 2012
David Edward Constable	Chief executive officer	50	1 July 2011	30 November 2012
Hendrik George Dijkgraaf	Independent non-executive director	65	16 October 2006	30 November 2012
Victoria Nolitha Fakude	Executive director	47	1 October 2005	22 November 2013
Mandla Sizwe Vulindlela Gantsho	Independent non-executive director	50	1 June 2003	30 November 2012
Imogen Nonhlanhla Mkhize	Independent non-executive director	49	1 January 2005	30 November 2012
Zamani Moses Mkhize	Independent non-executive director	51	29 November 2011	30 November 2012
Mfundiso Johnson Ntabankulu Njeke	Independent non-executive director	53	4 February 2009	22 November 2013
Kandimathie Christine Ramon	Executive director	45	1 May 2006	22 November 2013
Peter James Robertson	Independent non-executive director	65	1 July 2012	30 November 2012
Jürgen Erich Schrempp	Lead independent non-executive director	68	21 November 1997	30 November 2012
Stephen Westwell	Independent non-executive director	54	1 June 2012	30 November 2012

(1) As at 28 September 2012.

(2) Under our memorandum of incorporation, one-third of the serving directors shall retire at the annual general meeting of the company or, if the total number of serving directors who shall retire does not constitute a multiple of three, the number of directors who shall retire shall be the number, adjusted upwards, that is the closest to one-third. The number of directors that will retire at the annual general meeting in future years can therefore not be determined accurately in advance. In addition, directors who are appointed by the board during the year shall retire at the annual general meeting. Directors appointed for the first time after 27 October 1997, will retire (in spite of re-election in the interim) and are eligible for re-election on the date on which five years from his or her initial appointment or re-appointment expires.

**Colin Beggs** became our director on 8 July 2009. Mr Beggs was the chief executive officer of PricewaterhouseCoopers until the end of June 2009. He joined Price Waterhouse in 1970 and qualified as a chartered accountant in 1971 and obtained a Bachelor of Commerce (Honours) from the University of Port Elizabeth in 1971. He became a partner in 1979 and was elected senior partner in 1992. In January 2001, he became chief executive officer of PricewaterhouseCoopers. He is also a former chairman of the board of the South African Institute of Chartered Accountants (SAICA). He served as chairman of the Accounting Practices Committee and was a member of the Accounting Practices Board and is a director of the Ethics Institute of South Africa. He is also a director of Absa Bank Limited and Absa Group Limited.

**David Constable** became our director and chief executive officer on 1 July 2011. Mr Constable was the Group President, Operations of Fluor Corporation from March 2009 to 31 May 2011, responsible for project execution services, project management, global procurement and construction, risk management, information technology, and sustainability across all Fluor's core business groups. Before that, he served in various international sales, operations and group president positions at Fluor Corporation in the oil, gas, petrochemicals, mining and power industries. Prior to joining Sasol, he also sat on the board of the US-China Business Council. He received a Bachelor of Science Engineering

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degree from the University of Alberta, Canada in 1982 and attended the International Management Programme at Thunderbird University in the United States in 1997 and the Advanced Management Programme at Wharton Business School in the United States in 2000.

**Henk Dijkgraaf** became our director in 2006. He is the former chief executive officer of the Dutch natural gas companies, GasTerra, Gasunie and Nederlandse Aardolie Maatschappij and held various positions in the Royal Dutch Shell group between 1972 and 2003 in The Netherlands, Malaysia, Gabon, Syria and the United Kingdom including the positions of president, Shell Nederland BV, director, Shell Exploration and Production and chief executive, Gas, Power and Coal. He is a member of the board and of the audit committee of Eneco Holding NV and a member of the board of the Royal Tropical Institute and deputy chairman and treasurer of the Netherlands Institute for the Near East. He obtained a Master of Science (Mining Engineering) from Delft University in 1972 and attended the Senior Executive Programme at the Massachusetts Institute of Technology in the United States in 1987.

**Noliha Fakude** became our director in 2005. On 1 July 2011, she became responsible for sustainability and business transformation. Her portfolio includes Group Strategy and Public Policy and Regulatory Affairs (PPRA), Group Human Resources, Sasol Shared Services and Group Stakeholder Relations. She also has strategic oversight of Sasol Group Communications, Corporate Affairs and Government Relations as well as enterprise development through ChemCity. She is Chairman of Sasol Mining Holdings (Pty) Ltd. and non-executive director of Sasol Oil (Pty) Ltd. and Sasol Synfuels (Pty) Ltd. among others; Council member and second deputy chairman of the Human Resources Development Council of South Africa and Chairman of the CHETA-SETA. Before joining Sasol, she was a member of the group executive committee at Nedbank Group Limited. She was also a director of Harmony Gold Mining Company Limited, BMF Investments (Pty) Ltd. and Woolworths Holdings Limited. She holds Bachelor of Arts and Honours degrees in Psychology from the University of Fort Hare and attended the Senior Executive Programme at Harvard Business School in the United States in 1999.

**Mandla Gantsho** has been our director since 2003. He is the chief executive officer of Africa Rising Capital. Prior to that, he was the Vice President Operations: Infrastructure, Private Sector & Regional Integration of the African Development Bank from 2006 to 2009, before that the chief executive officer and managing director of the Development Bank of Southern Africa. He is a non-executive director and member of the audit committee of Ithala Development Finance Corporation. He is also a director of Impala Platinum Holdings Limited and the South African Reserve Bank. In 1997, he was appointed as a Commissioner of the Finance and Fiscal Commission, a body set up in terms of the South African Constitution to advise the South African parliament on intergovernmental fiscal transfers. In 2002, he was appointed as a member of the Myburgh Commission of Enquiry into the rapid depreciation of the rand in 2001. He obtained a Certificate in Accountancy Theory and a Bachelor of Commerce (Honours) in Financial Management from the University of Cape Town, South Africa in 1985 and 1986, respectively. He also obtained a Masters in Science from The George Washington University in 2002 and a Masters and Doctorate in Philosophy from the University of Pretoria, South Africa in 2006. He qualified as a chartered accountant in 1987.

**Imogen Mkhize** has been our director since 2005. She is the chairman of The Richards Bay Coal Terminal Company (Pty) Ltd. and a director of several companies including Mondi plc and Mondi Limited and Mobile Telephone Networks (Pty) Ltd. She is also a member of the Financial Markets Advisory Board and up until June 2010, a member of the Harvard Business School Alumni Board. Previously, she was the managing director of Lucent Technologies South Africa and she also held the position of chief executive officer of the World Petroleum Congress between June 2003 and July 2006. In 2001, the World Economic Forum recognised her as a Global Leader for Tomorrow. She obtained a Bachelor of Science in Information Systems from Rhodes University in 1984 and a Masters in Business Administration from Harvard Business School in 1995.

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**Moses Mkhize** became our director on 29 November 2011. Mr Mkhize is Executive Director: Manufacturing, Rolled Products of Hulamini Limited and also serves as director of a number of subsidiaries of Hulamini. He holds a Higher Diploma in Electrical Engineering from the Durban University of Technology and a Bachelor of Commerce (Honours) from the University of South Africa.

**JJ Njeke** became our director in 2009. Mr Njeke is a past chairman of the South African Institute of Chartered Accountants. He was the managing director of Kagiso Trust Investments from 1 June 1994 to 30 June 2010. He serves on the boards of Adcorp Holdings Limited, ArcelorMittal (SA), MMI Holdings Limited, Resilient Property Income Fund, MTN Group Limited, the Council of the University of Johannesburg and the South African Qualifications Authority. He previously served as a member of the Katz Commission of Inquiry into Taxation in South Africa, the General Committee of the JSE Securities Exchange, the Audit Commission Supervisory Body of the Office of Auditor General and the Audit Committee of National Treasury. Mr Njeke obtained a Bachelor of Commerce degree from the University of Fort Hare and a Bachelor Computationis (Honours) from the University of South Africa. He qualified as a chartered accountant in 1986. He also holds a Higher Diploma in Tax from the University of Johannesburg, South Africa.

**Hixonia Nyasulu** became our director in 2006 and our chairman in 2009. She is a director of Ayavuna Women's Investments (Pty) Ltd. She indirectly owns 5,1% of the shares in Tshwarisano LFB Investment (Pty) Ltd., which acquired 25% of our subsidiary, Sasol Oil (Pty) Ltd. on 1 July 2006. Mrs Nyasulu is also a director of Tshwarisano and Sasol Oil. She is also a director of Barloworld Limited, Unilever plc and Unilever NV and a member of the JP Morgan SA advisory board. She is a former director of Anglo Platinum Limited and the Tongaat Hulett Group Limited. She has a Bachelor of Arts in Social Work and a Bachelor of Arts (Honours) degree in Psychology. She also holds an Executive Leadership Development Programme certificate from the Arthur D Little Management Education Institute (Cambridge, Massachusetts) and attended the International Programme for Board Members at the Institute of Management Development in Lausanne, Switzerland in 1997.

**Christine Ramon** became our director in 2006. She is the chief financial officer and a director of several other companies in the group. Before joining Sasol, she was the chief executive officer of Johnnic Holdings Limited, prior to which she held several senior positions including acting chief operating officer and financial director. She started her career with Coopers & Lybrand and progressed to audit manager at their offices in South Africa and Italy. During this time she was, amongst other things, seconded to the Independent Electoral Commission as deputy finance director. She was a non-executive director of Transnet SOC Limited until December 2010. In 2006, the World Economic Forum recognised her as a Young Global Leader. In 2011, she was appointed deputy chair of the South African government's Financial Reporting Standards Council and as chairman of the CFO Forum of the Top 40 listed companies in South Africa. She previously served as a member of the Standing Advisory Committee to the International Accounting Standards Board. She obtained a Bachelor of Accounting Science and Honours degrees from the University of South Africa in 1988 and 1989, respectively and qualified as a chartered accountant in 1990. She attended the Senior Executive Programme at Harvard Business School in the United States in 1999.

**Peter Robertson** became our director on 1 July 2012. Mr Robertson is an independent senior advisor, Oil and Gas, with Deloitte LLP in Houston, the United States. He retired from Chevron Corporation in 2009, where he had served in multiple roles over 36 years. From 2002 to 2009 he served as vice chairman of the Chevron Corporation and before that, he was President of Chevron Overseas Petroleum. Mr Robertson is a former chairman of the US Energy Association. He is also a director and member of the audit committee of Jacobs Engineering Group Inc. Mr Robertson obtained a Bachelor of Science-Mechanical Engineering from the University of Edinburgh in Scotland in 1969 and a Masters in Business Administration from the University of Pennsylvania in the United States in 1971.



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**Jürgen Schrempp** has been our director since 1997 and became the lead independent director on 28 November 2008. He is the former chairman of the board of management of Daimler AG. He is the chairman of Mercedes-Benz South Africa (Pty) Ltd. and a director of Compagnie Financière Richemont SA and Iron Mineral Beneficiation Services (Pty) Ltd. He is founding chairman of the Southern Africa Initiative of German Business (SAFRI), a member of the President's Council of Togo and a former member of the South African President's International Investment Council. He is chairman emeritus of the Global Business Coalition on HIV/AIDS and honorary Consul-General in Germany of the Republic of South Africa. He has received numerous national and international awards, including the Order of Good Hope, South Africa's highest civilian award. He holds a Professorship of the Federal State of Baden-Württemberg, Germany and Honorary Doctorates from the University of Graz, Austria and the University of Stellenbosch, South Africa.

**Stephen Westwell** became our director on 1 June 2012. Mr Westwell retired from BP plc in 2011, where he had served in multiple of roles since 1988. From 2008 to 2011, he was the Group Chief of Staff and a member of the executive management team and, before that, he was the chief executive officer of the alternative energy division of BP. He has also worked for Eskom Holding Limited in various operational capacities. Since 2007, he has been a member of the advisory board of the Stanford University's Graduate School of Business, United States. He received a Bachelor of Science Mechanical Engineering from the University of Natal in South Africa in 1982 and a Masters in Business Administration from the University of Cape Town in South Africa in 1987. He also received a Masters in Science (Management) at Stanford University in the United States in 2003.

**Senior management**

The following is a list of our senior executive officers, constituting the group executive committee, whose age and current areas of responsibility we set out below:

Name	Age <sup>(1)</sup>	Position and areas of responsibility
David Edward Constable	50	Chief executive officer.
Kandimathie Christine Ramon	45	Chief financial officer.
André Marinus de Ruyter	44	Senior group executive, global chemicals and North American operations.
Victoria Nolitha Fakude	47	Executive director, group strategy and public policy and regulatory affairs, group human resources, Sasol shared services, group stakeholder relations, corporate affairs and transformation.
Vuyo Dominic Kahla	42	Group executive, advisory and assurance and company secretary.
Bernard Ekhard Klingenberg	50	Group executive, South African energy.
Maurice Radebe	52	Group executive, responsible globally for corporate affairs, stakeholder relations, and enterprise development.
Christiaan Francois Rademan	55	Group executive, mining and business enablement.
Giullean Johann Strauss	54	Senior group executive, new business development, Sasol Petroleum International, Sasol Synfuels International, Sasol New Energy and technology.

(1)

As at 30 September 2012.

**André de Ruyter** became our senior group executive, global chemicals and North American operations, responsible globally for the operation of all Sasol's chemical businesses and the North American operations, with effect from 1 July 2011. He became a group general manager on 1 September 2009 and was responsible for Sasol's chemical business and South African energy business between December 2009 and June 2011. Prior to this he was the managing director of Sasol Olefins and Surfactants and led the turnaround project to restore Sasol Olefins and Surfactants to profitability. He has held various positions in Sasol Mining, Sasol Oil, Sasol Gas and Sasol Synfuels International, including leading the China CTL project and Sasol Group Strategy. He is a director of several companies in the Sasol group. He obtained a Bachelor of Arts and a Bachelor of Civil Law from the

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University of Pretoria in 1988 and 1991, a post-graduate Bachelor of Laws degree from the University of South Africa in 1996, and a Master in Business Administration from Nyenrode University in The Netherlands, in 1998.

**Vuyo Kahla** became our group executive, advisory and assurance with effect from 1 January 2011. He was also appointed company secretary with effect from 14 March 2011. He is responsible for the company secretarial, legal, compliance, risk management, intellectual property law and internal audit and forensic services functions. From June 2004 to December 2006, he was group executive, legal and risk at Transnet SOC Limited and from January 2007 to November 2010 was group executive, office of the group chief executive, with executive responsibility for legal services, risk management, compliance, company secretarial services, strategy and business modelling, corporate and public affairs and public policy and regulation. He is a director of several companies in the Sasol group. The World Economic Forum has recognised him as a Young Global Leader and he is an alumnus of the Prince of Wales University of Cambridge Programme on Sustainability Leadership. He is a member of the Audit Committee of the South African Revenue Service and Chairman of the Audit and Enterprise Risk Management Committee of the University of South Africa. He obtained a Bachelor of Arts (Law) degree and a postgraduate Bachelor of Law degree from Rhodes University, Grahamstown, South Africa in 1994 and 1996, respectively.

**Bernard Klingenberg** became our group executive, South African energy, responsible for Sasol Synfuels, Sasol Oil, Natref and Sasol Gas with effect from 1 April 2011. Before that he was responsible for group human resources for a period of two years. Since joining the Sasol group in 1986, he has held various positions in maintenance, technical and general management fields in some of the South African Energy and the global Chemicals businesses of the group. He was the managing director of Sasol Polymers from April 2007 to March 2009 and before that the managing director of Sasol Nitro. He is a director of several companies in the Sasol group. He obtained a Master of Science (Mechanical Engineering) from the University of Cape Town, South Africa in 1986.

**Maurice Radebe** became our group executive with effect from 1 November 2010. He is responsible for global corporate affairs, stakeholder relations and enterprise development. Before that he was the managing director of Sasol Oil from December 2006. He joined Sasol Oil in January 2004, when Sasol Oil purchased Exel Petroleum, where he was the managing director. He obtained a Bachelor of Science (Applied Mathematics and Physics) from the University of the North, Polokwane, South Africa in 1983 and a Higher Diploma for Educators of Adults from the University of Witwatersrand, Johannesburg, South Africa in 1988. He attended the Management Advancement Programme at the Wits Business School in Johannesburg, South Africa in 1991 and obtained a Masters in Business Administration from Wits Business School in 1997. He attended the General Management Programme at Harvard Business School in the United States in 2007.

**Riaan Rademan** is our group executive responsible for Sasol Mining, supply chain, safety, health and environment, information management and functional excellence. He became the group general manager responsible for shared services, group information management and procurement and supply chain on 1 May 2009. He was the managing director of Sasol Nitro from February 2007 to March 2009 and before that the managing director of Sasol Mining. He is a director of several companies in the Sasol group. He obtained a Bachelor of Mechanical Engineering degree from the University of Pretoria, South Africa in 1980 and a Master of Business Leadership from the University of South Africa in 1987. He attended the Advanced Management Programme at the University of Pennsylvania in Wharton, United States of America in 1995.

**Lean Strauss** became our senior group executive, new business development and technology, responsible for delivering on our growth aspirations with effect from 1 July 2010. He has also been responsible for Sasol's International Energy Cluster since August 2005. He joined Sasol in 1982 as an investment officer of the Sasol Pension Fund. He spent most of his career with Sasol Oil and held the

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positions of general manager, manufacturing and supply as well as general manager, marketing. He was appointed general manager of Sasol Gas in 1997 and managing director of Sasol Nitro in 2002. He is a director of several companies in the Sasol group. He obtained Bachelor of Commerce and Honours degrees from the University of Stellenbosch prior to joining Sasol and a Masters of Commerce degree in Business Management from the Rand Afrikaans University (now the University of Johannesburg) in 1986.

See above for biographies of our executive directors.

Refer to "Item 6.C Board practices" for information on the composition of the board, the appointment, retirement and re-election of directors, and board powers and procedures.

## **6.B Compensation**

### **Group remuneration philosophy and policy**

The remuneration policy is a crucial enabler of Sasol's business strategy encouraging sustainable performance based on a values-driven organisational culture, aligning behavior with the company's approach to risk management. The policy aims at providing competitive, market aligned pay balancing this with the structural need for cost containment.

Key principles include:

Providing strong stimuli for employee attraction, motivation and retention;

Establishing a strong relationship between pay and performance;

Reinforcing performance targets at individual, team and business levels;

Embracing reasonable differentiation in remuneration for purposes of rewarding superior individual performance, attracting and retaining scarce skills and promoting diversity; and

Positioning Sasol as a preferred employer in the markets in which it operates.

The remuneration mix for employees not subject to collective bargaining agreements consists of:

basic salary and benefits (referred to as total guaranteed package in the South African context);

short-term incentives (applicable to all levels); and

long-term incentives (consisting of a share appreciation right scheme and a medium-term incentive plan awarded to performing members of senior management).

The ratios within the remuneration mix are structured for different management levels within the organisation and on geographic location. In order to remain competitive, all elements of total remuneration as well as the remuneration mix are subject to annual benchmarking exercises. The remuneration committee (the committee) ensures that the peer groups used for benchmarking remain appropriate.

### **Policy on non-executive directors' fees and remuneration**

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Non-executive directors are appointed to the Sasol Limited board (the board) based on their ability to contribute competence, insight and experience appropriate to assisting the group to achieve its objectives. Consequently, fees are set at levels to attract and retain the calibre of directors necessary to contribute to a highly effective board. Non-executive directors receive fixed fees for services on the board and board committees. They do not receive short-term incentives, nor do they participate in any long-term incentive plan. No arrangement exists for emoluments in respect of loss of office.

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The annual fees payable to non-executive directors for the year commencing 1 July 2011 were approved by shareholders on 25 November 2011 and implemented retroactively thereafter.

The board recommends the fees payable to the chairman and non-executive directors for approval by the shareholders. Proposals for fees are prepared with the support of internal and external human resource experts, for consideration by the committee and the board. Consideration is given to the increased responsibility placed on non-executive directors due to onerous legal and regulatory requirements and the commensurate risk assumed. Benchmarking information of companies of similar size and complexity and projected inflation rate over the period are factors considered when reviewing the annual fees. The revised fees of the non-executive directors will be submitted to the shareholders for approval at the annual general meeting to be held on 30 November 2012 and implemented with retroactive effect from 1 July 2012, once approval by way of special resolution has been obtained. A total review of the non-executive directors' fee structure is planned to be done in 2013.

**Executive service contracts**

The chief executive officer is employed on a five year contract, effective 1 June 2011. In view of the volatility of currency movements the Board has agreed to align the chief executive officer's contract of employment with the remuneration policy for expatriate employees, and calculate his salary and short-term incentive in USD at an agreed exchange rate.

The executive directors and prescribed officers<sup>(1)</sup> are not employed on fixed-term contracts and have standard employment service agreements with current notice periods of three months. They are required to retire from the group and the board at the age of 60, unless requested by the board to extend his or her term. Service contracts entitle executives to standard group benefits, as well as participation in the group's short-term and long-term incentive plans.

Summarised details of service contracts are as follows:

Contractual entitlements on termination of employment include, for employees who leave for reasons of retirement or retrenchment, a pro rata short-term incentive payment. Share options, share appreciation rights and medium-term incentive rights are treated in terms of the respective scheme rules;

No additional provisions or entitlements exist for a change of control of the company other than for termination of employment in accordance with the prevailing company policy and long-term incentive scheme rules;

In the event of a takeover or merger of the company, the rights issued under the long-term incentive schemes will vest immediately, subject to the latest estimated performance achievement against the corporate performance targets; and

In the event of a takeover or merger which results in a participating group company ceasing to be a subsidiary, all rights shall if determined by the board, become immediately exercisable to the extent and within the period which the board determines.

**Description of remuneration practices**

***Total guaranteed package structures and benchmarking***

Due to the size and complexity of the group, its business model, multiple value chains and extensive international footprint, total guaranteed package values for senior specialist and executive

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(1)

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Prescribed officers within the meaning of the South African Companies Act, No 71 of 2008, are defined by the degree of participation by these executives in exercising executive control over and management of the whole, or a significant portion, of the business and activities of the company.

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positions within the South African market are compared to upper quartile values available from South African remuneration surveys. The rationale for this benchmark is that participating organisations that are included in the South African remuneration surveys are mostly smaller in terms of market capitalisation with a less complex business model and value chain and with a more limited geographic spread. Consequently, the median values disclosed do not accurately reflect the remuneration levels that would typically be required to be paid to executives and high level specialists of large, complex multi-national organisations. All other positions are benchmarked against the market median, or for scarce skills positions slightly higher than the median.

In our international jurisdictions, salary benchmarks are mostly set at the market median, or where there is a shortage of specialist skills, slightly higher than the market median. The rationale for different benchmarks is explained by the availability of skills in different international jurisdictions. More than half of Sasol employees worldwide have their remuneration governed by collective agreements such as bargaining councils and works councils.

Executive remuneration is benchmarked to data provided in national executive remuneration surveys, as well as to information disclosed in the remuneration reports of organisations included in our benchmarking peer group. During the year under review, survey reports from LMO Executive Services (Towers Watson), PricewaterhouseCoopers Remchannel and Global Remuneration Solutions (GRS) were used for the benchmarking of South African remuneration levels. South African executive remuneration survey data is supplemented by the published remuneration information of a number of comparator organisations created for members of the group executive committee (GEC). This comparator group of companies includes:

four global resources companies with significant South African presence namely BHP Billiton, Anglo American, Gold Fields and AngloGold Ashanti;

two South African global industrials namely SAB Miller and Sappi; and

six US and European energy and chemicals integrated companies namely ExxonMobil, Chevron, ConocoPhillips, Shell, BP and Total.

In calculating the internal reference salaries, a regression analysis is done on the data points extracted from the respective data sources. For members of the GEC, international data points are adjusted for cost of living differences and foreign exchange rates and carry a 30% weighting in the data analysis, South African executive remuneration data carries the remaining 70% weighting.

South African employees that are excluded from the respective collective bargaining units receive a total guaranteed package that includes employer contributions towards retirement, risk, life and medical benefits. All members of the Sasol Pension Fund have the option to change their pensionable income and monthly contributions made to the Sasol Pension Fund and the risk benefit funds, subject to the rules of those funds. Eligible South African based employees may allocate a car allowance from the total guaranteed package in accordance with the group's vehicle benefit scheme and may participate in the group vehicle insurance scheme. The balance of the total guaranteed package, after all deductions, is paid as a cash salary.

Annual increases in the total guaranteed package are determined with reference to the scope and nature of an employee's role, market benchmarks, personal performance and competence, affordability, company performance, projected South African consumer price index (CPI) figures and projected movements in remuneration in the external market. Annual increases for all employees outside of the collective bargaining councils take effect from 1 October. GEC members may be provided with security services at their primary residence, the determined value of which is subject to tax as a fringe benefit.

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Employees falling within the collective bargaining councils receive similar benefits namely membership to medical aid, life assurance, disability insurance and a retirement fund. Collective bargaining agreements typically exclude performance based increases and therefore across-the-board increases are mostly awarded to these employees.

Survey data from the Hay Group, ECA and Mercer are used to determine benchmarks and annual salary increases for employees in international operations.

*Retention and sign-on payments policy*

A sign-on payment policy is used in the external recruitment of candidates in highly specialised or scarce skill positions, mostly in senior management levels. Sign-on payments are typically linked to retention agreements.

A formal scarce skills / retention framework was approved by the committee to ensure consistency in the consideration of requests for such awards. During 2012, scarce skills / retention awards were approved to the total value of R15,6 million for 34 employees.

*Clawback policy*

The Sasol board (delegated to the committee) retains the discretion to request the repayment of gains resulting from the material misstatement of financial statements or where performance related to non-financial targets (e.g. employment equity and safety) has been misrepresented.

*Short-term incentive schemes applicable to executive directors*

The group short-term incentive (STI) scheme intends to recognise the achievement of a combination of group and business unit performance objectives. In addition, in 2012, for members of the GEC, incentives were also calculated on their individual performance objectives which included for the Executive Directors an element of portfolio performance.

The following table indicates the target percentages of total guaranteed package (TGP) applicable to members of the GEC, as well as the weightings allocated towards the different components of the incentive:

GEC Level	2012	2013
	Target	Target
Chief Executive Officer	115%	115%
Executive directors	90%	90%
Senior group executives	80%	80%
Group executives	72%	75%

The determination of the final STI award is based on a combination of group, portfolio and individual performance measures. For 2012 the target percentages mentioned in the previous table were allocated towards these measures in the following ratios:

GEC Level	% allocated toward portfolio measures	% allocated towards group measures	% allocated towards individual measures
	Chief Executive Officer	0%	80%
Executive directors	0%	80%	20%
Senior group executives and group executives	30%	50%	20%



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For 2012, the principal financial driver of the plan that applied to top management is the achievement of a pre-determined group attributable earnings target. Additionally, safety and employment equity targets and, where relevant, portfolio and functional drivers were included in the incentive scorecard.

For 2013, the incentive calculation will be calculated on a combination of Business Unit/Group Functional drivers which will include compulsory measures such as safety and employment equity. For top and senior management this score will be multiplied by the group's performance in terms of certain group targets namely:

growth in volumes (in fuel equivalent tons);

growth in earnings before interest, taxation, depreciation and amortisation (EBITDA); and

containment of cash fixed cost measured against average producer price index (PPI).

With the exception of the short-term incentive target for members of the GEC moving from 72% to 75%, no other changes will be made to target short-term incentive levels. The changes to the formula and the targets are designed to provide both increased reward for out performance as well as commensurately lower reward for underperformance.

The committee has the final discretion in determining the individual amounts that are paid out under the group incentive scheme considering overall performance compared to predetermined targets.

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The following table indicates the actual percentages achieved on the group objectives as stated in the short-term incentive scheme for members of the GEC (excluding personal/business unit/function targets and achievements) against the pre-determined group targets:

Measure	2012 target	2012 actual achievement	Comments
Growth in group attributable earnings	2011 + CPI + 7,5%	2011 + CPI (5,9%) + 13,24%	The target set was exceeded resulting in 100% being allocated towards the financial component.
Safety	<p><i>Lagging indicator (60%):</i> RCR<sup>(1)</sup> &lt; 0,340</p> <p><i>Leading indicators (40%):</i> The group's weighted average achievement against the following leading indicators: Three compulsory indicators: Closure of SHE audit findings</p> <p>SHE training Learning interventions</p> <p>Business units had to select one indicator from the following list: Housekeeping Permit to work Inspection of process safety critical equipment</p>	<p><i>Lagging indicator:</i> RCR<sup>(1)</sup> = 0,346</p> <p><i>Leading indicators:</i> 92,4% weighted average of the achievement by different business units</p>	<p>At 2012 year-end the Sasol group has slightly under-achieved in its RCR target (excluding illnesses). The combined score, after the penalty was applied for fatalities, was 66,2%.</p> <p>The group however had a substantial reduction in the number of fatalities from fifteen in 2011 to four in 2012. The safety performance also reflects a substantial reduction in significant process safety incidents and transportation incidents.</p>
Employment equity (EE) (SA only)	Progressing group's employment equity profile in specific targeted areas, in line with its approved EE plan. In the Senior management category, at least 50% of all vacancies and promotions had to be filled by Black employees.	<p><i>Employment equity:</i> Appointment of a predetermined percentage of <i>Female</i> employees into supervisory levels and higher</p> <p><i>African, Coloured and Indian</i> employees into middle management</p> <p><i>Senior management: 28%</i></p>	<p><i>Female and Middle management:</i> The group's achievement was 80,8% in respect of these two targets.</p> <p><i>Senior management:</i> Less than 50% of opportunities were utilised for the appointment of Black employees, leading to a zero incentive.</p>

(1) Recordable case rate, including injuries and illnesses.

For details of the shares held by our directors and prescribed officers/GEC named in Item 6.A see "Item 6.E Share ownership".

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The following tables summarise the compensation received by our executive and non-executive directors in 2012:

### Compensation

Remuneration and benefits paid and short-term incentives approved in respect of 2012 for executive directors were as follows:

Executive directors	Salary R'000	Retirement funding R'000	Other benefits R'000	Annual incentives <sup>(1)</sup> R'000	Total 2012 <sup>(2)</sup> R'000	Total 2011 <sup>(3)</sup> R'000
DE Constable <sup>(4)</sup>	9 264	155	11 081	11 381	<b>31 881</b>	n/a
LPA Davies <sup>(5)</sup>	1 828	160	115	1 805	<b>3 908</b>	24 456
VN Fakude	5 097	1 051	361	5 049	<b>11 558</b>	10 944
KC Ramon	3 679	1 519	1 056	5 011	<b>11 265</b>	10 778
<b>Total</b>	<b>19 868</b>	<b>2 885</b>	<b>12 613</b>	<b>23 246</b>	<b>58 612</b>	<b>46 178</b>

- (1) Incentives approved on the group results for the 2012 financial year and payable in the following year. Incentives are calculated as a percentage of total guaranteed package as at 30 June 2012. The difference between the total amount approved as at 7 September 2012 and the total amount accrued as at 30 June 2012 represents an over provision of R0,3 million. The over provision for 2011 (R0,3 million) was reversed in 2012.
- (2) Total remuneration for the financial year excludes gains derived from the long-term incentive schemes, details of which are disclosed in Item 6E.
- (3) Includes incentives approved on the group results for the 2011 financial year and paid in 2012.
- (4) Appointed as Chief Executive Officer and executive director on 1 July 2011. Incentive to be paid in USD, reflected at the exchange rate of 12 September 2012 being the date of processing of the incentive (R8,47/USD1).
- (5) Retired as a director of Sasol Limited on 30 June 2011. Retirement from the Sasol Group on 12 September 2011. Incentive calculated on period in service in 2012.

Benefits and payments made in 2012 disclosed in the table above as "other benefits" include:

Executive directors	Vehicle benefits R'000	Medical benefits R'000	Vehicle insurance fringe benefits R'000	Security benefits R'000	Other R'000	Exchange rate fluctuation <sup>(1)</sup> R'000	Total other benefits 2012 R'000	Total other benefits 2011 R'000
DE Constable <sup>(2)</sup>	300	169	6	156	9 962	488	<b>11 081</b>	n/a
LPA Davies <sup>(3)</sup>	20	10	2	9	74		<b>115</b>	3 883
VN Fakude	60	50	6	245			<b>361</b>	458
KC Ramon	982	57	6	11			<b>1 056</b>	235
<b>Total</b>	<b>1 362</b>	<b>286</b>	<b>20</b>	<b>421</b>	<b>10 036</b>	<b>488</b>	<b>12 613</b>	<b>4 576</b>

- (1)

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Difference between salary paid in US dollars and South African Rand equivalent costs.

- (2) Other benefits include actual costs as well as fringe benefit tax on: accommodation (R1 200 000), air tickets (R593 333), schooling costs (R545 427), relocation costs (R864 428), tax assistance (R28 542), currency difference (R325 164) and security benefits (R104 273). In addition, as reported in 2011, deferred sign-on payments of R6 229 058 for 2012, related to the portion linked to continued services in 2012.
- (3) Other benefits include leave encashment on date of termination.

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#### *Prescribed officers*

Remuneration and benefits paid and short-term incentives approved in respect of 2012 for prescribed officers were as follows:

Prescribed officers	Salary R'000	Retirement funding R'000	Other benefits <sup>(1)</sup> R'000	Annual incentives <sup>(2)</sup> R'000	Total 2012 R'000	Total 2011 <sup>(3)</sup> R'000
DE Constable <sup>(4)</sup>	n/a	n/a	n/a	n/a	n/a	2 804
A de Klerk <sup>(5)</sup> na	n/a	n/a	n/a	n/a	n/a	6 512
AM de Ruyter	3 671	1 435	286	3 486	<b>8 878</b>	8 082
NL Joubert <sup>(6)</sup>	n/a	n/a	n/a	n/a	n/a	9 196
VD Kahla <sup>(7)</sup>	3 576	472	1 362	2 489	<b>7 899</b>	3 876
BE Klingenberg	3 367	828	302	2 587	<b>7 084</b>	6 744
M Radebe <sup>(8)</sup>	2 476	498	357	1 953	<b>5 284</b>	3 394
CF Rademan	3 240	623	693	2 838	<b>7 394</b>	6 657
GJ Strauss	4 654	961	148	3 811	<b>9 574</b>	10 420
<b>Total</b>	<b>20 984</b>	<b>4 817</b>	<b>3 148</b>	<b>17 164</b>	<b>46 113</b>	<b>57 685</b>
<b>Number of members</b>					<b>6</b>	<b>8</b>

- (1) Other benefits detailed in the next table.
- (2) Incentives approved on the group results for the 2012 financial year and payable in the following year. Incentives are calculated as a percentage of the total guaranteed package as at 30 June 2012. The difference between the total amount approved as at 7 September 2012 and the total amount accrued as at 30 June 2012 represents an over provision of R2,4 million. The over provision for 2011 (R0,5 million) was reversed in 2012.
- (3) Includes incentives on the group results for the 2011 financial year and paid in 2012.
- (4) Appointed as Chief Executive Officer and executive director of Sasol Limited, effective 1 July 2011.
- (5) Retired as a GEC member with effect from 30 April 2011.
- (6) Resigned as GEC member with effect from 30 June 2011. Appointed as Country President: Sasol Canada with effect from 1 July 2011.
- (7) Appointed as a GEC member with effect from 1 January 2011.
- (8) Appointed as a GEC member with effect from 1 November 2010.

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Benefits and payments made in 2012 disclosed in the table above as "other benefits" include the following:

Prescribed officers	Vehicle benefits R'000	Medical benefits R'000	Vehicle insurance fringe benefits R'000	Security benefits R'000	Other R'000	Exchange rate fluctuation R'000	Total other benefits 2012 R'000	Total other benefits 2011 R'000
DE Constable <sup>(1)</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1 209
A de Klerk	n/a	n/a	n/a	n/a	n/a	n/a	n/a	718
AM De Ruyter	206	61	6	10	3		286	79
NL Joubert	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1 099
VD Kahla <sup>(2)</sup>		57	1	304	1 000		1 362	658
BE Klingenberg	222	57	6	17			302	304
M Radebe	264	61	6	26			357	221
CF Rademan	621	54	6	12			693	696
GJ Strauss	60	50	6	26	6		148	1 588
<b>Total</b>	<b>1 373</b>	<b>340</b>	<b>31</b>	<b>395</b>	<b>1 009</b>		<b>3 148</b>	<b>6 572</b>

(1) Appointed as chief executive officer and executive director with effect from 1 July 2011.

(2) Sign-on payment of R3 million (less tax), was paid to Mr VD Kahla with his first salary linked to a retention period of 36 months, with effect from 1 January 2011. This amount reflects that portion related to his period of service within the financial year.

Non-executive directors' remuneration for the year was as follows:

Non-executive directors	Board meeting fees R'000	Lead director fees R'000	Committee fees R'000	Share incentive trustee fees R'000	Total 2012 R'000	Total 2011 R'000
TH Nyasulu (Chairman)	3 726		433	67	4 226	3 950
JE Schrempp (Lead independent director)	1 079	378	286	67	1 810	1 513
C Beggs	420		459		879	714
BP Connellan <sup>(1)</sup>	n/a	n/a	n/a	n/a	n/a	541
HG Dijkgraaf <sup>(2)</sup>	1 097		777	67	1 941	1 663
MSV Gantsho	420		283		703	681
A Jain <sup>(2)(3)</sup>	n/a	n/a	n/a	n/a	n/a	372
GA Lewin <sup>(2)(4)</sup>	n/a	n/a	n/a	n/a	n/a	758
IN Mkhize	420		216	134	770	713
ZM Mkhize	245				245	
MJN Njeke	420		175		595	572
S Westwell <sup>(2)(5)</sup>	92				92	
TA Wixley <sup>(6)</sup>	n/a	n/a	n/a	n/a	n/a	332
<b>Total</b>	<b>7 919</b>	<b>378</b>	<b>2 629</b>	<b>335</b>	<b>11 261</b>	<b>11 809</b>

(1) Retired as director of Sasol Limited on 31 December 2010.

(2)

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Board and committee fees paid in US dollars.

- (3) Retired as a director of Sasol Limited on 26 November 2010.
- (4) Resigned as a director of Sasol Limited on 1 April 2011.
- (5) Appointed as a director of Sasol Limited on 1 June 2012.
- (6) Retired as a director of Sasol Limited on 31 December 2010.

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**Medium-term incentive schemes applicable to executive directors and senior management**

For details regarding our medium-term incentive schemes applicable to executive directors named in Item 6.A. see "Item 6.E. Share ownership".

**Long-term incentive schemes applicable to executive directors and senior management**

For details regarding our long-term incentive schemes applicable to executive directors named in Item 6.A. see "Item 6.E. Share ownership".

**6.C Board practices**

Refer to "Item 6.A Directors and senior management" for our board of directors (the board) and information with respect to their terms of office.

***Appointment, retirement and re-election of directors***

Our directors are elected by our shareholders at the annual general meeting. The board may appoint any person as a director, either to fill a vacancy or as an addition to the board, provided that the total number of directors does not at any time exceed the maximum of sixteen directors of which a maximum of five may be executive directors. Directors appointed by the board in this manner are required to retire at the next annual general meeting following their appointment, but are eligible for re-election. There is no requirement in the memorandum of incorporation that directors must hold qualifying shares. If the number of persons nominated as directors does not exceed the number of vacancies available, then the nominated directors may be deemed to have been duly elected.

At the annual general meeting of the company, one-third of the serving directors shall retire or, if the total number of serving directors who shall retire does not constitute a multiple of three, the number of directors who shall retire shall be the number, adjusted upwards, that is the closest to one-third.

A director who was appointed for the first time at an annual general meeting or by the board after 27 October 1997 shall retire five years after the date of his initial appointment or re-appointment. Directors who have retired in this manner are eligible for automatic re-election by the shareholders if they were re-appointed after retirement by either the board or the shareholders.

Executive directors' service contracts do not provide for any benefits upon termination of employment other than retirement benefits in terms of the rules of the applicable pension fund, medical fund and share incentive or share appreciation rights scheme.

***Board powers and procedures***

The responsibility for strategic direction and control of the company is assigned to the board in its charter and its memorandum of incorporation. The board exercises this control through the governance framework of the company which includes detailed reporting to the board and its committees, board reserved decision-making matters and a system of assurances on internal controls.

The board has approved and regularly reviews the delegation of authority in terms of which matters are delegated to management and certain matters reserved for decision-making by the board.

The board has adopted a board charter, which is a statement of the practices and processes the board has adopted to discharge its responsibilities. A copy is posted on the company's website, together with the terms of reference of all board committees and the company's memorandum of incorporation. Sasol's website address is [www.sasol.com](http://www.sasol.com).



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The board charter specifically provides a concise overview of:

the demarcation of the roles, functions, responsibilities and powers of the board, the shareholders, chairman, lead independent director, individual directors, company secretary, other officials and the executives of the company;

the terms of reference of board and statutory committees;

matters reserved for final decision-making or pre-approval by the board; and

the policies and practices of the board on matters such as corporate governance, dealing by directors in the securities of the company, declarations of conflicts of interest, board meeting documentation, alternative dispute resolution, business rescue proceedings and procedures and the nomination, appointment, induction, training and evaluation of directors and members of board committees.

Within the powers conferred upon the board by the memorandum of incorporation, the board has determined its main function and responsibility as adding significant value to the company by:

retaining full and effective control over the company and providing effective leadership in the best interest of the company;

determining the strategies and strategic objectives of the company and ensuring that strategy, risk, performance and sustainability considerations are effectively integrated and appropriately balanced;

determining and setting the tone of the company's values, including principles of ethical business practice and the requirements of being a responsible corporate citizen;

bringing independent, informed and effective judgement and leadership to bear on material decisions of the company and group companies, including material company and group policies, the group framework of delegated authorities, appointment and removal of the Chief Executive Officer, approval of the appointment or removal of group executive committee members, capital expenditure transactions and consolidated group budgets and company budgets;

satisfying itself that the company and group entities are governed effectively in accordance with corporate governance best practice, including risk management, legal compliance management, appropriate and relevant non-binding industry rules codes and standards, and internal control systems to:

- o maximise sustainable returns;
- o safeguard the people, assets and reputation of the group;
- o ensure compliance with applicable laws and regulations;

monitoring implementation by group entities, board committees and executive management of the board's strategies, decisions, values and policies by a structured approach to governance, reporting, risk management, information management (including information technology) and risk based auditing;

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ensuring that the company has an effective and independent audit committee, remuneration committee, risk and safety, health and environment (SHE) committee and nomination, governance, social and ethics committee;

ensuring that there is an effective risk based internal audit;

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governing the disclosure control processes of the company including ensuring the integrity of the company's integrated report and reporting on the effectiveness of the company's system of internal controls;

ensuring that business rescue proceedings or other turnaround mechanisms are considered by the board as soon as the company is financially distressed as defined in the South African Companies Act, of 2008 (the Companies Act);

ensuring that disputes are resolved as effectively, efficiently and expeditiously as possible; and

monitoring of the relationship between management and stakeholders of the company.

The board is satisfied that it discharged its duties and obligations as described in the board charter during the past financial year.

***Composition of the board***

In terms of the company's memorandum of incorporation, the company's board shall consist of a maximum of 16 directors of whom up to five may be executive directors. The board has determined the size of the board to be 14 for the time being. Currently, there are 13 directors in office, the majority of whom are independent, and of which three are executive directors namely, Mr DE Constable (Chief Executive Officer), Ms KC Ramon (Chief Financial Officer) and Ms VN Fakude. The majority of the directors are non-executive directors, namely Mrs TH Nyasulu (Chairman), Prof JE Schrempp (Lead independent director), Mr C Beggs, Mr HG Dijkgraaf, Dr MSV Gantsho, Ms IN Mkhize, Mr ZM Mkhize, Mr MJN Njeke, Mr PJ Robertson and Mr S Westwell.

Non-executive directors are chosen for their business skills and expertise appropriate to the strategic direction of the company. Considerations of gender and racial diversity, as well as diversity in business, geographic and academic backgrounds, are also taken into account by the nomination, governance social and ethics committee and the board when appointments to the board are considered. In the board's assessment, all directors have the relevant knowledge, skills and experience to make a meaningful contribution with respect to the business of the company. The board further ensures that it has the right balance of skills, experience, independence and business knowledge necessary to discharge its responsibilities in keeping with the highest standards of governance. The directors are entitled to seek independent professional advice at Sasol's expense concerning the company's affairs and have access to any information they may require in discharging their duties as directors.

The board comprises 54% historically disadvantaged South Africans, including women, and 31% women. Seven of the eight South African citizens on the board are from historically disadvantaged groups. Newly appointed directors are inducted in the company's business, board matters, their duties and other governance responsibilities as directors under the guidance of the company secretary, in accordance with each director's specific needs. Directors receive briefings on new legal developments and changes in the risk and general business environment on an ongoing basis.

The nomination, governance, social and ethics committee annually evaluates the effectiveness and performance of the board, its committees and the individual directors. The chairman, through the nomination, governance, social and ethics committee and assisted by the company secretary, leads the evaluation process. An independent evaluation was conducted of the board and individual directors at the end of the 2012 financial year. The evaluation found the board to be mature and experienced. A few matters were raised by individual members, which will be addressed by the chairman or the company secretary, as appropriate. The performance of the committees was evaluated by way of individual questionnaires, and the consolidated responses reviewed by the individual committees and the nomination, governance, social and ethics committee. No major concerns were identified by any of the committees.

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The nomination, governance, social and ethics committee and the board specifically consider the number of other commitments of directors such as other directorships in order to determine whether each director has sufficient time to discharge his or her duties effectively. The lead independent director is responsible for ensuring that the performance of the chairman is evaluated annually and such an evaluation was performed during the year under review.

In terms of the company's memorandum of incorporation, one-third of directors must retire at every annual general meeting and are eligible for re-election. In terms of the memorandum of incorporation the board may terminate the appointment of a director by majority decision.

The independence of directors is evaluated in terms of a policy developed by the board based on the applicable corporate governance requirements referred to above. This determination is carried out by the nomination, governance, social and ethics committee and the board upon the first appointment of a director, annually or at any other time when a director's circumstances change such as to warrant reconsideration. All the non-executive directors, except Mrs TH Nyasulu, have been determined by the board to be independent directors in accordance with the King Code of Governance Principles of South Africa 2009 (King III Code) and the rules of the New York Stock Exchange (NYSE). The board is, however, of the view that all non-executive directors exercise independent judgement at all times with respect to material decisions of the board. Prof JE Schempp joined the Sasol Limited board in November 1997 and his independence was confirmed after taking into account, among other considerations, his term of office.

Mrs TH Nyasulu has a 1,275% indirect interest in Sasol Oil (Pty) Ltd., a subsidiary of Sasol Limited, and is accordingly categorised as not independent for purposes of adherence to the King III Code.

The company's directors, executives and senior employees are prohibited from dealing in Sasol securities during certain prescribed restricted periods. The company secretary regularly informs directors, executives and senior employees of the insider trading legislation and advises them of closed periods. A report on directors' dealings in the company's shares is tabled at each board meeting and is disclosed in terms of the applicable Johannesburg Stock Exchange (JSE) and NYSE listings requirements.

Directors' declarations of personal financial interests are tabled annually and additional or amended declarations of interest are circulated at every board meeting and nomination, governance, social and ethics committee meeting for consideration and noting.

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The board met six times during the 2012 financial year. The attendance by each director was as follows:

<b>Director</b>	<b>9 September 2011</b>	<b>24 November 2011</b>	<b>25 November 2011</b>	<b>9 March 2012</b>	<b>7 June 2012</b>	<b>8 June 2012</b>
C Beggs	ü	ü	ü	ü	ü	ü
DE Constable	ü	ü	ü	ü	ü	ü
HG Dijkgraaf	ü	ü	ü	ü	ü	ü
VN Fakude	ü	ü	ü	ü	ü	ü
MSV Gantsho	ü	ü	ü	ü	ü	ü
IN Mkhize	ü	ü	ü	ü	ü	ü
ZM Mkhize <sup>(1)</sup>	n/a	n/a	n/a	ü	ü	ü
MJN Njeke	ü	ü		ü	ü	ü
TH Nyasulu	ü	ü	ü	ü	ü	ü
KC Ramon	ü	ü	ü	ü	ü	ü
JE Schrempp		ü	ü	ü	ü	ü
S Westwell <sup>(2)</sup>	n/a	n/a	n/a	n/a	ü	ü

(1) Appointed with effect from 29 November 2011

(2) Appointed with effect from 1 June 2012

ü Indicates attendance      Indicates absence with apology      n/a Indicates not a member at the time

The offices of chairman and Chief Executive Officer are separate and the office of the chairman is occupied by a non-executive director, Mrs TH Nyasulu. Due to Mrs TH Nyasulu's interest in Sasol Oil (Pty) Ltd., the lead independent director, Prof JE Schrempp, leads discussions when matters relating to Sasol Oil, or the succession or performance of the chairman, are discussed. Mrs TH Nyasulu recuses herself from board meetings when matters about Sasol Oil are considered where she could potentially have a conflict of interest.

Independent thinking at board meetings is reinforced by the lead independent director and the clear majority of independent directors on the board. The roles of the chairman and the lead independent director are specified in the board charter.

The appointment and performance of the chairman and lead independent director are reviewed annually. The board and the nomination, governance, social and ethics committee are responsible for the succession plan for the chairman. The process is guided by the lead independent director.

After an assessment of the chairman's performance, the board continues to be of the view that it is in the company's best interest that she continues to be the chairman of the board.

Mr DE Constable is our Chief Executive Officer. In terms of the company's memorandum of incorporation, the directors appoint the Chief Executive Officer. The appointment is made on recommendation of the nomination, governance, social and ethics committee. Such an appointment may not exceed five years at a time. The board is responsible for ensuring that succession plans are in place for the Chief Executive Officer and other members of the group executive committee. The role and function of the Chief Executive Officer is specified in the board charter.

Mr VD Kahla, the group executive: advisory and assurance, is the company secretary, duly appointed by the board in accordance with the Companies Act. Mr Kahla is not a director of the company. The board has considered the competence, qualifications and experience of the company secretary and is satisfied that he is competent and has the appropriate qualifications and experience to serve as the company secretary.

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The company secretary has a direct channel of communication to the chairman, while maintaining an arm's-length relationship with the board and the directors as far as reasonably possible. Director induction and training are part of the company secretary's responsibilities. He is responsible, amongst others, for ensuring the proper administration of board proceedings, including the preparation and circulation of board papers, drafting yearly work plans, ensuring that feedback is provided to the board and board committees and preparing and circulating minutes of board and board committee meetings. He provides practical support and guidance to the board and directors on their duties, responsibilities and powers within the prevailing regulatory and statutory environment and the manner in which such responsibilities (including not dealing in the company's shares during restricted periods) should be discharged. The company secretary also assists with the evaluation of the board, audit committee, board committees and individual directors and ensures that the delegation of authority framework is aligned to corporate governance best practice. The role of the company secretary is described in more detail in the board charter.

***Sasol subsidiaries and divisions***

Sasol Limited has more than two hundred direct and indirect subsidiaries globally, which conduct their business through one or more divisions. None of these subsidiaries are listed on a stock exchange. Each subsidiary, and some divisions, has its own board of directors.

Subsidiary and divisional boards operate in accordance with a general board charter. As direct or indirect shareholder of these subsidiaries, the company exercises its shareholder rights to ensure that the company approves material decisions of its subsidiaries and divisions and that the group's minimum requirements in respect of matters such as governance, internal controls, financial management, disclosure controls, risk management, legal compliance, safety, health and environmental management, internal audit, ethics management, human resource management, information management, stakeholder relationships and sustainability are complied with. Enterprise functions design the systems, policies, processes and capacity to ensure adherence by all entities in the Sasol group to essential group requirements.

The company requires decision-making involvement for a defined list of material matters of the businesses of its subsidiaries and divisions to ensure independent decision-making in the interest of the Sasol group on matters that are material to the company. This list includes matters such as the appointment of directors, strategy charters, budgets, large capital expenditures and mergers, acquisitions and disposals.

External disclosures and reporting are mostly managed at group level and contained in consolidated group reporting. Sasol also prescribes the standard framework of approval and signing authorities in the group, as well as the criteria for composition of the various levels of subsidiary and divisional boards.

The Sasol Limited board has delegated the authority to appoint the directors of its main subsidiaries and their divisions to the group executive committee. The boards of the main subsidiaries and divisions of the company are constituted in such a manner as to ensure that a majority of directors of each main subsidiary or divisional board are non-executive directors of the subsidiary or division. The composition of subsidiary and divisional boards is reviewed from time to time by the group executive committee, and the performance of the subsidiary and divisional boards and individual directors are assessed as part of the general performance review processes of the group.

Sasol Group Services (Pty) Ltd. is the company secretary of all South African subsidiaries. The company secretarial services are performed by the company secretarial department, which is staffed by suitably qualified and experienced individuals, who discharge the duties of the company secretary as set out in the Companies Act and the King III Code. This includes training and guidance to the directors of subsidiary and divisional boards on their fiduciary and other responsibilities.

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***Board and statutory committees***

Several committees have been established to assist the board in discharging its responsibilities. The audit committee, as statutory committee, is elected by shareholders. Members of board committees are appointed by the board. The committees play an important role in enhancing high standards of governance and achieving increased effectiveness within the group. The terms of reference of the board committees form part of the board charter and can be viewed on the company's website ([www.sasol.com](http://www.sasol.com)). These terms of reference are reviewed annually. All board committees, with the exception of the risk and SHE committee, comprise only non-executive members of the board. Although the Chief Executive Officer is not a member of the audit, nomination, governance, social and ethics and remuneration committees, he attends all committee meetings on invitation, and is requested to leave the meeting, where appropriate, before any decisions relating to the Chief Executive Officer are finalised. All committees are empowered to obtain such external or other independent professional advice as they consider necessary to discharge their duties.

***The audit committee***

Members: Mr C Beggs (chairman), Mr HG Dijkgraaf, Dr MSV Gantsho, Mr MJN Njeke and Mr S Westwell<sup>(3)</sup>.

The audit committee is an important element of the board's system of monitoring and control. In compliance with applicable United States Securities and Exchange Commission (SEC) and NYSE rules, as well as South African legislation, all members are independent non-executive directors.

The audit committee is constituted as a statutory committee of Sasol Limited in respect of its statutory duties in terms of section 94(7) of the Companies Act and a committee of the Sasol Limited board in respect of all other duties assigned to it by the board and US legislation. Members are elected by shareholders at the annual general meeting.

The committee has decision-making authority with regard to its statutory duties and is accountable in this regard to both the board and the shareholders. On all responsibilities delegated to it by the board outside of the statutory duties, the committee makes recommendation for approval by the board. All audit committee members are financially literate and the majority has extensive audit committee experience. In order to ensure greater integration between the work of the audit committee and the risk and SHE committee, particularly for purposes of integrated reporting and the application of the combined assurance model, the board has implemented a practice in terms of which the chairmen of the two committees respectively have membership of the other committee. Mr C Beggs is accordingly a member of the risk and SHE committee and Mr HG Dijkgraaf is a member of the audit committee. None of the members serve on the audit committee of more than three public companies.

Mr C Beggs has been designated as the audit committee financial expert in accordance with the SEC rules. The chairman of the board, the Chief Executive Officer, Chief Financial Officer, internal auditor and external auditors attend audit committee meetings on invitation.

The audit committee obtains assurance from management, the governance committees or boards of the South African subsidiaries in respect of the functions specifically performed by the committee in terms of section 94(7) of the Companies Act.

The audit committee primarily assists the board in overseeing:

the quality and integrity of the company's integrated reporting, incorporating the financial statements (including consolidated group financial statements) and sustainability reporting, and public announcements in respect of the financial results;

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(3)

Appointed as a member with effect from 8 June 2012.

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the qualification and independence of the external auditors of Sasol and all group companies;

the scope and effectiveness of the external audit function of Sasol and all group companies;

the effectiveness of the Sasol group's internal controls and internal audit function; and

compliance with legal and regulatory requirements to the extent that they might have an impact on the integrated annual report or the annual financial statements.

The board has delegated extensive powers in accordance with the Companies Act and US corporate governance requirements to the audit committee to perform these functions. In line with these requirements the audit committee has, amongst other things, implemented a procedure for the pre-approval by the audit committee of all audit services and permissible non-audit services provided by the external auditor. The audit committee meets the group's external and internal auditors and executive management regularly to consider risk assessment and management, review the audit plans of the external and internal auditors and to review accounting, auditing, financial reporting, corporate governance and compliance matters. The audit committee assesses the independence of the external auditors annually and approves the external auditors' engagement letter and the terms, nature and scope of the audit function and the audit fee. The internal audit charter, internal audit plan and internal audit conclusions are similarly reviewed and approved by the audit committee. The audit committee meets regularly in separate sessions with each of management, the external auditor and the internal auditor.

All publications and announcements of a financial nature are reviewed by the audit committee before publication. Both the audit committee and the board are satisfied there is adequate segregation between the external and internal audit functions and that the independence of the internal and external auditors is not in any way impaired or compromised.

The audit committee is responsible for ensuring that the combined assurance model introduced by the King III Code is applied to provide a coordinated approach to all assurance activities. A combined assurance model has been developed, the implementation thereof started in 2011 and it is taking place in stages. Further progress has been made with the implementation of the combined assurance model.

In particular, the committee:

ensures that the combined assurance received is appropriate to address all the significant risks facing the company; and

monitors the relationship between the external service providers and the company.

The committee is an integral part of the risk management process. In this regard the committee considers and reviews the findings and recommendations of the risk and SHE committee insofar as they are relevant to the functions of the audit committee.

The committee considered the appropriateness of the expertise and experience of the Chief Financial Officer and concluded that the Chief Financial Officer has the necessary expertise and experience. The committee is also satisfied that the expertise, resources, succession plan and experience of the finance function are adequate.

Subsidiary and divisional governance committees oversee financial reporting, internal control and some other governance aspects of subsidiaries and divisions. These committees assist the respective subsidiary and divisional boards by examining and reviewing those companies' annual financial statements prior to submission and approval by the relevant boards and monitoring the effective functioning of those companies' internal and disclosure controls. The proceedings of these subsidiary and divisional governance committees are reported to the relevant subsidiary or divisional board and to the Sasol Limited audit committee.



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The audit committee is required to meet at least three times a year. During the year, the committee met four times. Attendance at meetings was as follows:

Member	7 September 2011	7 October 2011	8 March 2012	1 June 2012
C Beggs	ü	ü	ü	ü
HG Dijkgraaf	ü	ü	ü	ü
MSV Gantsho	ü	ü		ü
MJN Njeke	ü		ü	ü

ü Indicates attendance                      Indicates absence with apology

***The remuneration committee***

Members: Mr HG Dijkgraaf (chairman), Ms IN Mkhize, Mrs TH Nyasulu, Mr PJ Robertson<sup>(4)</sup> and Prof JE Schrempp. With the exception of Mrs TH Nyasulu, all the members of the committee, including the chairman, are independent non-executive directors.

Although Mrs TH Nyasulu has not been categorised as an independent director due only to her potentially conflicting interest in Sasol Oil, it is the view of the board that the chairman of the board is a critical member of any remuneration committee. The board is satisfied that Mrs TH Nyasulu's interest in Sasol Oil will not have any bearing on her ability to exercise independent judgement with respect to remuneration matters.

The Chief Executive Officer and executives responsible for remuneration matters attend the meetings of the committee on invitation, but are requested to leave the meeting before any decisions are made.

The functions and terms of reference of the remuneration committee, as well as directors' remuneration and other relevant remuneration information are available in the remuneration report from "Item 18 Financial Statements Note 59 Related party transactions" of the annual financial statements.

The committee is required to meet at least twice a year. During the year under review, it met four times at which attendance was as follows:

Member	8 September 2011	23 November 2011	8 March 2012	7 June 2012
HG Dijkgraaf	ü	ü	ü	ü
IN Mkhize	ü	ü	ü	ü
TH Nyasulu	ü	ü	ü	ü
JE Schrempp		ü	ü	ü

ü Indicates attendance                      Indicates absence with apology

Refer to "Item 6.B Compensation" for information on our group remuneration philosophy and policy. The complete terms of reference of the remuneration committee are available on the Sasol website at [www.sasol.com](http://www.sasol.com).

(4)  
Appointed as a member with effect from 1 July 2012

Table of Contents***The nomination, governance, social and ethics committee***

Members: Mrs TH Nyasulu (chairman), Prof JE Schrempp (lead independent director), Dr MSV Gantscho and Mr ZM Mkhize<sup>(5)</sup>.

In November 2011, the board reconstituted the nomination and governance committee to perform both the responsibilities of a nomination and governance committee and social and ethics committee as required in terms of the Companies Act. The committee comprises four non-executive directors, of whom three are independent. The chairman of the board is the chairman of the nomination, governance, social and ethics committee as is required by the JSE Listings Requirements.

Although Mrs TH Nyasulu has not been categorised as an independent director due only to her potentially conflicting interest in Sasol Oil, it is the view of the board that the chairman of the board should chair a company's nomination committee. The board is satisfied that Mrs TH Nyasulu's interest in Sasol Oil will not have any bearing on her ability to exercise independent judgement with respect to matters within the mandate of this committee.

The nomination, governance, social and ethics committee's functions include reviewing and making recommendations to the board on the company's general corporate governance framework, the composition and performance of the board, individual directors and its committees, appointment or re-appointment of directors and members of the group executive committee, succession planning of the chairman and the Chief Executive Officer, legal compliance and the company's ethics policy and programmes and oversight over the Sasol group's stakeholder governance, with specific reference to compliance with legislation and sound corporate governance requirements.

The nomination, governance, social and ethics committee met four times during the financial year. Attendance at the meetings was as follows:

Member	9 September 2011	23 November 2011	9 March 2012	8 June 2012
MSV Gantscho	ü	ü	ü	ü
TH Nyasulu	ü	ü	ü	ü
JE Schrempp		ü	ü	ü

ü Indicates attendance                      Indicates absence with apology

***The risk and safety, health and environment committee (risk and SHE committee)***

Members: Mr HG Dijkgraaf (chairman), Mr C Beggs, Mr DE Constable<sup>(7)</sup>, Ms VN Fakude, Ms IN Mkhize, Mrs TH Nyasulu, Ms KC Ramon and Mr S Westwell<sup>(6)</sup>.

The committee's functions include reviewing and assessing the integrity of the company's risk management processes, including the effective management of those covering safety, health, environmental and sustainability matters.

The committee reports its findings and recommendations in respect of material risks as well as the company's policies on risk assessment and risk management which may have an impact on the integrated annual report. It also reviews and evaluates the disclosure of sustainability matters in the integrated annual report and reports to the audit committee to enable the audit committee to provide assurance to the board that the disclosure is reliable and does not conflict with the financial information.

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(5) Appointed as a member with effect from 8 June 2012

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The committee met four times during the year. Attendance at meetings was as follows:

Member	7 September 2011	23 November 2011	7 March 2012	1 June 2012
C Beggs	ü	ü	ü	ü
DE Constable <sup>(7)</sup>	n/a	ü	ü	ü
HG Dijkgraaf	ü	ü	ü	ü
VN Fakude	ü	ü	ü	ü
IN Mkhize	ü	ü	ü	ü
TH Nyasulu	ü	ü	ü	ü
KC Ramon	ü	ü	ü	ü

(6) Appointed as a member with effect from 9 September 2011

(7) Appointed as a member with effect from 8 June 2012

ü Indicates attendance      n/a Indicates not a member at the time

**The group executive committee (GEC)**

Members: Mr DE Constable (chairman with effect from 1 July 2011), Mr AM de Ruyter, Mr VD Kahla, Mr BE Klingenberg, Ms VN Fakude, Mr CF Rademan, Mr M Radebe, Ms KC Ramon and Mr GJ Strauss.

The GEC is the highest executive decision-making body of the Sasol group. The board appoints GEC members upon recommendation of the Chief Executive Officer and the nomination, governance, social and ethics committee.

The board has, within certain parameters, delegated a wide range of matters relating to Sasol's management to the GEC, including financial, strategic, operational, governance, risk and functional issues.

The board has approved and regularly revises the top-level delegation of authority in terms of which matters are delegated to management and certain matters reserved for decision-making by the board. Delegation to management is directly to the Chief Executive Officer and the GEC, rather than through the Chief Executive Officer. Sasol believes this provides the same, or more, checks and balances as the delegation framework recommended by the King III Code.

The GEC's focus is on the formulation of group strategy and policy and the alignment of group initiatives and activities. The committee meets at least monthly and reports directly to the Sasol Limited board.

**GEC subcommittees***Information management (IM) governance committee*

An IM governance committee functions as a subcommittee of the GEC, chaired by the GEC member responsible for IM and comprising a combination of GEC members, functional leads and the chief information officer.

The IM governance subcommittee performs IM oversight and gives executive direction to IM in regard to the Sasol group IM strategy, governance over IT investment, efficiency and effectiveness, ensuring an appropriate control environment over new and existing business processes and ensuring Sasol remains competitive in relation to technology.

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The group legal compliance committee (GLCC) oversees the group's legal compliance programme. The GLCC is chaired by the group executive responsible for legal services and comprises members of the GEC. A legal compliance report is presented to the nomination, governance, social and ethics committee on a quarterly basis and, to the extent that legal and regulatory matters could have an impact on the financial statements, risk management or sustainability, reports are also presented to the audit committee and/or the risk and SHE committee.

*Disclosure committee*

A disclosure committee, comprising a combination of GEC members and functional leads, oversees compliance with the disclosure requirements contained *inter alia* in the JSE, SEC and NYSE rules.

*Group executive safety, health and environmental committee*

The group executive safety, health and environmental committee reviews the group's performance in a safety, health and environmental context. It considers and approves recommendations on sustainable development as well as the SHE guidelines and policy for the group. This committee is chaired by the Chief Executive Officer.

*Issues alignment and integration committee*

An issues alignment and integration committee has been established to align and integrate the company's engagement with the South African government on policy and regulatory issues.

**6.D Employees**

We have developed and implemented six values group-wide in order to support our vision, culture and strategic goals. The six Sasol values *safety, people, integrity, accountability, stakeholder focus and excellence in what we do*, have been rolled out to all of our employees. We continue to focus to fully integrate behaviour in accordance with our values in our performance management system.

**Our human resources strategy**

We refined our group human resources (HR) development and management strategy to ensure its alignment with, and more effective support of, our business strategy. This is part of a wider commitment to make Sasol an employer of choice while pursuing growth opportunities. Because of our strong presence in South Africa, we remain sensitive to national socioeconomic transformation issues and continue to progress our employment equity (EE) and workplace transformation initiatives.

Our workforce composition at 30 June is presented below:

<b>Region</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
South Africa	<b>29 316</b>	28 915	28 327
Europe	<b>3 278</b>	3 217	3 288
North America	<b>800</b>	724	718
Other	<b>1 522</b>	852	721
<b>Total</b>	<b>34 916</b>	33 708	33 054

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	2012	2011	2010
<b>Employees by segment</b>			
<b><i>South African energy cluster</i></b>			
<i>Mining</i>	<b>7 800</b>	7 425	7 453
<i>Gas</i>	<b>291</b>	273	269
<i>Synfuels</i>	<b>5 554</b>	5 376	5 362
<i>Oil</i>	<b>1 849</b>	1 835	2 007
<b><i>International energy cluster</i></b>			
<i>Synfuels International</i>	<b>604</b>	514	449
<i>Petroleum International</i>	<b>458</b>	314	275
<b><i>Chemicals cluster</i></b>			
<i>Polymers</i>	<b>2 045</b>	2 013	2 166
<i>Solvents</i>	<b>1 454</b>	1 509	1 676
<i>Olefins &amp; Surfactants</i>	<b>2 869</b>	2 886	2 824
<i>Other chemicals</i>	<b>4 952</b>	5 068	5 046
<b><i>Other business</i></b>	<b>7 040</b>	6 495	5 527
<b>Total</b>	<b>34 916</b>	33 708	33 054

Our vision to become a respected global enterprise and our rapid growth over the last decade necessitates the application of accelerated development programmes for our employees. Sasol's people philosophy is to build a sustainable and adaptive organisation of talented, diverse, competent and inspired people and to this purpose we aim constantly for better skills attraction and retention. Substantial resources are devoted to training and mentoring our staff, and we have re-evaluated our development programmes to focus on career development plans, bursary schemes, our accelerated leadership programme and rotation schemes.

In South Africa, we have invested more than R819 million in 2012 in employee training and development. This investment includes in-house technical training, and self-learning centres. An additional R38 million was invested in 585 undergraduate and postgraduate bursaries, with emphasis on developing scientific, engineering and technological skills. In addition, internal programmes include the graduate development programme, which supports further science and technology graduates and the Chartered Accountants Training Programme, which provides training in financial management, treasury and statutory reporting and supports the qualification of chartered accountants.

Developing a sufficient talent base of artisans remains a significant priority for the South African business community and to this end, as part of a collaborative project, we currently provide dedicated training to 581 artisan learners. The Oil, Gas and Chemical Manufacturing (OGCM) skills development project was mandated to create a national pool of competent artisans for shutdowns and major capital projects. The approved funding for this has been fully committed and the project contributed 947 artisans to the national South African skills pool.

We continue to play an important role in the Technical Skills Business Partnership (TSBP) programme, with 231 TSBP learners. The TSBP learner pool will be increased to deliver 900 artisans over a period of five years.

Internally, we continue to provide leadership programmes that include accelerated development programmes aimed specifically at developing leaders from previously disadvantaged groups within South Africa. We continue to invest in South African universities to promote our research and development activities and to help address the concerns of the shortage of academics, and the quality of equipment and facilities in relevant departments.

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**Promoting workplace equity and diversity**

We continued to increase the percentage of employees drawn from historically disadvantaged groups. People from designated groups Africans, Coloured, Indians, and women comprise 72% of our South African workforce, as compared with 71% in 2011. At year end, people from designated groups held 60% of Sasol managerial, professional and supervisory posts. This is constant with the 58% reported on in 2011 and the 56% reported in 2010.

All our South African businesses maintain employment equity forums to ensure we stay focused on achieving targets. We endeavour to nurture workplaces that are open, transparent and free from all forms of discrimination. We also promote employee equity and diversity in all the countries in which we operate in harmony with global best practices.

**Encouraging positive labour relations**

We enjoy constructive relationships with representative trade unions throughout the group. More than 60% of Sasol employees are members of trade unions and are covered by collective agreements entered with trade unions within the various jurisdictions in which Sasol operates. During 2012, our South African operations experienced strike action following a wage negotiations impasse within the National Bargaining Council for the Chemical Industry (NBCCI), as a result of which we lost 46 065,3 person-days of production.

Joint forums between trade unions and management remain active as part of our willingness to sustain constructive dialogue. These forums discuss wages, conditions of employment, health and safety, training and development, community care, restructuring, transformation and HIV/AIDS, among other important issues. All representative unions and pensioners are represented on our medical scheme board and senior employees serve on the boards of union retirement funds.

**Promoting employee well-being**

Sasol's employee assistance programme (EAP) plays an increasingly important role in developing and maintaining a healthy workforce. Focusing on the psycho-social risks of our employees and their dependants, the EAP provides confidential, professional consultation on any personal problem at no cost to employees. Employee satisfaction is tracked every two years through an independent external attitude survey of employees and management. The results of the survey are benchmarked against similar global companies.

**HIV/AIDS challenge in our South African operations**

Recognising the significant challenge of managing South Africa's HIV/AIDS pandemic, the Sasol HIV/AIDS Response Programme (SHARP) was launched in September 2002. This initiative is focussed on managing the impact of HIV/AIDS in our workplaces and communities by reducing the rate of infection throughout the group, and extending the quality of life of infected employees through the provision of managed healthcare. In developing SHARP, an intensive group-wide risk assessment was undertaken to understand the impact of HIV/AIDS on our operations and communities.

Through the SHARP initiative we are:

implementing measures to eliminate discrimination on the basis of a person's HIV/AIDS status;

encouraging a behavioural change through our HIV/AIDS education and awareness programmes;

providing access to free and confidential HIV counselling and testing (HCT);

providing treatment of opportunistic illnesses such as tuberculosis, as well as treatment of sexually transmitted infections;

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providing managed healthcare, including antiretroviral treatment (ART) for employees; and

reducing and managing the total cost to Sasol of the business impact and response to HIV/AIDS.

A principal focus of SHARP is the provision of HCT, an essential first step in facilitating appropriate access to healthcare options and a critical component of promoting behavioural change. As a result of our collaborative approach, we have had one of the highest uptakes for HCT in South Africa. HIV counselling and testing has been integrated into the occupational health centres and are offered as part of wellness programmes within the business units.

This is done through awareness programmes and encouraging testing through community and medical aid resources; offering HCT at wellness days; and offering HCT at occupational health clinics. HIV testing is now part of the annual medical examinations, and if the employee does not want an HIV test, the employee must sign a form to state that he/she would not like to participate in the HIV testing.

Through the medical schemes, all employees have access to healthcare and, in particular, anti-retroviral therapy. Anti-retroviral therapy is also available through the public healthcare facilities in the community.

Our testing and treatment initiatives are supported by a comprehensive communications roadmap that encourages an interactive approach relating to the goals of prevention, support and care.

Capacity building for the implementation and integration of the programme within all businesses is offered through accredited training of managers, coordinators and peer educators across the group, ensuring proper representation of SHARP at each level within businesses. Through the intranet, printed media and awareness sessions, access to up to date information, support and referral resources is ensured.

In reviewing the communications approach, SHARP has embarked on a longer-term sustained campaign to ensure a more visible and interactive effort. The following objectives were agreed:

drive more testing; treatment and disclosure;

improve knowledge on transmission; tuberculosis; opportunistic infections; treatment support; disclosure;

create a communications toolkit for year long communication at business units; and

use of multi media tools print; electronic; email; sms.

A toolkit has been developed to support business units in providing a simple, standardised, high quality and impactful communication year long. The campaign is aimed at taking messaging around HIV/AIDS to a more personal level and offering practical ideas on how all individuals can become involved in addressing the pandemic. A messaging calendar identifies clear messages, communication tools, activities, and objectives for each month.

Messaging tools include a SHARP exhibition stand with four education exhibitions, as well as posters for each month, to educate prompt action and inform employees around the month's theme. Fliers and emails distributed to employees provide additional information and seek to promote positive behavioural change. The voluntary SMS element of the campaign allows employees to register and enables them to get regular updates on the campaign.

Our partnership with South African Business Coalition on HIV/AIDS (SABCOHA) has seen the launch of the HIV/AIDS Supply Chain Development Programme within Sasol. The programme targets the SME sector and offers workplace programme capacity building, HCT, pre-treatment care and

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support and treatment. A number of suppliers have benefited from the range of training offered on this programme.

SHARP has also been launched successfully at all sites in Mozambique. Sasol Petroleum International has contracted Careworks Mozambique to implement a three-year work place HIV/AIDS programme at its sites in Temane, Maputo and Matola. A risk assessment has already been undertaken in Temane. The programme aims to prevent further infection among staff and contractors, and to ensure that those who are HIV positive remain healthy, productive and emotionally and psychologically well. The programme offerings include a work place peer education programme, which was rolled out in Mozambique in 2011, awareness to action training will continue as a sufficient amount of peer educators have been trained, counselling and testing, and patient management is to follow thereafter. HIV counselling, testing and patient management is provided within the community at the Vilancoulos clinic in Mozambique.

**Occupational health and safety**

Four fatalities occurred in the workplace in 2012. This compares with ten fatalities in 2011 and eight fatalities in 2010. Our fatal accident rate (calculated as the number of fatalities per 100 million working hours) was 1,70 compared with 7,41 in 2011. Our goal remains zero fatalities.

Safety continues to be a core value and priority. The increase in fatal incidents during 2010 prompted a revised safety improvement plan detailing urgent interventions in the context of our safety roadmap. By 30 June 2012, we achieved a safety incident recordable case rate (RCR), including occupational illness, of 0,39 which compares with 0,42 in 2011 and 0,51 in 2010. Our safety performance target remains 0,30 by June 2013.

**6.E. Share ownership****Shareholdings of directors and officers**

The aggregate beneficial shareholding at 28 September 2012 of the directors of the company and the prescribed officers/group executive committee named under "Item 6.B. Compensation" and their associates (none of which have a holding greater than 1%) in the issued share capital of the company is detailed below.

	2012			2011		
	Number of shares		Number of share options <sup>(2)</sup>	Number of shares		Number of share options <sup>(2)</sup>
Beneficial shareholding <sup>(4)</sup>	Direct	Indirect <sup>(1)</sup>		Direct	Indirect <sup>(1)</sup>	
<b>Executive directors</b>						
LPA Davies <sup>(3)</sup>	96 800		499 200	136 800	235	490 435
VN Fakude	1 500		46 900	1 500	41 200	42 700
KC Ramon	21 500	41 556	54 400	21 500	41 556	117 456
<b>Non-executive directors</b>						
IN Mkhize	1 313	18 626		1 313	18 626	19 939
TH Nyasulu		1 450				1 450
<b>Total</b>	<b>121 113</b>	<b>61 632</b>	<b>600 500</b>	<b>161 113</b>	<b>60 417</b>	<b>449 000</b>

(1) Includes units held in the Sasol Share Savings Trust and shares held in Sasol Inzalo Public Limited.

(2) Includes share options which have vested or which vest within sixty days of 30 June 2012.

(3) Retired as a director of Sasol Limited on 30 June 2011. Options were allocated to him while still an executive director.

(4)



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Other than those reflected in the notes above, there have been no changes to the direct and indirect beneficial interest of the directors in office during the financial year ended 30 June 2012, and their associates, between 30 June 2012 and 28 September 2012.

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	2012			2011				
	Number of shares		Number of share options <sup>(2)</sup>	Total beneficial shareholding	Number of shares		Number of share options <sup>(2)</sup>	Total beneficial shareholding
Beneficial shareholding Prescribed officers <sup>(3)</sup>	Direct	Indirect <sup>(1)</sup>			Direct	Indirect <sup>(1)</sup>		
AM de Ruyter	5 900		23 200	29 100	5 900		21 600	27 500
NL Joubert <sup>(4)</sup>	n/a	n/a	n/a	n/a	1 400		8 200	9 600
BE Klingenberg	15 800		11 300	27 100	700		23 900	24 600
M Radebe		3 659	13 000	16 659		3 575	10 000	13 575
CF Rademan	350		3 700	4 050	350			350
GJ Strauss	4 300	190	88 000	92 490	4 300	175	60 800	65 275
<b>Total</b>	<b>26 350</b>	<b>3 849</b>	<b>139 200</b>	<b>169 399</b>	<b>12 650</b>	<b>3 750</b>	<b>124 500</b>	<b>140 900</b>

(1) Includes units held in the Sasol Share Savings Trust and shares held through Sasol Inzalo Public Limited.

(2) Includes share options which have vested or which vest within sixty days of 30 June 2012.

(3) Excluding the executive directors disclosed separately in the table above.

(4) Resigned as a GEC member with effect from 30 June 2011.

Beneficial shareholding for 2012 disclosed in the table above, includes shares held by the following black directors, prescribed officers and their associates as a result of their participation in the Sasol Inzalo share transaction on 8 September 2008:

	2012		2011	
	Number of Sasol BEE ordinary shares	Number of Sasol Inzalo ordinary shares	Number of Sasol BEE ordinary shares	Number of Sasol Inzalo ordinary shares
<b>Executive directors</b>				
KC Ramon		41 556 <sup>(1)</sup>		41 556 <sup>(1)</sup>
<b>Non-executive directors</b>				
IN Mkhize	313	18 626	313	18 626
TH Nyasulu		1 450		1 450
<b>Prescribed officer</b>				
M Radebe		3 137		3 137
<b>Total</b>	<b>313</b>	<b>64 769</b>	<b>313</b>	<b>64 769</b>

(1) This includes an effective interest in 427 Sasol Inzalo ordinary shares owned by Melanani Investments (Pty) Ltd. in which Ms KC Ramon has a 15% interest and an effective interest in 655 Sasol Inzalo ordinary shares owned by Melanani Womens Investments (Pty) Ltd. in which Ms KC Ramon has a 20% interest.

The Sasol BEE ordinary shares rank *pari passu* with Sasol ordinary shares in all respects except that they have limited trading rights until 7 September 2018. Sasol Inzalo Public Limited (Sasol Inzalo) indirectly held 2,4% of the issued capital of Sasol on 30 June 2012 in the form of unlisted Sasol preferred ordinary shares. The Sasol Inzalo ordinary shares will have limited trading rights for a period of seven years from 8 September 2011.

**Long-term incentive schemes applicable to executive directors and senior management**

Long-term incentives are offered through participation in the Sasol Share Incentive Scheme, the Sasol Share Appreciation Rights (SAR) Scheme and the Sasol Medium-Term Incentive (MTI) Scheme,

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intended to reward improved yet sustainable group business performance and create alignment with shareholder interests over the longer term.

The Sasol Share Incentive Scheme is a closed plan and no allocations have been made under this scheme since the introduction of the SAR scheme in 2007. Previously granted options remain valid and unaffected by the introduction of the SAR scheme.

Participants in the long-term incentive schemes are not allowed to protect the value of their unvested instruments through the use of any hedging arrangements.

Governance of the Sasol MTI and Sasol SAR schemes is provided through the scheme committee. The scheme committee comprises members of the remuneration committee and approves grants under the following circumstances:

upon promotion of an employee to the qualifying level for SAR and MTI rights as well as any subsequent promotion;

upon appointment to the group on the qualifying level;

an annual supplementary SAR and MTI rights award to eligible employees; and

discretionary allocations for purposes of retention.

For 2012, the weighting allocated to MTI and SAR rights in the remuneration mix, was divided in terms of the fair value at the date of grant, on a ratio of 40% in the form of MTI rights and 60% in the form of SAR rights. Fifty percent of the MTI award and twenty five percent of the SAR award were linked to corporate performance targets with the balance being allocated for purposes of retention.

For 2013, in line with prevailing market trends, the allocation ratio will change to 60% MTI rights and 40% SARs. In addition, sixty percent of all allocations will be linked to corporate performance targets, with the balance being allocated for purposes of retention. The effect of increasing the portion that will be linked to corporate performance targets is greater downside and upside risk for share scheme allocations compared to 2012.

***Sasol Share Incentive Scheme***

The Sasol Share Incentive Scheme provided options that can be implemented, as follows:

two years first third

four years second third

six years final third

Options can be implemented up to a maximum of nine years from the date of grant. If not implemented by this date, they will lapse. The last options issued under this scheme will, if not implemented, lapse in 2016 with the last vesting date being 2013.

***Sasol Share Appreciation Rights Scheme***

The SAR scheme provides eligible employees with the opportunity to receive long-term incentive remuneration payments based on the increase in value of Sasol ordinary shares over certain prescribed periods of time, and those awarded with corporate performance targets are subject to certain pre-determined performance conditions. Participants are not entitled to any rights in Sasol shares, but are awarded conditional rights to a future cash amount calculated with reference to the increase in the market value of a Sasol ordinary share between the date of the grant of the right (grant price) and the exercise of the right (exercise price) and performance measured against performance targets, where



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applicable. SARs are granted to senior management in relation to their respective positions, their level in the organisation, and their individual performance.

SARs granted may be exercised as follows:

two years first third

four years second third

six years final third

The first SAR tranche vests two years after the date of allocation to create a balance between short-term incentive that covers a twelve month period, and the medium-term incentive that vests after a three year period. After a four year period, two thirds of the SARs will vest and after six years, 100%.

SAR recipients may exercise their vested rights up to a maximum of nine years from the date of allocation. If not exercised by this date, they will lapse. On retirement, the SARs vest at the termination date and can thereafter be exercised within a twelve month period. On resignation, rights which have not yet vested will lapse unless decided otherwise by the Scheme committee (comprising members of the committee).

SARs have, since 2009 for top management and since 2010 for all participants, been issued with corporate performance targets, that are aligned with the medium-term and long-term business goals of the organisation. Up to 25% of these SARs can be forfeited if the corporate performance targets are not met. SARs can also be enhanced by up to 25% if the performance targets are significantly succeeded. The committee has reviewed the vesting percentage and concluded that it meets the primary aims of the scheme by linking long term reward opportunities to sustainable performance over the same period, as well as retain key employees.

For 2013, the vesting periods as well as the percentage that will be linked to corporate performance targets will be changed.

**Sasol Medium-term Incentive Scheme**

The Sasol Medium-term Incentive scheme (MTI) intends to provide senior management with an incentive to advance the interests of the group over the medium-term. The strategic intent of the plan includes the retention of key employees, balancing the reward mix and providing eligible employees with an opportunity to participate in the growth of the group and to create alignment with shareholder interests. MTI rights are linked to the achievement of pre-determined performance targets that are aligned with the medium-term business goals of the organisation. Up to 50% of MTI rights can be forfeited if the corporate performance targets are not met. MTI rights can also be enhanced by up to 50% if the performance targets are significantly exceeded. The committee has reviewed the vesting percentage and concluded that it meets the primary aims of the scheme by linking medium term reward opportunities to sustainable performance over the same period, as well as retain key employees.

Under the MTI scheme, participating employees are given the opportunity, subject to the vesting conditions, to receive a future cash incentive payment calculated with reference to the market value of a Sasol ordinary share after a three year vesting period. The scheme does not confer any right to acquire shares in Sasol Limited and employees are not entitled to dividends.

The scheme was introduced in 2009. The first three year performance period ended 30 June 2012, and vesting of rights in September 2012, was dependent on the vesting conditions.

Table of Contents**Sasol Inzalo Management Scheme**

On 16 May 2008, Sasol shareholders approved the Sasol Inzalo black economic empowerment (BEE) transaction. As part of this transaction, senior black management (black managers), including black executive directors and members of the GEC, participated in the Sasol Inzalo Management Scheme and were awarded rights to Sasol ordinary shares. The rights entitle the employees from the inception of the scheme to receive dividends bi-annually and Sasol ordinary shares at the end of the ten years, being the tenure of the transaction, subject to Sasol's right to repurchase some of the shares issued to the Sasol Inzalo Management Trust (Management Trust) in accordance with a pre-determined repurchase formula. The formula takes into account the underlying value of the shares on 18 March 2008, the dividends not received by the Management Trust as a result of the pre-conditions attached to those shares and the price of Sasol ordinary shares at the end of the ten year period.

On retirement at normal retirement age, early retirement, retrenchment due to operational requirements or on leaving the employ of Sasol due to ill health during the tenure of the Sasol Inzalo transaction, the black managers (as defined in the Deed of Trust for the Sasol Inzalo Management Trust) will retain their entire allocation of rights until the end of the ten year period, subject to Sasol's repurchase right referred to above. The nominated beneficiaries or heirs of those black managers, who die at any time during the transaction period, will succeed to their entire allocation of rights. On resignation within the first three years of having been granted these rights, all rights will be forfeited. On resignation after three years or more from being granted the rights, the black managers will forfeit 10% of their rights for each full year or part thereof remaining from the date of resignation until the end of the transaction period. Black managers leaving the employ of Sasol during the ten year period by reason of dismissal, or for reasons other than operational requirements, will forfeit their rights to Sasol ordinary shares.

**Long-term incentives previously granted and/or exercised and/or implemented**

The share options implemented during 2012 are indicated in the following tables:

**Sasol share incentive scheme share options for directors**

	<b>Balance at beginning of year<sup>(1)</sup></b>	<b>Share options implemented</b>	<b>Effect of resignations</b>	<b>Balance at end of year<sup>(2)</sup></b>
	<b>(number)</b>	<b>(number)</b>	<b>(number)</b>	<b>(number)</b>
<b>Executive directors</b>				
LPA Davies <sup>(3)</sup>	499 200			<b>499 200</b>
VN Fakude	81 900	35 000		<b>46 900</b>
KC Ramon	81 700			<b>81 700</b>
<b>Total share options</b>	<b>662 800</b>	<b>35 000</b>		<b>627 800</b>

- (1) The balance of options represents the accumulated number of options granted (less implemented) over the preceding years. The value of these options can be calculated from the information contained in "Item 18 Financial Statements".
- (2) No share options were granted during the period under review as a result of the replacement of the Sasol Share Incentive Scheme with the SAR Scheme with effect from 1 March 2007.
- (3) Retired as a director of Sasol Limited on 30 June 2011. The share options were granted to Mr LPA Davies while he was still an executive director.

Table of Contents**Sasol share incentive scheme share options for prescribed officers**

	<b>Balance at beginning of year<sup>(1)</sup></b>	<b>Share options implemented</b>	<b>Effect of change in composition of group executive committee</b>	<b>Balance at end of year<sup>(2)</sup></b>
	<b>(number)</b>	<b>(number)</b>	<b>(number)</b>	<b>(number)</b>
<b>Prescribed officers</b>				
AM de Ruyter	23 200			<b>23 200</b>
NL Joubert <sup>(3)</sup>	43 300		(43 300)	
BE Klingenberg	28 300	15 100		<b>13 200</b>
M Radebe	14 900			<b>14 900</b>
CF Rademan	6 300			<b>6 300</b>
GJ Strauss	91 000			<b>91 000</b>
<b>Total share options</b>	<b>207 000</b>	<b>15 100</b>	<b>(43 300)</b>	<b>148 600</b>

(1) The balance of options represents the accumulated number of options granted (less implemented) over the preceding years.

(2) No share options were granted during the period under review as a result of the replacement of the Sasol Share Incentive Scheme with the SAR Scheme with effect from 1 March 2007.

(3) Resigned as a GEC member with effect from 30 June 2011.

The share appreciation rights granted to our executive directors and prescribed officers through our SAR Scheme are indicated in the following tables:

**Share appreciation rights, without performance targets, 2012 directors**

	<b>Balance at beginning of year</b>	<b>Granted</b>	<b>Average offer price per share</b>	<b>Grant date</b>	<b>Share appreciation rights implemented</b>	<b>Balance at end of year</b>
	<b>(number)</b>	<b>(number)</b>	<b>(Rand)</b>			<b>(number)</b>
<b>Executive directors</b>						
LPA Davies <sup>(1)</sup>	126 000				102 400	<b>23 600</b>
VN Fakude	39 500					<b>39 500</b>
KC Ramon	23 200					<b>23 200</b>
<b>Total share appreciation rights</b>	<b>188 700</b>				<b>102 400</b>	<b>86 300</b>

(1) Retired as a director of Sasol Limited on 30 June 2011, employment contract terminated 12 September 2011. The share appreciation rights were granted to Mr LPA Davies while he was still an executive director.



Table of Contents**Share appreciation rights, with performance targets, 2012 directors**

	Balance at beginning of year (number)	Granted (number)	Average offer price per share (Rand)	Grant date	Effect of change in composition of board of directors (number)	Share appreciation rights implemented (number)	Balance at end of year (number)
<b>Executive directors</b>							
DE Constable <sup>(1)</sup>		112 900	334,53	15 Sep 2011	243 000		<b>355 900</b>
LPA Davies <sup>(2)</sup>	141 000					141 000	
VN Fakude	115 100	62 900	334,53	15 Sep 2011			<b>178 000</b>
KC Ramon	114 100	52 400	334,53	15 Sep 2011			<b>166 500</b>
<b>Total share appreciation rights</b>	<b>370 200</b>	<b>228 200</b>			<b>243 000</b>	<b>141 000</b>	<b>700 400</b>

- (1) Award upon appointment of GEC member effective 1 June 2011, as Chief Executive Officer designate. Appointed as Chief Executive Officer and executive director of Sasol Limited, effective 1 July 2011.
- (2) Retired as a director of Sasol Limited on 30 June 2011, employment contract terminated 12 September 2011. The share appreciation rights were granted to Mr LPA Davies while he was still an executive director.

**Share appreciation rights, without performance targets, 2012 prescribed officers<sup>(1)</sup>**

	Balance at beginning of year (number)	Granted (number)	Average offer price per share (Rand)	Grant date	Effect of change in composition of group executive committee (number)	Share appreciation rights implemented (number)	Balance at end of year (number)
<b>Prescribed officers</b>							
AM de Ruyter	11 100						<b>11 100</b>
NL Joubert <sup>(2)</sup>	36 200				(36 200)		
BE Klingenberg	80 400						<b>80 400</b>
M Radebe	11 400						<b>11 400</b>
CF Rademan	77 000						<b>77 000</b>
GJ Strauss	29 000						<b>29 000</b>
<b>Total share appreciation rights</b>	<b>245 100</b>				<b>(36 200)</b>		<b>208 900</b>

- (1) Excluding the executive directors disclosed separately in the table above.
- (2) Resigned as a GEC member with effect from 30 June 2011.



Table of Contents**Share appreciation rights, with performance targets, 2012 prescribed officers<sup>(4)</sup>**

	Balance at beginning of year (number)	Granted (number)	Average offer price per share (Rand)	Grant date	Effect of change in composition of group executive committee (number)	Balance at end of year (number)
<b>Prescribed officers</b>						
DE Constable <sup>(2)</sup>	243 000				(243 000)	
AM de Ruyter	179 400	44 900	334,53	15 Sep 2011		<b>224 300</b>
NL Joubert <sup>(3)</sup>	36 400				(36 400)	
VD Kahla	57 700	15 900	334,53	15 Sep 2011		<b>73 600</b>
BE Klingenberg	31 400	28 700	334,53	15 Sep 2011		<b>60 100</b>
M Radebe	76 200	19 900	334,53	15 Sep 2011		<b>96 100</b>
CF Rademan	31 400	34 400	334,53	15 Sep 2011		<b>65 800</b>
GJ Strauss	181 100	53 900	334,53	15 Sep 2011		<b>235 000</b>
<b>Total share appreciation rights</b>	<b>836 600</b>	<b>197 700</b>			<b>(279 400)</b>	<b>754 900</b>

(1) Excluding the executive directors disclosed separately in the table above.

(2) Award upon appointment as GEC member effective 1 June 2011, as Chief Executive Officer designate. Appointed as Chief Executive Officer and executive director of Sasol Limited, effective 1 July 2011.

(3) Resigned as a GEC member with effect from 30 June 2011.

The medium-term incentive rights granted to our executive directors and prescribed officers through the MTI scheme are indicated in the following tables:

**Medium-term incentive rights 2012 directors**

	Balance at beginning of year (number)	Granted (number)	Average offer price per share (Rand)	Grant date	Effect of change in composition of board of directors (number)	Medium-term incentive rights vested (number)	Balance at end of year (number)
<b>Executive directors</b>							
DE Constable <sup>(1)</sup>		25 082	0,00	15 Sep 2011	54 000		<b>79 082</b>
LPA Davies <sup>(2)</sup>	31 339					31 339	
VN Fakude	25 591	13 970	0,00	15 Sep 2011			<b>39 561</b>
KC Ramon	25 378	11 642	0,00	15 Sep 2011			<b>37 020</b>

<b>Total medium-term incentive rights</b>	<b>82 308</b>	<b>50 694</b>	<b>54 000</b>	<b>31 339</b>	<b>155 663</b>
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- (1) Award upon appointment of GEC member effective 1 June 2011, as Chief Executive Officer designate. Appointed as Chief Executive Officer and executive director of Sasol Limited, effective 1 July 2011.
- (2) Retired as a director of Sasol Limited on 30 June 2011, employment contract terminated 12 September 2011. The medium-term incentive rights were granted to Mr LPA Davies while he was still an executive director.

Table of Contents**Medium-term incentive rights 2012 prescribed officers<sup>(1)</sup>**

	Balance at beginning of year (number)	Granted (number)	Average offer price per share (Rand)	Grant date	Effect of change in composition of group executive committee (number)	Medium-term incentive rights vested (number)	Rights lapsed (number)	Balance at end of year (number)
<b>Prescribed officers</b>								
DE Constable <sup>(2)</sup>	54 000				(54 000)			
AM de Ruyter	39 868	9 979	0,00	15 Sep 2011				49 847
NL Joubert <sup>(3)</sup>	8 094				(8 094)			
VD Kahla	12 821	3 540	0,00	15 Sep 2011				16 361
BE Klingenberg	7 002	6 376	0,00	15 Sep 2011				13 378
M Radebe	16 925	4 425	0,00	15 Sep 2011				21 350
CF Rademan	7 002	7 651	0,00	15 Sep 2011				14 653
GJ Strauss	40 315	11 975	0,00	15 Sep 2011				52 290
<b>Total medium-term incentive rights</b>	<b>186 027</b>	<b>43 946</b>			<b>(62 094)</b>			<b>167 879</b>

(1) Excluding the executive directors disclosed separately in the table above.

(2) Award upon appointment as GEC member effective 1 June 2011, as Chief Executive Officer designate. Appointed as Chief Executive Officer and executive director of Sasol Limited, effective 1 July 2011.

(3) Resigned as a GEC member with effect from 30 June 2011.

The number of Sasol Inzalo Management Scheme share rights granted to our executive directors and prescribed officers in terms of our Sasol Inzalo share transaction is indicated in the following tables:

**Sasol Inzalo Management Scheme share rights 2012 directors**

	Balance at beginning of year (number)	Share rights granted (number)	Value of underlying share (Rand)	Grant date	Effect of resignations (number)	Balance at end of year (number)
<b>Executive directors</b>						
VN Fakude	25 000					25 000
KC Ramon	25 000					25 000
<b>Total Sasol Inzalo Management Scheme share rights</b>	<b>50 000</b>					<b>50 000</b>



Table of Contents**Sasol Inzalo Management Scheme share rights 2012 prescribed officers<sup>(1)</sup>**

	Balance at beginning of year (number)	Share rights granted (number)	Value of underlying share (Rand)	Grant date	Effect of change in composition of group executive committee (number)	Balance at end of year (number)
<b>Prescribed officer</b>						
M Radebe <sup>(2)</sup>	15 000					15 000

(1) Excluding the executive directors disclosed separately in the table above.

(2) Appointed as a GEC member with effect from 1 November 2010.

At grant date on 3 June 2008, the issue price of the underlying share of R366,00 was the 60 day volume weighted average price of Sasol ordinary shares to 18 March 2008. The shares were issued to the Sasol Inzalo Management Trust at R0,01 per share.

**Share options implemented directors**

This table presents information regarding share options implemented during the period 1 July 2011 through 30 June 2012.

	Implementation dates	Share options implemented (number)	Average offer price per share (Rand)	Market price per share	Gain on implementation of share options	
					2012 R'000	2011 R'000
<b>Executive directors</b>						
LPA Davies <sup>(1)</sup>						15 835
VN Fakude		35 000			4 937	
	14 Oct 2011	20 000	219,50	345,99	2 530	
	15 Nov 2011	15 000	219,50	380,00	2 407	
<b>Total</b>		<b>35 000</b>			<b>4 937</b>	<b>15 835</b>

(1) Retired as a director of Sasol Limited on 30 June 2011. The share options were granted to Mr LPA Davies while he was still an executive director.

Table of Contents**Share appreciation rights, without performance targets, exercised directors**

This table presents information regarding share appreciation rights, without performance targets, exercised during the period 1 July 2011 through 30 June 2012.

	Exercise dates	Share appreciation rights exercised (number)	Average offer price per share (Rand)	Market price per share	Gain on exercise of share appreciation rights	
					2012 R'000	2011 R'000
<b>Executive directors</b>						
LPA Davies <sup>(1)</sup>		102 400			<b>7 816</b>	
	12 Dec 2011	55 200	294,50	393,20	<b>5 448</b>	
	8 Feb 2012	23 600	352,10	399,05	<b>1 108</b>	
	5 Mar 2012	23 600	352,10	405,49	<b>1 260</b>	
<b>Total</b>		<b>102 400</b>			<b>7 816</b>	

- (1) Retired as a director of Sasol Limited on 30 June 2011. The share appreciation rights were granted to Mr LPA Davies while he was still an executive director.

**Share appreciation rights, with performance targets, exercised directors**

This table presents information regarding share appreciation rights, with performance targets, exercised during the period 1 July 2011 through 30 June 2012.

	Exercise dates	Share appreciation rights exercised (number)	Average offer price per share (Rand)	Market price per share	Gain on exercise of share appreciation rights	
					2012 R'000	2011 R'000
<b>Executive directors</b>						
LPA Davies <sup>(1)</sup>	12 Dec 2011	141 000	298,65	393,20	<b>13 332</b>	
<b>Total</b>		<b>141 000</b>			<b>13 332</b>	

- (1) Retired as a director of Sasol Limited on 30 June 2011. The share appreciation rights were granted to Mr LPA Davies while he was still an executive director.



Table of Contents**Medium-term incentive rights vested directors**

This table presents information regarding medium-term incentive rights vested during the period 1 July 2011 through 30 June 2012.

	Vesting dates	Medium-term incentive rights vested (number)	Average offer price per share (Rand)	Market price per share	Gain on vesting of medium-term incentive rights	
					2012 R'000	2011 R'000
<b>Executive directors</b>						
LPA Davies <sup>(1)</sup>	12 Sep 2011	31 339	0,00	324,00	<b>10 154</b>	
<b>Total</b>		<b>31 339</b>			<b>10 154</b>	

(1)

Retired as a director of Sasol Limited on 30 June 2011. The medium-term incentive rights were granted to Mr LPA Davies while he was still an executive director.

**Share options implemented prescribed officers<sup>(1)</sup>**

This table presents information regarding share options implemented during the period 1 July 2011 through 30 June 2012.

	Implementation dates	Share options implemented (number)	Average offer price per share (Rand)	Market price per share	Gain on implementation of share options	
					2012 R'000	2011 R'000
<b>Prescribed officers</b>						
A de Klerk <sup>(2)</sup>					5 315	
AM de Ruyter					649	
NL Joubert <sup>(3)</sup>					3 293	
BE Klingenberg		15 100			<b>3 877</b>	1 193
	27 Jun 2012	2 500	89,50	346,65	<b>643</b>	
	27 Jun 2012	12 600	90,00	346,65	<b>3 234</b>	
CF Rademan						1 849
GJ Strauss						864
<b>Total</b>		<b>15 100</b>			<b>3 877</b>	<b>13 163</b>

(1)

Excluding the executive directors disclosed separately in the table above.

(2)

Retired as a GEC member with effect 30 April 2011.

(3)

Resigned as a GEC member with effect 30 June 2011.



Table of Contents**Share options outstanding at the end of the year vest during the following periods directors:**

	Already vested	Within one year	One to two years	Two to five years	More than five years	Total
	(number)					
<b>Executive directors</b>						
LPA Davies <sup>(1)</sup>	499 200					<b>499 200</b>
VN Fakude	46 900					<b>46 900</b>
KC Ramon	54 400	27 300				<b>81 700</b>
<b>Total</b>	<b>600 500</b>	<b>27 300</b>				<b>627 800</b>

- (1) Retired as a director of Sasol Limited on 30 June 2011. The share options were granted to Mr LPA Davies while he was still an executive director.

**Share appreciation rights, without performance targets, outstanding at the end of the year vest during the following periods directors:**

	Already vested	Within one year	One to two years	Two to five years	More than five years	Total
	(number)					
<b>Executive directors</b>						
LPA Davies <sup>(1)</sup>	23 600					<b>23 600</b>
VN Fakude	18 900	7 500	5 700	7 400		<b>39 500</b>
KC Ramon	7 700	7 700		7 800		<b>23 200</b>
<b>Total</b>	<b>50 200</b>	<b>15 200</b>	<b>5 700</b>	<b>15 200</b>		<b>86 300</b>

- (1) Retired as a director of Sasol Limited on 30 June 2011. The share appreciation rights were granted to Mr LPA Davies while he was still an executive director.

**Share appreciation rights, with performance targets outstanding at the end of the year vest during the following periods directors:**

	Already vested	Within one year	One to two years	Two to five years	More than five years	Total
	(number)					
<b>Executive directors</b>						
DE Constable <sup>(1)</sup>		81 000	37 600	199 600	37 700	<b>355 900</b>
LPA Davies <sup>(2)</sup>						
VN Fakude	6 600	31 700	27 600	91 200	20 900	<b>178 000</b>
KC Ramon	7 700	30 400	25 200	85 800	17 400	<b>166 500</b>
<b>Total</b>	<b>14 300</b>	<b>143 100</b>	<b>90 400</b>	<b>376 600</b>	<b>76 000</b>	<b>700 400</b>

- (1) Award upon appointment of GEC member effective 1 June 2011, as Chief Executive Officer designate. Appointed as Chief Executive Officer and executive director of Sasol Limited, effective 1 July 2011.

(2)

Retired as a director of Sasol Limited on 30 June 2011. The share appreciation rights were granted to Mr LPA Davies while he was still an executive director.

Table of Contents**Medium-term incentive rights outstanding at the end of the year vest during the following periods directors:**

	Already vested	Within one year	One to two years	Two to five years	More than five years	Total
	(number)					
<b>Executive directors</b>						
DE Constable <sup>(1)</sup>			54 000	25 082		<b>79 082</b>
VN Fakude		4 442	21 149	13 970		<b>39 561</b>
KC Ramon		5 136	20 242	11 642		<b>37 020</b>
<b>Total</b>		<b>9 578</b>	<b>95 391</b>	<b>50 694</b>		<b>155 663</b>

(1)

Award upon appointment of GEC member effective 1 June 2011, as Chief Executive Officer designate. Appointed as Chief Executive Officer and executive director of Sasol Limited, effective 1 July 2011.

**Share options outstanding at the end of the year vest during the following periods prescribed officers<sup>(1)</sup>:**

	Already vested	Within one year	One to two years	Two to five years	More than five years	Total
	(number)					
<b>Prescribed officers</b>						
AM de Ruyter	23 200					<b>23 200</b>
BE Klingenberg	11 300	1 900				<b>13 200</b>
M Radebe	13 000	1 900				<b>14 900</b>
CF Rademan	3 700	2 600				<b>6 300</b>
GJ Strauss	88 000	3 000				<b>91 000</b>
<b>Total</b>	<b>139 200</b>	<b>9 400</b>				<b>148 600</b>

(1)

Excluding the executive directors disclosed separately in the table above.

**Share appreciation rights, without performance targets, outstanding at the end of the year vest during the following periods prescribed officers<sup>(1)</sup>:**

	Already vested	Within one year	One to two years	Two to five years	More than five years	Total
	(number)					
<b>Prescribed officers</b>						
AM de Ruyter	5 100	2 300	1 400	2 300		<b>11 100</b>
BE Klingenberg	28 300	2 800	24 000	25 300		<b>80 400</b>
M Radebe	5 200	2 400	1 300	2 500		<b>11 400</b>
CF Rademan	24 200	3 000	24 300	25 500		<b>77 000</b>
GJ Strauss	13 500	5 700	4 000	5 800		<b>29 000</b>
<b>Total</b>	<b>76 300</b>	<b>16 200</b>	<b>55 000</b>	<b>61 400</b>		<b>208 900</b>

(1)

Excluding the executive directors disclosed separately in the table above.

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**Share appreciation rights, with performance targets, outstanding at the end of the year vest during the following periods prescribed officers<sup>(1)</sup>:**

	Already vested	Within one year	One to two years	Two to five years	More than five years	Total
(number)						
<b>Prescribed officers</b>						
AM de Ruyter		59 800	15 000	134 600	14 900	<b>224 300</b>
VD Kahla		19 200	5 300	43 800	5 300	<b>73 600</b>
BE Klingenberg	2 800	7 700	12 400	27 700	9 500	<b>60 100</b>
M Radebe	2 400	23 000	9 000	55 000	6 700	<b>96 100</b>
CF Rademan	2 800	7 700	14 300	29 600	11 400	<b>65 800</b>
GJ Strauss	5 800	54 500	23 800	133 000	17 900	<b>235 000</b>
<b>Total</b>	<b>13 800</b>	<b>171 900</b>	<b>79 800</b>	<b>423 700</b>	<b>65 700</b>	<b>754 900</b>

(1)

Excluding the executive directors disclosed separately in the table above.

**Medium-term incentive rights outstanding at the end of the year vest during the following periods prescribed officers<sup>(1)</sup>:**

	Already vested	Within one year	One to two years	Two to five years	More than five years	Total
(number)						
<b>Prescribed officers</b>						
AM de Ruyter			39 868	9 979		<b>49 847</b>
VD Kahla			12 821	3 540		<b>16 361</b>
BE Klingenberg		1 859	5 143	6 376		<b>13 378</b>
M Radebe		1 570	15 355	4 425		<b>21 350</b>
CF Rademan		1 859	5 143	7 651		<b>14 653</b>
GJ Strauss		3 952	36 363	11 975		<b>52 290</b>
<b>Total</b>		<b>9 240</b>	<b>114 693</b>	<b>43 946</b>		<b>167 879</b>

(1)

Excluding the executive directors disclosed separately in the table above.

Table of Contents**ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS****7.A Major shareholders**

Refer to "Item 18 Financial Statements" for the authorised and issued share capital of Sasol Limited.

To the best of our knowledge, Sasol Limited is not directly or indirectly owned or controlled by another corporation or the government of South Africa or any other government. We believe that no single person or entity holds a controlling interest in our share capital.

In accordance with the requirements of the Companies Act of South Africa, the following beneficial shareholdings equal to or exceeding 5% during the last three years were disclosed or established from inquiries as of 30 June 2012:

	2012		2011		2010	
	Number of shares	% of shares	Number of shares	% of shares	Number of shares	% of shares
Government Employees Pension Fund (GEPF) <sup>(1)</sup>	84 693 863	12,6	85 436 625	12,7	85 434 723	12,8
Industrial Development Corporation of South Africa (IDC)	53 266 887	7,9	53 266 887	7,9	53 266 887	8,0

(1)

PIC Equities manages 61,0 million of the shares owned by the GEPF.

The voting rights of major shareholders do not differ from the voting rights of other shareholders.

As of 31 August 2012, 34 605 187 Sasol ordinary shares, or approximately 5,14% of our total issued share capital, were held in the form of American Depositary Receipts (ADRs). As of 31 August 2012, 449 record holders in the United States held approximately 14,54% of our issued share capital in the form of either Sasol ordinary shares or ADRs.

**7.B Related party transactions**

There have been no material transactions during the most recent three years, other than as described below, nor are there proposed to be any material transactions at present to which we or any of our subsidiaries are or were a party and in which any senior executive or director, or 10% shareholder, or any relative or spouse thereof or any relative of such spouse, who shared a home with this person, or who is a director or executive officer of any parent or subsidiary of ours, had or is to have a direct or indirect material interest. Furthermore, during our three most recent years, there has been no, and at 30 June 2012 there was no, outstanding indebtedness to us or any of our subsidiaries owed by any of our executive or independent directors or any associate thereof.

In a transaction aimed at obtaining compliance with the Liquid Fuels Charter's requirements on black economic empowerment, we entered into an agreement with effect from 1 July 2006 with Tshwarisano LFB Investment (Pty) Ltd. (Tshwarisano), in terms of which Tshwarisano acquired 25% of our subsidiary, Sasol Oil (Pty) Ltd. (Sasol Oil) for a purchase consideration of R1 450 million. Our non-executive chairman, Mrs TH Nyasulu, is also a director of Sasol Oil and Tshwarisano, and indirectly holds 1,275% of the shares of Sasol Oil through her 5,1% holding in Tshwarisano.

During the year, group companies, in the ordinary course of business, entered into various purchases and sale transactions with associates, joint ventures and certain other related parties. The effect of these transactions is included in the financial performance and results of the group. Terms and conditions are determined on an arm's length basis.



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Material related party transactions were as follows:

	30 June 2012	30 June 2011	30 June 2010
	(Rand in millions)		
<b>Sales and services rendered from subsidiaries to related parties</b>			
Joint ventures	954	672	518
Associates	1 651	1 053	1 004
<b>Total</b>	<b>2 605</b>	1 725	1 522
<b>Purchases by subsidiaries from related parties</b>			
Joint ventures	1 930	1 582	1 267
Associates	59	53	55
<b>Total</b>	<b>1 989</b>	1 635	1 322

Amounts due to and from related parties are disclosed in the respective notes to the financial statements for the respective statement of financial position line items. See "Item 18 Financial Statements".

**7.C Interests of experts and counsel**

Not applicable.

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**ITEM 8. FINANCIAL INFORMATION**

**8.A Consolidated statements and other financial information**

See "Item 18. Financial Statements" for our financial statements, related notes and other financial information filed with this annual report on Form 20-F.

**Dividend policy**

Our dividend distribution policy is a progressive dividend policy 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 will be considered when we make decisions on dividends. The average rate of earnings to dividend distributions in the past five years was approximately 2,6 times. Our dividend cover for 2012 was 2,3 times. We distribute dividends twice a year.

During the current year, secondary tax on companies (STC) of 10% levied on dividends declared was replaced by a dividend withholding tax on shareholders of 15% with effect from 1 April 2012. Based on STC, on the declaration of a dividend, the company includes the 10% in respect of secondary tax on companies on the dividend in its computation of the income tax expense for the corresponding period. The withholding tax of 15% on dividends declared is excluded in the company's computation of the income tax expense for the corresponding period as it is a tax on shareholders.

Refer to "Item 10.B Memorandum and articles of association Rights of holders of our securities".

**Legal proceedings**

For information regarding our legal proceedings refer to "Item 4.B Business overview Legal proceedings".

**8.B Significant changes**

There were no events that occurred subsequent to 30 June 2012.

Table of Contents**ITEM 9. THE OFFER AND LISTING****9.A Offer and listing details**

The following table sets forth, for the years indicated, the reported high and low quoted prices for the ordinary shares on the Johannesburg Stock Exchange (JSE) and for our American Depositary Receipts (ADRs) on the New York Stock Exchange.

Period	Shares (Price per share in rand)		ADRs (Price per ADR in US\$)	
	High	Low	High	Low
<b>2007</b>	281,75	214,00	39,84	28,24
<b>2008</b>	518,00	252,52	67,92	34,27
<b>2009</b>	471,00	216,56	58,91	19,16
<b>2010</b>	318,00	255,56	43,68	31,15
<b>2011</b>				
First quarter	316,50	270,03	45,02	34,89
Second quarter	346,28	309,22	52,46	44,25
Third quarter	393,67	332,00	57,99	48,28
Fourth quarter	403,55	337,60	60,39	49,20
<b>2012</b>				
First quarter	365,60	303,45	54,97	40,12
Second quarter	393,20	320,48	48,96	40,01
Third quarter	409,99	368,10	54,22	47,20
Fourth quarter	379,74	339,69	49,69	40,90
April	379,74	361,50	49,69	45,13
May	370,49	348,80	47,74	41,52
June	379,28	339,69	46,23	40,90
July	351,48	336,00	43,27	40,15
August	362,73	342,26	44,05	41,97
September (up to 28 September 2012)	397,00	358,50	47,74	42,05

**9.B Plan of distribution**

Not applicable.

**9.C Markets**

The principal trading market for our shares is currently the JSE. Our American Depositary Shares (ADS) have been listed on the New York Stock Exchange since 9 April 2003, each representing one common ordinary share of no par value, under the symbol "SSL". The Bank of New York Mellon is acting as the Depositary for our ADSs and issues our ADRs in respect of our ADSs.

**9.D Selling shareholders**

Not applicable.

**9.E Dilution**

Not applicable.

**9.F Expenses of the issue**

Not applicable.

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**ITEM 10. ADDITIONAL INFORMATION**

**10.A Share capital**

Not applicable.

**10.B Memorandum and articles of association**

The South African Companies Act, 61 of 1973 (old Companies Act) was replaced with the Companies Act, 71 of 2008 (new Companies Act) with effect from 1 May 2011 (the effective date). In terms of the new Companies Act, the memorandum of association and articles of association of any company incorporated under the old Companies Act became its memorandum of incorporation (MOI) on the effective date. A company has two years from the effective date within which to adopt a new MOI to align its MOI with the new Companies Act, during which period the provisions of the MOI will prevail over the new Companies Act, unless otherwise provided in the new Companies Act. We have not yet amended our MOI to align it with the new Companies Act, but intend to do so by the end of the 2012 calendar year. The relevant provisions of our MOI are described in item 10.B, unless the new Companies Act overrides Sasol's MOI, in which case the provisions of the new Companies Act are described.

**1. Registration number, and object and purpose**

*Registration number:* Sasol Limited was incorporated in South Africa as a public company under the old Companies Act and continues to exist under the new Companies Act as a pre-existing company. We are entered into the register of the Companies and Intellectual Property Commission under registration number 1979/003231/06. Our corporate seat is in Johannesburg, South Africa.

*Object and purpose:* According to clause 2 of what was previously termed Sasol's memorandum of association (which now forms part of our MOI) our company's main business includes to act as an investment holding company, an investment company and a management company and, whether on its own and/or in collaboration with other agencies:

to prospect for coal, oil, petroleum and related substances;

to acquire mineral and other rights;

to acquire, exploit and mine coal, oil, petroleum and related substances and beneficiate and refine them into gaseous, liquid and solid fuels, petrochemicals and other products;

to convert, process and beneficiate any product with or without the addition of other products in any other way whatsoever; and

to market these products.

According to clause 3 of what was previously termed Sasol's memorandum of association (which now forms part of our MOI) our main object is to:

conduct the business of an investment holding company, an investment company and a management company;

prospect for minerals and to acquire mineral rights as well as oil, petroleum and related substances;

carry on mining;

conduct beneficiation and refining;

carry on petrochemical trading; and

market the products produced and/or acquired by the company.

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**2. Our board of directors**

- (a) *Power to vote in respect of matters in which a director has a material interest.* In terms of our MOI, subject to the provisions of any statute, a director can vote on all decisions put before a meeting of the board whether or not a director has a personal interest in the matter. In terms of section 75 of the new Companies Act however, a director who has a personal financial interest in respect of a matter to be considered at a meeting, or knows that a related person has a personal financial interest in the matter, may not vote on the matter. In terms of our board charter, directors are appointed on the express understanding and agreement that they may be removed by the board if and when they develop an actual or prospective material, enduring conflict of interest with Sasol or a group company.
- (b) *Power to vote on remuneration.* A distinction must be drawn between remuneration of directors as employees of the company and remuneration of directors for their services as directors. In terms of our MOI, the remuneration of directors as employees of the company shall be determined from time to time by our board of directors (the board). Our MOI provides further that the remuneration of the managing director or a director who is an employee of the company shall be determined by an independent quorum of the directors. No powers are conferred in our MOI on the directors who are employees of the company to vote on their own remuneration in the absence of an independent quorum of the directors. The board determines the remuneration of the executive directors on recommendation of the remuneration committee. Remuneration of executive directors is determined in accordance with the group's remuneration philosophy put to shareholders' for a non-binding advisory vote at the annual general meeting as required by the King Code of Governance Principles for South Africa 2009 (King III Code).
- The new Companies Act requires shareholder approval by way of a special resolution obtained in the previous two years for the payment of remuneration to directors for their service as directors, as well as the basis of payment thereof.
- (c) *Borrowing powers exercisable by directors.* Articles 39 to 43 of our MOI deal with the borrowing powers exercisable by directors. The directors may exercise all the powers vested in the company to borrow money and to mortgage or bind our undertakings and goods or any part thereof upon terms and conditions which they deem fit, provided that "*they shall cause (with regard to subsidiaries insofar as they can cause by exercising the voting and/or other rights of the company) that the total amount then still outstanding in respect of money borrowed and/or secured by the company and its subsidiaries (excluding any money borrowed by any of the said companies which will be used for the repayment of other loans within 90 days of the taking up of the said loan) shall not at any time, without the prior approval of the company in general meeting, exceed*" certain thresholds. In addition, the directors may issue debentures subject to terms and conditions which they deem fit, provided that, amongst others, no special privileges with regard to the allotment of shares or stocks, attendance and voting rights at general meetings and the appointment of directors may be granted without the approval of the company in a general meeting.
- (d) *Retirement.* In terms of our MOI, any director reaching 70 years of age shall retire at the end of that year, provided that the board may, by unanimous resolution on a year-to-year basis, extend a director's term of office save that it may not be extended beyond the end of the year in which the director turns 73. The new Companies Act contains no requirement for the retirement of directors at a particular age.
- (e) *Qualification shares.* In terms of article 82 of the MOI directors need not hold any shares in the capital of the company in order to qualify as directors.

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**3. Rights and privileges of holders of our securities**

*Classes of shares.* We have three classes of shares in issue, namely:

Sasol ordinary shares;

Sasol preferred ordinary shares; and

Sasol BEE ordinary shares,

which have the rights and privileges more fully set out in our MOI and which are briefly described herein.

(a)

*Dividend rights attaching to the various classes of shares*

*Sasol ordinary shares*

In terms of our MOI, the board may, but is not obliged to, declare a dividend to be paid to the registered holders of shares, save however that no dividend may be declared and paid unless the company has first declared and paid in full the dividends due to the holders of the preferred ordinary shares, (the details of which are set out more fully below). If a dividend is declared by the board, only then does a shareholder have a right to receive a dividend which may be enforced against the company. The directors may also pay to the holders of shares such interim dividend as they consider justified from the profits of the company. No dividends shall be paid except out of the profits or accumulated distributable reserves of the company and no dividends bear interest against the company.

In addition, the new Companies Act precludes a company from paying a dividend unless it has, *inter alia*, applied a solvency and liquidity test as defined in the new Companies Act and has concluded that the company's assets as fairly valued equal or exceed the liabilities as fairly valued of the company and that the company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months following the payment of the dividend.

In terms of our MOI, dividends may be declared, either free of, or subject to, the deduction of any income tax and any other tax or duty which may be chargeable.

Dividends are declared payable to shareholders registered at a date subsequent to the date of the declaration of the dividend as determined by the rules of the local stock exchange operated by the JSE Limited (the JSE). The dates applicable to the dividend payment are determined in accordance with the listings requirements of the JSE.

In terms of our MOI, any dividends which remain unclaimed after a period of 12 years may be declared forfeited by the board and revert to our company. All unclaimed dividends may be invested or otherwise utilised by the directors for the benefit of the company until claimed.

In terms of our MOI, any dividend declared may be paid and satisfied, either in whole or in part, by the distribution of specific assets and, in particular, of shares or debentures of any other company, or in cash or in any one or more of such ways as the directors may, at the time of the declaration of the dividend,



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determine and direct. Any dividend or other sum payable in cash to a shareholder may be paid by cheque, warrant, coupon or otherwise as the directors may decide.

It is our policy to declare dividends in rand and the board may, in terms of our MOI, at the time of declaring a dividend make such determinations as they may deem appropriate

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with regard to the payment in any currency and the rate of exchange, subject to the approval of the South African Reserve Bank (SARB). For further information on our dividend policy, see "Item 8.A Consolidated Statements and Other Financial Information".

Holders of American Depositary Receipts (ADRs) on the relevant record date will be entitled to receive any dividends payable in respect of the shares underlying the ADRs, subject to the terms of the Deposit Agreement. Cash dividends will be paid by the Depository to holders of ADRs in accordance with the Deposit Agreement.

*Sasol BEE ordinary shares:* the Sasol BEE ordinary shares rank *pari passu* with Sasol ordinary shares as regards to dividends.

*Sasol preferred ordinary shares:* carry a cumulative preferred ordinary dividend right for a period of ten years from the date of issue. These preferred dividend rights rank ahead of the dividend rights of the holders of any other shares in the company, including the Sasol BEE ordinary shares (but excluding any preference shares). The holders thereof have the right to receive and be paid a preferred ordinary dividend, as follows:

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.

Any payments made to holders of Sasol preferred ordinary shares must be made without deduction set-off or withholding.

Dividends payable on the Sasol preferred ordinary shares are adjusted to neutralise the impact of the dividend withholding tax, which replaced secondary tax on companies (STC) with effect from 1 April 2012.

Before any distribution is made, the board must first satisfy itself as to the solvency and liquidity of the company in accordance with the new Companies Act.

(b)

*Voting rights.* The Sasol BEE ordinary shares and the Sasol preferred ordinary shares rank *pari passu* with Sasol ordinary shares in relation to the right to vote at general meetings of the company.

In terms of the new Companies Act, unless a company's MOI provides otherwise, every shareholder, or representative of a shareholder, who is present at a shareholders' meeting has one vote on a show of hands, regardless of the number of shares he holds or represents, unless a poll is demanded. On a poll, a shareholder has the number of votes determined in accordance with the voting rights associated with the securities held by that shareholder, which in terms of our MOI is one vote per share held. If the rights of any class of shareholders will be affected, then provision is made in the new Companies Act for a separate class meeting.

(c)

*Appointment and re-election of directors.* Our directors are elected by our shareholders at the annual general meeting. The board may appoint any person qualifying as a director in terms of the new Companies Act, either to fill a vacancy or as an addition to the board, provided that the total number of directors does not at any time exceed the maximum of 16 directors. Directors appointed by the board in this manner are required to retire at the next annual general meeting following their appointment, but are eligible for re-election. Directors may also appoint alternate directors in their stead which appointment must be confirmed by a resolution of the board. At the annual general meeting of Sasol, one-third of the serving directors shall retire or if the total number of serving directors who shall retire does not constitute a multiple of three, the number of directors who shall retire shall be the number, adjusted upwards, that is the closest to one-third. The directors who retire every year shall be



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the longest serving since their last election, but will be eligible for re-election. In terms of the new Companies Act, it is a requirement that when we amend our MOI, our MOI must provide that at least 50% of the directors must be elected by the shareholders.

A director who has been appointed by the board shall retire five years after the date of his/her initial appointment or reappointment. Directors who have retired in this manner are eligible for re-election by the shareholders, if they have been nominated for reappointment after retirement by the shareholders, or if the board has appointed such a director to fill a vacancy.

(d)

*Right to share in profits.* This is not relevant under South African law. In terms of South African law, dividends are declared subject to the directors being satisfied as to the solvency and liquidity of a company.

(e)

*Rights to surplus in the event of liquidation.*

*Sasol preferred ordinary shares:* on the winding up of the company all dividends that should have been declared and paid to the holders of Sasol preferred ordinary shares at that point in time will automatically be declared and paid in priority to shareholders of any other class of shares other than preference shares. Thereafter, each Sasol preferred ordinary share shall participate *pari passu* with each Sasol ordinary share in the remaining assets of the company and the assets remaining after payment of the debts and liabilities of the company, the costs of liquidation and the payment of all dividends that should have been declared and paid to the holders of Sasol preferred ordinary shares (as set out above), shall be distributed among the shareholders in proportion to the number of shares respectively held by each of them.

(f)

*Redemption provisions.* There are no redemption provisions relating to the Sasol ordinary shares and the Sasol BEE ordinary shares.

*Sasol preferred ordinary shares:* the restrictions on and entitlements in relation to the Sasol preferred ordinary shares will lapse on the earlier of the 10<sup>th</sup> anniversary of the date of issue of the first Sasol preferred ordinary shares or on the date of receipt by the company of a notice that a redemption event has occurred, in accordance with the terms of various agreements entered into by *inter alia* Sasol and the company Inzalo Groups Funding (Pty) Ltd., and the company and Sasol Inzalo Public Funding (Pty) Ltd., (the redesignation date). On the redesignation date, the Sasol preferred ordinary shares will be redesignated as Sasol ordinary shares and will rank *pari passu* in all respects with the Sasol ordinary shares.

(g)

*Sinking funds.* There are no sinking funds.

(h)

*Liability for further capital calls.* Under the old Companies Act, shares could only be issued if they were fully paid. Accordingly, no shares were issued which were subject to any capital calls. Under the new Companies Act however, partly paid shares may be issued under certain circumstances. The company has not yet made use of these provisions.

(i)

*Discriminatory provisions against majority shareholders.* There are no discriminatory provisions in our MOI against any holder of securities as a result of such holder owning a substantial number of shares in the company.

**4. Changing rights of holders of securities**

In terms of our MOI, we may only by way of special resolution amend the rights attached to any shares or convert any of our shares (whether issued or not) into shares of another class. A special resolution is also required for the company to convert shares into stock and to reconvert stock into shares. If the rights of any class of shareholders will be affected, then provision is made in the new

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Companies Act for a separate class meeting of the holders of such shares. In addition to the above, shareholders have been granted appraisal rights under the new Companies Act, and accordingly, if we amend our MOI by altering the preferences, rights, limitations or other terms of any class of our shares in a manner that is materially adverse to the rights or interests of holders of that class of shares, every holder of that class of shares that was present at the meeting at which the resolution to amend our MOI was passed and voted against such resolution, will be entitled, on notice to the company to seek court relief upon establishing that they have been unfairly prejudiced by the company. For a special resolution to be approved by shareholders, it must be supported by at least 75% of the voting rights exercised on the resolution.

**5. General meeting of shareholders**

In terms of the new Companies Act, the board or any other person specified in the company's MOI may call a shareholders' meeting at any time. In terms of our MOI, the board may call a shareholders' meeting at any time. In terms of the new Companies Act, the board (or any other person which may be specified in the MOI) must call a shareholders' meeting:

at any time that the board is required in terms of the new Companies Act, or our MOI to refer a matter to shareholders for decision;

whenever required in terms of the new Companies Act to fill a vacancy on the board;

whenever required in terms of our MOI to call a meeting; and

if one or more demands for a meeting with substantially the same purpose are delivered to the company by persons holding in aggregate at least 10% of the voting rights entitled to be exercised in relation to the matter proposed.

If a company is unable to convene a meeting because it has no directors, then in terms of the new Companies Act, any person authorised by the company's MOI may convene a meeting, or if no such person has been specified in a company's MOI, the companies tribunal, on request from any shareholder, may issue an administrative order for a shareholders' meeting to be convened on a date and subject to such terms as the companies tribunal considers appropriate.

In accordance with our MOI read with the new Companies Act, our annual general meeting is required to be held each year within six months from the end of our financial year, and within 15 months after the date of our last preceding annual general meeting. The following business must at a minimum be transacted at an annual general meeting:

presentation of directors' reports, audited financial statements and the audit committee report;

election of directors (to the extent required by our MOI);

appointment of an auditor and an audit committee; and

any matter raised by a shareholder.

If the company fails to convene a meeting in accordance with its MOI, or as required by the shareholders holding in the aggregate at least 10% of the voting rights as set out above, or within the time periods specified above for an annual general meeting, any shareholder may apply to court for an order to convene a shareholders' meeting on a date and subject to such terms as a court considers appropriate.

*Notices.* We are required by the new Companies Act to deliver written notice of shareholders' meetings to each shareholder and each beneficial shareholder at least 15 business days before a meeting. The new Companies Act also stipulates that delivery of a notice will be deemed to have taken



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place on the seventh calendar day following the day on which the notice was posted by way of registered post. The notice of meeting must include *inter alia* the date, time and place of the meeting, the general purpose of the meeting and a copy of any proposed resolution.

*Attendance at meetings.* Before a person will be allowed to attend or participate at shareholder meetings, that person must present reasonably satisfactory identification and the person presiding at the meeting must reasonably satisfy himself that the right of the person to attend as shareholder or proxy has been reasonably verified. Meetings of shareholders may be attended by any person who holds shares in the company and whose name has been entered into our securities register and includes any person who is entitled to exercise any voting rights in relation to the company. Any person entitled to attend and to vote at any meeting may appoint a proxy/ies in writing to attend and to vote at such meeting on his/her/its behalf. In respect of shares which are not subject to the rules of a central securities depository, and in respect of which a person holds a beneficial interest which includes the right to vote on a matter, that beneficial holder may attend and vote on a matter at a meeting of shareholders, but only if that person's name has been entered in our register of disclosures as the holder of that beneficial interest. Beneficial shareholders whose shares are not registered in their own name or (in the case of certificated shares in the company's register of disclosure), or beneficial owners who have dematerialised their shares, are required to contact the registered shareholder or their Central Securities Depository Participant (CSDP), as the case may be, for assistance to attend and vote at meetings.

*Quorum.* In terms of the new Companies Act, a shareholders' meeting may not commence until sufficient persons are present to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting, with a minimum of three shareholders present at the meeting. A matter to be decided at the meeting may not begin to be considered unless sufficient persons are present at the meeting to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda and a minimum of these shareholders are present. In terms of our MOI, if the required quorum of shareholders is not present within 10 minutes from the time appointed for the meeting to begin, the meeting will be postponed to a date determined by the directors which may not be earlier than seven days or later than 21 days after the date of the meeting. In terms of the new Companies Act, no further notice is required of a postponed or adjourned meeting unless the location is different from that of the postponed or adjourned meeting, or is different from a location announced at the time of an adjourned meeting. The shareholders present in person or proxy will be deemed to constitute a quorum at a postponed or adjourned meeting.

*Manner of voting.* At a general meeting, a resolution put to vote will be decided by a show of hands, unless a poll is demanded by:

at least five shareholders having the right to vote on that matter either as shareholder or proxy;

a shareholder or shareholders, or their proxies, representing at least one-tenth of the total voting rights of all shareholders having the right to vote on that matter;

a shareholder or shareholders holding in total not less than one-tenth of the issued share capital of the company having the right to vote on that matter; or

the chairman.

In terms of the new Companies Act, a special resolution is required to:

amend our MOI;

ratify consolidated versions of our MOI;

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ratify actions by the company or directors in excess of their authority under the MOI;

approve an issue of shares or grant of rights to directors, prescribed officers or persons related to them;

approve an issue of shares or securities which will result in the voting power of the class of shares being issued (as a result of a transaction or a series of transactions), being equal to or exceeding 30% of the voting powers of all the shares of that class immediately before the transaction or series of transactions;

authorise the board to grant financial assistance to directors, prescribed officers or related or inter-related parties;

authorise the board to grant financial assistance to any person for the purpose of the subscription or purchase of securities issued by the company or by a related or inter-related company;

approve a decision of the board for re-acquisition of shares if acquired from a director or prescribed officer, or persons related to them;

approve a decision of the board for re-acquisition of shares if it involves the acquisition, whether alone or as part of a series of transaction, of more than 5% of the issued shares in any class;

authorise the basis for compensation to directors for their services as directors;

approve the voluntary winding up of the company;

approve the winding up of the company by court order;

approve an application to transfer the company to a foreign jurisdiction;

approve any proposed fundamental transaction, as defined in the new Companies Act; or

revoke a resolution giving rise to shareholders' appraisal rights.

In addition to the above, our MOI, provides for further matters that must be decided by way of a special resolution.

For a special resolution to be approved by shareholders, it must be supported by at least 75% of the voting rights exercised on the resolution.

For an ordinary resolution to be approved by shareholders, it must be supported by at least 50% of the voting rights exercised on the resolution.

**6. Rights of non-South African shareholders**

The Sasol BEE ordinary shares may only be owned by persons who meet certain broad-based black economic empowerment credentials. In order to meet such credentials such person must, *inter alia*, be a South African citizen.



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There are no limitations imposed by South African law or, the MOI on the rights of non-South African shareholders to hold or vote shares in the company (other than the Sasol BEE ordinary shares). Acquisitions of shares in South African companies are not generally subject to review by the SARB. However, its approval may be required in certain cases where such share acquisition is financed by South African lenders.

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**7. Provisions that would have the effect of delaying a change of control or merger**

The new Companies Act and the regulations to the new Companies Act deal extensively with the requirements that must be met by a company with respect to a merger, an acquisition or a corporate restructure.

**8. Disclosure of ownership threshold**

Pursuant to section 122(1)(a) and (b) of the new Companies Act, a person must notify the company within three business days after acquiring or disposing of a beneficial interest in sufficient securities of a class issued by that company such that, as a result of the acquisition or disposal, the person holds or no longer holds as the case may be, a beneficial interest in securities amounting to a any multiple of 5% of the issued securities of that class. The wording in the new Companies Act relating to the threshold amount is ambiguous and the Takeover Regulation Panel has interpreted this to mean an acquisition or disposal of shares in any 5% increments.

**9. Changes in share capital**

In terms of the new Companies Act, the board may (save to the extent that a company's MOI provides otherwise), increase or decrease the number of authorised shares in any class of shares.

Subject to any authority given to the board, in our MOI, we may, prior to the issue of shares, direct that they be offered in the first instance, either at par value (in respect of shares which have been authorised under the old Companies Act) or at a premium or at a stated value in the case of shares without par value, to all our shareholders in proportion to the amount of capital held by them, or take any other measure with regard to the issue and allotment of the new shares.

In terms of the new Companies Act, the board may (save to the extent that the company's MOI provides otherwise), classify any unclassified shares, or determine any preference rights, limitations or other terms in respect of a class of shares which have been provided for in a company's MOI and for which the board is required to determine the associated preference rights, limitations or other terms of shares.

In terms of our MOI and the JSE listing requirements, we are required to obtain the consent of shareholders, by special resolution in general meeting, to increase the number of authorised shares in the share capital of the company, or to consolidate or to subdivide all or any shares or to amend the rights and privileges of any class of shares.

*Issued shares placed under the control of directors.* See section 4 above.

*Unissued shares placed under the control of directors.* The new Companies Act generally allows the board to issue authorised shares without shareholder approval. However, in terms of our MOI, and subject the listings requirements of the JSE, the company may, in a general meeting, place the balance of the ordinary shares not allotted under the control of the directors with general authorisation to allot, and issue such shares at such prices and upon such terms and conditions and with the rights and privileges attached thereto, as may be determined in general meeting. A special resolution is required to place the preference shares under the control of the directors. Further, in terms of our MOI, a special resolution is required to amend the rights attached to any unissued shares or convert any of our unissued shares into shares of another class. A special resolution, is also required for the company to cancel, vary or amend shares or any rights attached to shares which, at the time of the passing of the relevant resolution, have not been taken up by any person or which no person has agreed to take up, and we may reduce our share capital by the amount of the shares so cancelled.

In terms of the new Companies Act, a special resolution is required to approve an issue of shares or securities convertible into shares, or the issue of options for the allotment or subscription of

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authorised shares or other securities of the company, or a grant of any other rights exercisable for securities, if the shares, securities, options or rights are issued to a director, future director, prescribed officer, or future prescribed officer of the company, or their related parties or nominees. In addition, a special resolution is required to approve an issue of shares or securities which will, as a result of a transaction or a series of transactions, result in the voting power of the class of shares being issued being equal to or exceeding 30% of the voting powers of all the shares of that class immediately before the transaction or series of transactions.

**10.C Material contracts**

We do not have any material contracts, other than contracts entered into in the ordinary course of business.

**10.D Exchange controls**

South African exchange control regulations are administered by the Financial Surveillance Department of the South African Reserve Bank (FSD) and are applied throughout the Common Monetary Area (CMA) (South Africa, the Kingdoms of Lesotho and Swaziland and the Republic of Namibia) and regulate transactions involving South African residents, as defined in the Exchange Control Rulings, including natural persons and legal entities.

Day to day interaction with the FSD on exchange control matters is facilitated through Authorised Dealers who are persons authorised by National Treasury to deal in foreign exchange, in so far as transactions in respect of foreign exchange are concerned.

The South African government (the Government) has from time to time stated its intention to relax South Africa's exchange control regulations when economic conditions permit such action. In recent years, the Government has incrementally relaxed aspects of exchange control.

The following is a general outline of South African exchange controls. The comments below relate to exchange controls in force at the date of this annual report. These controls are subject to change at any time without notice. Investors should consult a professional advisor as to the exchange control implications of their particular investments.

***Foreign financing and investments***

*Foreign debt.* We, and our South African subsidiaries, require approval by the FSD to obtain foreign loans.

Funds raised outside the CMA by our non-resident subsidiaries, ie a non-resident for exchange control purposes, are not restricted under South African exchange control regulations and may be used for any purpose including foreign investment, as long as such use is without recourse to South Africa. We, and our South African subsidiaries, would, however, require approval by the FSD in order to provide guarantees for the obligations of any of our subsidiaries with regard to funds obtained from non-residents of the CMA.

Debt raised outside the CMA by our non-resident subsidiaries must be repaid or serviced by those foreign subsidiaries. Without approval by the FSD, we can neither use cash we earn in South Africa to repay or service such foreign debts nor can we provide security on behalf of our non-resident subsidiaries.

We may retain dividends declared by our foreign subsidiaries offshore which we may use for any purpose, without any recourse to South Africa. These funds may, subject to certain conditions, also be invested back into the CMA in the form of equity investments or loans.

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*Raising capital overseas.* A listing by a South African company on any stock exchange requires prior approval by the FSD. Similarly, the listing of a non-South African company on the JSE requires prior approval by the FSD.

Under South African exchange control regulations, we must obtain approval from the FSD regarding any capital raising activity involving a currency other than the rand. In granting its approval, the FSD may impose conditions on our use of the proceeds of the capital raising activity outside South Africa, including limits on our ability to retain the proceeds of this capital raising activity outside South Africa or a requirement that we seek further approval by the FSD prior to applying any of these funds to any specific use. Any limitations imposed by the FSD on our use of the proceeds of a capital raising activity could adversely affect our flexibility in financing our investments.

*Foreign investments.* Under current exchange control regulations we, and our South African subsidiaries, can invest overseas without prior approval by the FSD, where the investment is below R500 million per calendar year per company provided that the proposed investment meets certain criteria. Although no prior approval by the FSD is required for these investments, prior approval from the relevant Authorised Dealer, who will evaluate the investment on the same principles applied by the FSD, is required. Where the investment does not meet certain criteria, the Authorised Dealer will refer the matter to the FSD for consideration.

Should the foreign investment be more than R500 million per calendar year per company, or where the Authorised Dealer refers the matter to the FSD in the circumstances described above, prior approval by the FSD is required and such foreign investments will only be allowed if the investment meets certain criteria including one of national interest, as determined by the FSD. There is no limitation placed on us with regard to the amount of funds that we can transfer from South Africa for an approved foreign investment. The FSD may, however, request us to stagger the capital outflows relating to large foreign investments in order to limit the impact of such outflows on the South African economy and the foreign exchange market.

The FSD also requires us to provide them with an annual report, which will include the annual financial statements, of all our foreign subsidiaries.

***Investment in South African companies***

*Inward investment.* As a general rule, a foreign investor may invest freely in shares in a South African company. Foreign investors may also sell shares in a South African company and transfer the proceeds out of South Africa without restriction. Acquisitions of shares or assets of South African companies by non-South African purchasers are not generally subject to review by the FSD when the consideration is in cash, but may require review by the FSD in certain circumstances, including when the consideration is equity in a non-South African company or when the acquisition is financed by a loan from a South African lender.

*Dividends.* There are no exchange control restrictions on the remittance of dividends declared out of trading profits to non-residents of the CMA. However, residents of the CMA may under no circumstances have dividends paid outside the CMA without specific approval from the FSD.

*Transfer of shares and ADSs.* Under South African exchange control regulations, our shares and ADSs are freely transferable outside South Africa among persons who are not residents of the CMA. Additionally, where shares are sold on the JSE on behalf of our shareholders who are not residents of the CMA, the proceeds of such sales will be freely exchangeable into foreign currency and remittable to them. The FSD may also require a review to establish that the shares have been sold at market value and at arm's length. While share certificates held by non-resident shareholders will be endorsed with the words "non-resident", such endorsement will, however, not be applicable to ADSs held by non-resident shareholders.

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**10.E Taxation**

**South African taxation**

The following discussion summarises the South African tax consequences of the ownership and disposition of shares or ADSs by a US holder (as defined below). This summary is based upon current South African tax law and the convention between the governments of the United States and the Republic of South Africa for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital gains, signed on 17 February 1997 (the Treaty). In addition, this summary is based in part upon representations of the Depositary (Bank of New York Mellon, as Depositary for our ADSs), and assumes that each obligation provided for in, or otherwise contemplated by the Deposit Agreement and any related agreement, will be performed in accordance with its respective terms.

The summary of the South African tax considerations does not address the tax consequences to a US holder that is resident in South Africa for South African tax purposes or whose holding of shares or ADSs is effectively connected with a permanent establishment in South Africa through which such US holder carries on business activities. It equally does not address the scenario where the US holder is not the beneficial recipient of the dividends or returns or, in the case of an individual who performs independent personal services, who has a fixed base situated in South Africa or the source of the transaction is deemed to be in South Africa, or who is otherwise not entitled to full benefits under the Treaty.

The statements of law set forth below are subject to any changes (which may be applied retroactively) in South African law or in the interpretation thereof by the South African tax authorities, or in the Treaty, occurring after the date hereof. For the purposes of the Treaty and South African tax law, a US resident that owns Sasol ADSs will be treated as the owner of Sasol shares represented by such ADSs. Holders are strongly urged to consult their own tax advisors as to the consequences under South African, US federal, state and local, and other applicable laws, of the ownership and disposition of shares or ADSs.

***Taxation of dividends***

Prior to 1 April 2012, South Africa imposed a corporate tax known as Secondary Tax on Companies (STC), at the rate of 10%, on the distribution of an amount in the form of dividends on the company declaring the dividend. STC was a recognised form of tax in terms of the Treaty, but was not a withholding tax on dividends. With effect from 1 April 2012, however, STC has been replaced by a dividends withholding tax at the rate of 15%.

With effect from 1 April 2012, and in the absence of any renegotiation of the Treaty, the tax on the dividends paid to a US holder with respect to shares or ADSs, will be limited to 5% of the gross amount of the dividends where a US corporate holder holds directly at least 10% of the voting stock of Sasol. The maximum dividends tax rate will be 15% of the gross amount of the dividends in all other cases.

A new definition of a dividend was introduced into the income tax laws with effect from 1 April 2012. A dividend will be defined as any amount transferred or applied by a company that is a resident (including Sasol) for the benefit or on behalf of any person in respect of any share in that company, whether that amount is transferred or applied by way of a distribution made by the company, or as consideration for the acquisition of any share in that company. It specifically excludes any amount transferred or applied by the company that results in a reduction of so-called contributed tax capital (CTC) or constitutes shares in the company or constitutes an acquisition by the company of its own securities by way of a general repurchase of securities in terms of the JSE Listings Requirements.

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The concept of CTC effectively means the sum of the stated capital or share capital and share premium of a company that existed on 1 January 2011, excluding any transfers from reserves to the share premium account or stated capital account. Any application of CTC is limited to the holders of a class of shares and specifically that a distribution of CTC attributable to a specific class of shares must be made proportionately to the number of shares held by a shareholder in a specific class of shares. In other words, CTC can only be used proportionately by a company and cannot be applied by a company for the benefit of only one specific shareholder. The CTC of the company cannot therefore also be used in respect of different classes of shares and the CTC of a specific class is ring-fenced.

***Taxation of gains on sale or other disposition***

Prior to 1 October 2001, in the absence of a capital gains tax, gains realised on the sale or other disposition of shares held by a US holder as a capital asset were not subject to taxation in South Africa. From 1 October 2001, South Africa introduced a tax on capital gains, which only applies to South African residents and to non-residents if the sale is attributable to a permanent establishment of the non-resident or if it relates to an interest in immovable property in South Africa. With effect from 1 October 2007, gains realised on the sale of shares are automatically deemed to be on capital account, and therefore, subject to capital gains tax, if the shares have been held for a continuous period of at least three years by the holder thereof. This deeming provision is limited to ordinary shares and does not extend to preference shares or ADSs. The meaning of the word "resident" is different for individuals and corporations and is governed by the South African Income Tax Act of 1962 (the Act) and by the Treaty. In the event of conflict, the Treaty, which contains a tie breaker clause or mechanism to determine residency if a holder is resident in both countries, will prevail. In terms of the Act and the Treaty, a US resident holder of shares or ADSs will not be subject to capital gains tax on the disposal of securities held as capital assets unless the securities are linked to a permanent establishment conducted in South Africa. In contrast, gains on the disposal of securities which are not capital in nature are usually subject to income tax. However, even in the latter case, a US resident holder will not be subject to income tax unless the US resident holder carries on business in South Africa through a permanent establishment situated therein. In such a case, this gain may be subject to tax in South Africa, but only so much as is attributable generally to that permanent establishment for so long as it does not constitute a repurchase of shares. If the repurchase of shares constitutes a general repurchase of securities in terms of the JSE Listings Requirements, the repurchase will not be deemed to be a dividend.

***Securities transfer tax***

With effect from 1 July 2008, a single security transfer tax of 0,25% was introduced and is applicable to all secondary transfers of shares. No securities transfer tax (STT) is payable on the issue of securities, even though it is payable on the redemption of securities. STT is payable in South Africa regardless of whether the transfer is executed within or outside South Africa. A transfer of a dematerialised share can only occur in South Africa.

A security is also defined as a depository receipt in a company. Accordingly, STT is payable on the transfer of a depository receipt issued by a company. Generally, the central securities depository that has been accepted as a participant in terms of the Securities Services Act, 2004 is liable for the payment of the STT, on the basis that the STT is recoverable from the person to whom the security is transferred.

**United States federal income taxation**

The following is a general summary of the material US federal income tax consequences of the ownership and disposition of shares or ADSs to a US holder (as defined below) that holds its shares or ADSs as capital assets. This summary is based on US tax laws, including the Internal Revenue Code of

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1986, as amended (the Code), Treasury regulations, rulings, judicial decisions, administrative pronouncements, South African tax laws, and the Treaty, all as currently in effect as of the date of this annual report, and all of which are subject to change or changes in interpretation, possibly with retroactive effect. In addition, this summary is based in part upon the representations of the Depositary and the assumption that each obligation in the Deposit Agreement relating to the ADSs and any related agreement will be performed in accordance with its terms.

This summary does not address all aspects of US federal income taxation that may apply to holders that are subject to special tax rules, including US expatriates, insurance companies, tax-exempt organisations, banks, financial institutions, regulated investment companies, persons subject to the alternative minimum tax, securities broker-dealers, traders in securities who elect to apply a mark-to-market method of accounting, persons holding their shares or ADSs as part of a straddle, hedging transaction or conversion transaction, persons who acquired their shares or ADSs pursuant to the exercise of employee stock options or similar derivative securities or otherwise as compensation, or persons whose functional currency is not the US dollar. Such holders may be subject to US federal income tax consequences different from those set forth below.

As used herein, the term "US holder" means a beneficial owner of shares or ADSs that is:

- (a) a citizen or individual resident of the US for US federal income tax purposes;
- (b) a corporation (or other entity taxable as a corporation for US federal income tax purposes) created or organised in or under the laws of the US, any state thereof or the District of Columbia;
- (c) an estate whose income is subject to US federal income taxation regardless of its source; or
- (d) a trust if a court within the US can exercise primary supervision over the administration of the trust and one or more US persons are authorised to control all substantial decisions of the trust.

If a partnership (or other entity treated as a partnership for US federal income tax purposes) holds shares or ADSs, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner in a partnership that holds shares or ADSs is urged to consult its own tax advisor regarding the specific tax consequences of the ownership and disposition of the shares or ADSs.

US holders should consult their own tax advisors regarding the specific South African and US federal, state and local tax consequences of owning and disposing of shares or ADSs in light of their particular circumstances as well as any consequences arising under the laws of any other taxing jurisdiction. In particular, US holders are urged to consult their own tax advisors regarding whether they are eligible for benefits under the Treaty.

For US federal income tax purposes, a US holder of ADSs should be treated as owning the underlying shares represented by those ADSs. The following discussion (except where otherwise expressly noted) applies equally to US holders of shares and US holders of ADSs. Furthermore, deposits or withdrawals of shares by a US holder for ADSs or ADSs for shares will not be subject to US federal income tax.

***Taxation of dividends***

The gross amount of any dividends, including the amount of any South African withholding tax thereon, paid to a US holder by Sasol generally will be taxable as dividend income to the US holder for US federal income tax purposes.

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The amount of any distribution paid in foreign currency, including the amount of any South African withholding tax thereon, will be included in the gross income of a US holder in an amount equal to the US dollar value of the foreign currency calculated by reference to the spot rate in effect on the date the dividend is actually or constructively received by the US holder, in the case of shares, or by the Depositary, in the case of ADSs, regardless of whether the foreign currency is converted into US dollars. If the foreign currency is converted into US dollars on the date of receipt, a US holder of shares generally should not be required to recognise foreign currency gain or loss in respect of the dividend. If the foreign currency received in the distribution is not converted into US dollars on the date of receipt, a US holder of shares will have a basis in the foreign currency equal to its US dollar value on the date of receipt.

Any gain or loss recognised upon a subsequent conversion or other disposition of the foreign currency will be treated as US source ordinary income or loss. In the case of a US holder of ADSs, the amount of any distribution paid in a foreign currency ordinarily will be converted into US dollars by the Depositary upon its receipt. Accordingly, a US holder of ADSs generally will not be required to recognise foreign currency gain or loss in respect of the distribution. Special rules govern and specific elections are available to accrual method taxpayers to determine the US dollar amount includable in income in the case of taxes withheld in a foreign currency. Accrual basis taxpayers therefore are urged to consult their own tax advisors regarding the requirements and elections applicable in this regard.

The South African government has enacted a dividend withholding tax, at the rate of 15%, with effect from 1 April 2012. Refer to "Taxation South African taxation Taxation of dividends". Subject to certain limitations, South African withholding taxes will be treated as foreign taxes eligible for credit against a US holder's US federal income tax liability. South African taxes withheld in excess of the rate provided in the South African and US Double Tax Treaty (the Treaty) for which a refund is available are not eligible for credit against a US holder's US federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by Sasol with respect to shares or ADSs generally will constitute foreign source "passive category income" or, in the case of certain US holders, foreign source "general category income". The use of foreign tax credits is subject to complex conditions and limitations. In lieu of a credit, a US holder who itemises deductions may elect to deduct all of such holder's foreign taxes in the taxable year. A deduction for foreign taxes is not subject to the same limitations applicable to foreign tax credits. US holders are urged to consult their own tax advisors regarding the availability of foreign tax credits.

Dividends paid by Sasol will not be eligible for the dividends-received deduction generally allowed to US corporations in respect of dividends received from other US corporations. Under current law, certain non-corporate US holders are eligible for preferential rates of US federal income tax in respect of "qualified dividend income" received in taxable years beginning before 1 January 2013. For this purpose, qualified dividend income generally includes dividends paid by a non-US corporation if, among other things, the US holders meet certain minimum holding periods and the non-US corporation satisfies certain requirements, including that either:

- (i) the shares or the ADSs with respect to which the dividend has been paid are readily tradable on an established securities market in the United States; or
- (ii) the non-US corporation is eligible for the benefits of a comprehensive US income tax treaty (such as the Treaty) which provides for the exchange of information.

Sasol currently believes that dividends paid with respect to its shares and ADSs should constitute qualified dividend income for US federal income tax purposes and Sasol anticipates that its dividends will be reported as qualified dividends on Form 1099-DIV delivered to US holders. In computing foreign tax credit limitations, non-corporate US holders may take into account only a portion of a qualified dividend to reflect the reduced US tax rate applicable to such dividend. Each individual US



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holder of shares or ADSs is urged to consult his own tax advisor regarding the availability to him of the preferential dividend tax rate in light of his own particular situation and regarding the computations of his foreign tax credit limitations with respect to any qualified dividend income paid by Sasol to him, as applicable.

The US Treasury has expressed concern that parties to whom ADSs are released may be taking actions that are inconsistent with the claiming of creditability of withholding taxes or the preferential tax rates in respect of qualified dividends by US holders of ADSs. Accordingly, the analysis of the foreign tax credits or availability of qualified dividend treatment could be affected by future actions that may be taken by the US Treasury with respect to ADSs.

*Taxation of capital gains*

If a US holder is a resident of the US for purposes of the Treaty, such holder generally will not be subject to South African tax on any capital gain or loss if it sells or exchanges its shares or ADSs unless such shares or ADSs constitute the assets linked to a permanent establishment in South Africa. Special rules apply to individuals who are potentially residents of more than one country. Refer to "South African Taxation Taxation of gains on sale or other disposition" above.

Upon a sale, exchange or other disposition of shares or ADSs, a US holder generally will recognise capital gain or loss for US federal income tax purposes in an amount equal to the difference between the US dollar value of the amount realised on the disposition and the US holder's adjusted tax basis, determined in US dollars, in the shares or ADSs. Such gain or loss generally will be US source gain or loss, and generally will be treated as a long-term capital gain or loss if the holder's holding period in the shares or ADSs exceeds one year at the time of disposition. The deductibility of capital losses is subject to significant limitations. If the US holder is an individual, long term capital gain generally is subject to US federal income tax at preferential rates.

The tax basis of shares purchased with foreign currency will generally be the US dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of shares traded on an established securities market that are purchased by a cash basis US holder (or an accrual basis US holder that so elects). The amount realised on a sale or other disposition of shares for an amount in foreign currency will be the US dollar value of this amount on the date of sale or disposition (in the case of an accrual basis US holder or the date payment is received (in the case of a cash basis US holder). On the settlement date, the US holder will recognise the US source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the US dollar value of the amount received based in the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of shares traded on an established securities market that are sold by a cash basis US holder (or an accrual basis US holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time. If an accrual basis US holder makes an election described above, it must be applied consistently from year to year and cannot be revoked without the consent of the Internal Revenue Service (IRS).

*Passive foreign investment company considerations*

This summary assumes and Sasol believes that it will not be classified as a Passive Foreign Investment Company (PFIC) for US federal income tax purposes for the taxable year ended 30 June 2012. US holders are advised, however, that this conclusion is a factual determination that must be made annually and thus may be subject to change. If Sasol were to be classified as a PFIC, the tax on distributions on its shares or ADSs and on any gains realised upon the disposition of its shares or ADSs may be less favourable than as described herein. Furthermore, dividends paid by a PFIC are not "qualified dividend income" and are not eligible for the reduced rates of taxation for certain dividends. In addition, each US person that is a shareholder of a PFIC, may be required to file an annual report

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disclosing its ownership of shares in a PFIC and certain other information as yet to be announced. US holders should consult their own tax advisors regarding the application of the PFIC rules (including the new reporting requirements) to their ownership of the shares or ADSs.

***US information reporting and backup withholding***

Dividend payments made to a holder and proceeds paid from the sale, exchange, or other disposition of shares or ADSs may be subject to information reporting to the IRS. US federal backup withholding generally is imposed on specified payments to persons who fail to furnish required information. Backup withholding will not apply to a holder who furnishes a correct taxpayer identification number or certificate of foreign status and makes any other required certification, or who is otherwise exempt from backup withholding. US persons who are required to establish their exempt status generally must provide IRS Form W-9 (Request for Taxpayer Identification Number and Certification) or applicable substitute form. Non-US holders generally will not be subject to US information reporting or backup withholding. However, these holders may be required to provide certification of non-US status (generally on IRS Form W-8BEN or applicable substitute form) in connection with payments received in the United States or through certain US-related financial intermediaries.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a holder's US federal income tax liability. A holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information.

***Additional reporting requirements***

Under recently enacted legislation, certain US holders who are individuals may be required to report information relating to their ownership of shares or ADSs, subject to certain exceptions (including an exception for shares or ADSs held in accounts maintained by certain US financial institutions). US holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the shares or ADSs.

**10.F Dividends and paying agents**

Not applicable.

**10.G Statement by experts**

Not applicable.

**10.H Documents on display**

All reports and other information that we file with the SEC may be obtained, upon written request, from the Bank of New York Mellon, as Depository for our ADSs at its Corporate Trust office, located at 101 Barclay Street, New York, New York 10286. These reports and other information can also be inspected without charge and copied at prescribed rates at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. These reports may also be accessed via the SEC's website ([www.sec.gov](http://www.sec.gov)). Also, certain reports and other information concerning us will be available for inspection at the offices of the NYSE. In addition, all the statutory records of the company and its subsidiaries may be viewed at the registered address of the company in South Africa.

**10.I Subsidiary information**

Not applicable. For a list of our subsidiaries see Exhibit 8.1 to this annual report on Form 20-F.

Table of Contents**ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As a group, we are exposed to various market risks associated with our underlying assets, liabilities and anticipated transactions. We continuously monitor these exposures and enter into derivative financial instruments to reduce these risks. We do not enter into derivative transactions on a speculative basis. All fair values have been determined using current market pricing models.

The principal market risks (i.e. the risk of losses arising from adverse movements in market rates and prices) to which we are exposed are:

foreign exchange rates applicable on conversion of foreign currency transactions as well as on conversion of assets and liabilities to rand;

commodity prices, mainly crude oil prices; and

interest rates on debt and cash deposits.

Refer to Item 18 "Financial Statements Note 63 Financial risk management and financial instruments" of the consolidated financial statements for a qualitative and quantitative discussion of the group's exposure to these market risks.

The following is a breakdown of our debt arrangements and a summary of fixed versus floating interest rate exposures for operations.

Liabilities notional	2013	2014	2015	2016	2017	Thereafter	Total
	(Rand in millions)						
Fixed rate (Rand)	314	201	648	176	178	3 078	4 595
Average interest rate	11,85%	11,84%	11,83%	12,84%	11,82%	11,82%	
Variable rate (Rand)	853	905	816	440	380	4 915	8 309
Average interest rate	7,43%	7,43%	7,43%	7,43%	7,44%	7,48%	
Fixed Rate (US\$)	2	1			2	44	49
Average interest rate	1,51%		2,34%	2,34%	2,34%		
Variable rate (US\$)	59	50	7	1			117
Average interest rate	3,35%	3,58%	3,47%	3,00%	3,00%		
Fixed rate (Euro)	13	13	12	2		27	67
Average interest rate	2,60%	2,55%	2,34%	1,60%	1,66%	1,66%	
Variable rate (Euro)	1 815	265	276	203	79	105	2 743
Average interest rate	4,17%	4,16%	4,16%	4,16%	4,16%	4,15%	
Variable rate (other currencies)	1	4					5
Average interest rate	16,26%	16,23%	16,16%	16,20%	16,25%		
<b>Total</b>	<b>3 057</b>	<b>1 439</b>	<b>1 759</b>	<b>822</b>	<b>639</b>	<b>8 169</b>	<b>15 885</b>

Table of Contents**ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES****12.A Debt securities**

Not applicable.

**12.B Warrants and rights**

Not applicable.

**12.C Other securities**

Not applicable.

**12.D American depositary shares****12.D.1 Depositary name and address**

Not applicable.

**12.D.2 Description of American depositary shares**

Not applicable.

**12.D.3 Depositary fees and charges**

The Bank of New York Mellon serves as the depositary for Sasol's American Depositary Shares (ADSs). Sasol's ADSs, each representing one Sasol ordinary share, are traded on the New York Stock Exchange under the symbol "SSL". The ADSs are evidenced by American Depositary Receipts, or ADRs, issued by The Bank of New York Mellon, as Depositary, under the Deposit Agreement (dated as of 14 July 1994, as amended and restated as of 6 March 2003), among The Bank of New York Mellon, Sasol Limited and its registered ADR holders. ADR holders are required to pay the following service fees to the Depositary:

Service	Fees (USD)
Depositing or substituting the underlying shares	Up to US\$5,00 per 100 ADSs
Receiving or distributing cash dividends	Up to US\$0,02 per ADS
Selling or exercising rights	Up to US\$5,00 per 100 ADSs
Withdrawing an underlying security	Up to US\$5,00 per 100 ADSs

In addition, all non-standard out-of-pocket administration and maintenance expenses, including but not limited to, any and all reasonable legal fees and disbursements incurred by the Depositary (including legal opinions, and any fees and expenses incurred by or waived to third-parties) will be paid by the company. Fees and out-of-pocket expenses for the servicing of non-registered ADR holders and for any special service(s) performed by the Depositary will be paid for by the company.

**12.D.4 Depositary payments for 2012**

In terms of the Amended and Restated Deposit Letter Agreement dated as of 5 May 2011 (the Letter Agreement), the Depositary will reimburse the company up to US\$250 000 for expenses related to the ADR programme including, but not limited to, investor relations expenses and listing fees or any other program related expenses on the anniversary date of the company's listing on the New York Stock Exchange. In the event that the number of American depositary shares outstanding increases by 10 million from the number outstanding on the effective date of the Letter Agreement, the reimbursement amount for that year increases by US\$100 000. On 31 October 2011, the Depositary reimbursed the company an amount of US\$250 000 for expenses relating to the depositary receipt facility for the period up to 9 April 2011. The company submitted a claim for reimbursement for an amount of US\$350 000 in respect of the latest anniversary date of 9 April 2012 on 27 September 2012.

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**PART II**

**ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

Not applicable.

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**ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**

Not applicable.

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**ITEM 15. CONTROLS AND PROCEDURES**

- (a) Disclosure controls and procedures

The company's chief executive officer and chief financial officer, based on their evaluation of the effectiveness of the group's disclosure controls and procedures (required by paragraph (b) of 17 CFR 240.13a-15) as of the end of the period covered by this annual report of Form 20-F, have concluded that, as of such date, the company's disclosure controls and procedures were effective.

- (b) Management's annual report on internal control over financial reporting

Management of Sasol is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. Under Section 404 of the Sarbanes-Oxley Act of 2002, management is required to assess the effectiveness of Sasol's internal control over financial reporting as of the end of each financial year and report, based on that assessment, whether the Company's internal control over financial reporting is effective.

Sasol's internal control over financial reporting is a process designed under the supervision of the chief executive officer and chief financial officer to provide reasonable assurance as to the reliability of Sasol's financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting practice, and that receipts and expenditures are being made only in accordance with authorisations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management assessed the effectiveness of Sasol's internal control over financial reporting as of 30 June 2012. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) in "Internal Control Integrated Framework". Based on this assessment, our management has determined that, as of 30 June 2012, Sasol's internal control over financial reporting was effective.

- (c) The effectiveness of internal control over financial reporting as of 30 June 2012 was audited by KPMG Inc., independent registered public accounting firm, as stated in their report on page F-1 of this Form 20-F.

- (d) Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting that occurred during the year ended 30 June 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting as at 30 June 2012.

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**ITEM 16.A AUDIT COMMITTEE FINANCIAL EXPERT**

Mr. Colin Beggs, an independent member of the audit committee and its chairman since 1 January 2011, was determined by our board to be the audit committee's financial expert within the meaning of the Sarbanes-Oxley Act, in accordance with the Rules of the NYSE and the SEC.

**ITEM 16.B CODE OF ETHICS**

Sasol has adopted a code of ethics that applies to all of our directors, officers and employees, including the Chief Executive Officer, our Chief Financial Officer and our Controller. Our code of ethics consists of four fundamental ethical principles – responsibility, honesty, fairness and respect. The code is supported by a "guidelines to the code of ethics" document which provides details on 15 ethical standards. These ethical standards cover issues such as bribery and corruption, fraud, insider trading, legal compliance, conflicts of interests, human rights and discrimination. They include a commitment to conducting our business with due regard to the interests of all our stakeholders and the environment. The code embodies a requirement of compliance with all applicable laws and regulations as a minimum standard.

Employee performance compared against our values, which incorporate the code of ethics, is assessed as part of our performance appraisal system. Any amendment or waiver of the code as it relates to our chief executive officer or chief financial officer will be posted on our website within five business days following such amendment or waiver. No such amendments or waivers are anticipated.

The code of ethics has been communicated to employees, suppliers, service providers and customers and is available on our internet website. Our website address is [www.sasolethics.com](http://www.sasolethics.com). A copy of the Code of Ethics can also be specifically requested by sending an email to [groupethicsoffice@sasol.com](mailto:groupethicsoffice@sasol.com) with your postal details and a copy will be posted to you, without charge.

We have been operating an independent ethics reporting telephone line through external advisors since 2002. This confidential and anonymous ethics hotline provides an impartial facility for all stakeholders to report deviations from ethical behaviour, including fraud and unsafe behaviour or environment. These calls are monitored and the progress on their resolution is reported to the audit committee on a regular basis. We view the following hotlines as an essential mechanism for maintaining the highest levels of ethical behaviour: South Africa: 0800016017; Germany: 08001825967; Italy: 800786522; Singapore: 1800-2163302; United Kingdom: 08000324498; United States of America: 18004891727.

The ethics hotline continues to be well utilised and 519 calls were received and investigated in 2012. This is attributed to an increased focus on managing ethics at a senior and top management level, as well as clear tone at the top to promote zero tolerance towards unethical behaviour. Our code of ethics guides our interactions with all government representatives. Our policy prohibits contributions to political parties or government officials since they may be interpreted as an inducement for future beneficial treatment, and as interference in the democratic process.



Table of Contents**ITEM 16.C PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The following table sets forth the aggregate audit and audit-related fees, tax fees and all other fees billed by our principal accountants (KPMG Inc.) for each of the 2012 and 2011 years:

	Audit fees	Audit-related fees	Tax fees	All other fees	Total <sup>(1)</sup>
	(Rand in millions)				
2012	73	1	2	4	80
2011	63	2	2	3	70

(1)

In respect of our audit committee approval process, all of the non-audit and audit fees paid to KPMG Inc. have been pre-approved by the audit committee.

Audit fees consist of fees billed for the annual audit of the company's consolidated financial statements, review of the group's internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act and the audit of statutory financial statements of the company's subsidiaries, including fees billed for assurance and related services that are reasonably related to the performance of the audit or reviews of the company's financial statements that are services that only an external auditor can reasonably provide.

Audit-related fees consist of the review of documents filed with regulatory authorities, consultations concerning financial accounting and reporting standards, review of security controls and operational effectiveness of systems, due diligence related to acquisitions and employee benefit plan audits.

Tax fees include fees billed for tax compliance services, including assistance in the preparation of original and amended tax returns; tax consultations, such as assistance in connection with tax audits and appeals; tax advice relating to acquisitions, transfer pricing, and requests for rulings or technical advice from tax authorities; and tax planning services and expatriate tax compliance, consultation and planning services.

All other fees consist of fees billed which are not included under audit fees, audit related fees or tax fees.

**Audit committee approval policy**

In accordance with our audit committee approval policy, all audit and non-audit services performed for us by our independent accountants were approved by the audit committee of our board of directors, which concluded that the provision of such services by the independent accountants was compatible with the maintenance of that firm's independence in the conduct of its auditing functions.

The audit committee revised its pre-approval policy during 2012. In terms of the revised policy, non-audit services not exceeding R500 000 that fall into the categories set out in the pre-approval policy, do not require pre-approval by the audit committee, but the audit committee is notified of each such service at its first meeting following the rendering of such service. All non-audit services exceeding R500 000 but not exceeding R2 million, are pre-approved by the audit committee chairman and the audit committee is notified at the first meeting following the rendering of such service. Fees in respect of non-audit services exceeding R2 million, require pre-approval by the audit committee, prior to engagement.

The total aggregate amount of non-audit fees in any one financial year must be less than 20% of the total audit fees for Sasol's annual audit engagement, unless otherwise directed by the audit committee. In addition, services to be provided by the independent accountants that are not within the category of approved services must be approved by the audit committee prior to engagement, regardless of the service being requested and the amount, but subject to the restriction above.

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Requests or applications for services that require specific separate approval by the audit committee are required to be submitted to the audit committee by both management and the independent accountants, and must include a detailed description of the services to be provided and a joint statement confirming that the provision of the proposed services does not impair the independence of the independent accountants.

No work was performed by persons other than the principal accountant's employees on the principal accountant's engagement to audit Sasol Limited's financial statements for 2012.

**ITEM 16.D EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

Not applicable.

**ITEM 16.E PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

Period	Total number of shares repurchased	Average price paid per share	Shares cancelled under the share repurchase programme	Total number of shares purchased and/or cancelled as part of publicly announced programmes	Maximum number of shares that may yet be purchased under the programmes <sup>(1)</sup>
<b>For the year ended 30 June 2012</b>					
Balance at 30 June 2011	40 309 886		(31 500 000)	8 809 886	55 301 486
2011-07-01 to 2011-07-31					55 301 486
2011-08-01 to 2011-08-31					55 301 486
2011-09-01 to 2011-09-30					55 301 486
2011-10-01 to 2011-10-31					55 301 486
2011-11-01 to 2011-11-30					55 301 486
2011-12-01 to 2011-12-31					64 410 942
2012-01-01 to 2012-01-31					64 410 942
2012-02-01 to 2012-02-29					64 410 942
2012-03-01 to 2012-03-31					64 410 942
2012-04-01 to 2012-04-30					64 410 942
2012-05-01 to 2012-05-31					64 410 942
2012-06-01 to 2012-06-30					64 410 942
2012-07-01 to 2012-07-31					64 410 942
2012-08-01 to 2012-08-31					64 410 942
2012-09-01 to 2012-09-30					64 410 942
	<b>40 309 886</b>		<b>(31 500 000)</b>	<b>8 809 886</b>	

(1) Approval is obtained annually at the annual general meeting for a new maximum number of shares to be repurchased.

a.

At our annual general meeting held on 25 November 2011, shareholders authorised the directors to approve the repurchase by the company of its issued securities up to 10% of the issued securities at the time the approval was given.

b.

The repurchase is limited to a maximum of 10% of the company's securities in the applicable class at the time the authority was granted and no acquisition may be made at a price more than 10% above the weighted average of the market value of the securities for the five

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business days immediately preceding the date of such acquisition. The company's issued ordinary shares as at 25 November 2011, was 644 109 416 (26 November 2010 641 113 716).

c.

In terms of the JSE Limited Listings Requirements and the terms of the resolution, the general authority granted to the directors by shareholders on 25 November 2011 to acquire the company's issued securities will not exceed 15 months from the date of the resolution and will be valid only until the company's next annual general meeting, which is scheduled for 30 November 2012.

d.

The authority granted by shareholders on 26 November 2010, was replaced by a new authority from shareholders on 25 November 2011 to the repurchase of securities which does not exclude any of the Sasol BEE ordinary shares or Sasol preferred ordinary shares. The maximum number of Sasol ordinary shares that may be repurchased as from 25 November 2011 amounts to 64 410 942.

e.

No programme was terminated prior to the expiration date.

**ITEM 16.F CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT**

There have been no changes in our certifying accountant or disagreements on accounting and financial disclosure during the two most recent financial years ended 30 June 2012.

**ITEM 16.G CORPORATE GOVERNANCE**

The company maintains a primary listing of its ordinary shares on the Johannesburg Securities Exchange operated by the JSE Limited (JSE) and a listing of American Depositary Shares on the New York Stock Exchange (NYSE). The company is accordingly subject to the ongoing disclosure, corporate governance and other requirements imposed by legislation in both jurisdictions, the JSE, the United States Securities and Exchange Commission (SEC) and the NYSE. The company has implemented controls to provide reasonable assurance of compliance with the South African Companies Act, 71 of 2008, (the Companies Act), the JSE Listings Requirements, the SEC, the NYSE and US legislation such as the Sarbanes-Oxley Act of 2002 (SOX), insofar as it applies to foreign companies listed on the NYSE. We apply all the principles of the King III Code of Governance for South Africa (King III Code). In a few areas we are of the view that, while we are applying the recommended principles, additional enhancements have been identified in respect of the recommended practices, which are being implemented over time in line with our objective to continuously improve our corporate governance practices.

Sound corporate governance structures and processes are being applied at Sasol and are considered by the Sasol Limited board (the board) to be pivotal to delivering on sustainable growth in the interest of all stakeholders. Governance structures and processes, underpinned by our values driven leadership programme, are regularly reviewed and adapted to accommodate internal corporate developments and to reflect national and international best practice to the extent considered in the best interest of the company.

The board considers corporate governance as a priority that requires more attention than merely establishing the steps to be taken to demonstrate compliance with codes and legal, regulatory or listing requirements. The board has therefore carefully considered the extent to which the implementation of new non-statutory corporate governance concepts will in fact be in the best interest of the company.

The nomination, governance, social and ethics committee and the board continue to review and benchmark the group's governance structures and processes to ensure the directors and the board exercise effective and ethical leadership, good corporate citizenship and sustainability. We are committed to achieving high standards of business integrity and ethics across all our activities. Issues of

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governance will continue to receive the board and its committees' consideration and attention during the years ahead.

In addition, we have compared our corporate governance practices to corporate governance requirements for domestic US companies listed on the NYSE and confirm that we comply substantially with such NYSE corporate governance requirements, with the exception of the following significant differences:

In terms of rule 303A.04 of the NYSE listed company manual, a listed company must have a nomination/corporate governance committee composed entirely of independent directors. The terms of reference of the nomination, governance, social and ethics committee provide that the committee is chaired by the chairman of the board, as is required by the JSE Listings Requirements. However, the King III Code provides that the nomination committee should consist of a majority of independent directors and should be chaired by an independent non-executive director. Mrs TH Nyasulu, who is the chairman of the board, was determined by the board not to be independent and accordingly the committee is comprised of a majority of independent directors and not entirely of independent directors; and

In terms of rule 303A.05 of the NYSE listed company manual a listed company must have a remuneration committee composed entirely of independent directors. The King III Code requires that the remuneration committee must consist of a majority of independent directors and must be chaired by an independent director. The committee is comprised of a majority of independent directors and is chaired by an independent director.

See also "Item 6.A Directors and senior management" and "Item 6.C Board practices" for information of the composition of our board and information on our corporate governance practices.

**ITEM 16.H MINE SAFETY DISCLOSURE**

Not applicable.

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**PART III**

**ITEM 17. FINANCIAL STATEMENTS**

Sasol is furnishing financial statements pursuant to the instructions of Item 18 of Form 20-F.

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**ITEM 18. FINANCIAL STATEMENTS**

The following consolidated financial statements, together with the auditor's report of KPMG Inc. are filed as part of this annual report on Form 20-F:

**Index to Consolidated Financial Statements for the years ended 30 June 2012, 2011 and 2010**

<u>Report of the Independent Registered Public Accounting Firm</u>	<u>F-1</u>
<b>Consolidated Financial Statements</b>	
<u>Statement of Financial Position</u>	<u>F-2</u>
<u>Income Statement</u>	<u>F-3</u>
<u>Statement of Comprehensive Income</u>	<u>F-4</u>
<u>Statement of Changes in Equity</u>	<u>F-5</u>
<u>Statement of Cash Flows</u>	<u>F-6</u>
<u>Notes to the Financial Statements</u>	<u>F-7</u>
<b><u>Supplemental Oil and Gas Information (Unaudited)</u></b>	
	<u>G-1</u>

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**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders of Sasol Limited

We have audited the accompanying consolidated statements of financial position of Sasol Limited and its subsidiaries as of 30 June 2012, 30 June 2011 and 30 June 2010, and the related consolidated income statements, and statements of comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended 30 June 2012. We also have audited Sasol Limited's internal control over financial reporting as of 30 June 2012, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Sasol Limited's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on Sasol Limited's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sasol Limited and its subsidiaries as of 30 June 2012, 30 June 2011 and 30 June 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended 30 June 2012, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, Sasol Limited maintained, in all material respects, effective internal control over financial reporting as of 30 June 2012, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organisations of the Treadway Commission.

/s/ KPMG Inc.  
Registered Auditors

Johannesburg, South Africa

12 October 2012

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## Sasol Limited Group

## Statement of Financial Position

at 30 June

	Note	2012	2012	2011	2010
		Unaudited US\$m*	Rm	Restated (Note 1) Rm	Restated (Note 1) Rm
<b>ASSETS</b>					
Property, plant and equipment	2	11 537	95 872	79 245	72 523
Assets under construction	3	4 041	33 585	29 752	21 018
Goodwill	4	95	787	747	738
Other intangible assets	5	146	1 214	1 265	1 193
Investments in securities	6	86	712	664	585
Investments in associates	7	308	2 560	3 071	3 573
Post-retirement benefit assets	8	38	313	265	178
Long-term receivables and prepaid expenses	9	184	1 531	1 533	1 241
Long-term financial assets	10	23	194	21	2
Deferred tax assets	22	182	1 514	1 101	1 099
<b>Non-current assets</b>		<b>16 640</b>	<b>138 282</b>	117 664	102 150
Investments in securities	6				77
Assets held for sale	11	2	18	54	16
Inventories	12	2 487	20 668	18 512	16 472
Tax receivable	27	39	325	49	356
Trade receivables	13	2 787	23 159	21 628	18 624
Other receivables and prepaid expenses	14	339	2 815	1 497	1 417
Short-term financial assets	15	51	426	22	50
Cash restricted for use	16	640	5 314	3 303	1 841
Cash	16	1 534	12 746	14 716	14 870
<b>Current assets</b>		<b>7 879</b>	<b>65 471</b>	59 781	53 723
<b>Total assets</b>		<b>24 519</b>	<b>203 753</b>	177 445	155 873
<b>EQUITY AND LIABILITIES</b>					
Shareholders' equity		15 070	125 234	107 171	93 915
Non-controlling interests		371	3 080	2 689	2 510
<b>Total equity</b>		<b>15 441</b>	<b>128 314</b>	109 860	96 425
Long-term debt	17	1 544	12 828	14 356	14 111
Long-term financial liabilities	18	4	38	103	75
Long-term provisions	19	1 266	10 518	8 233	7 013
Post-retirement benefit obligations	20	827	6 872	5 160	5 120
Long-term deferred income	21	55	455	498	273
Deferred tax liabilities	22	1 665	13 839	11 961	9 987
<b>Non-current liabilities</b>		<b>5 361</b>	<b>44 550</b>	40 311	36 579
Liabilities in disposal groups held for sale	11				4
Short-term debt	23	369	3 072	1 602	1 542
Short-term financial liabilities	24	16	135	136	357
Short-term provisions	25	393	3 267	2 760	2 647
Short-term deferred income	26	89	737	885	266



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Tax payable	27	<b>66</b>	<b>546</b>	725	550
Trade payables and accrued expenses	28	<b>2 113</b>	<b>17 559</b>	16 718	13 335
Other payables	29	<b>644</b>	<b>5 351</b>	4 239	4 049
Bank overdraft	16	<b>27</b>	<b>222</b>	209	119
<b>Current liabilities</b>		<b>3 717</b>	<b>30 889</b>	27 274	22 869
<b>Total equity and liabilities</b>		<b>24 519</b>	<b>203 753</b>	177 445	155 873

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\*

US dollar information has been presented for the year ended 30 June 2012 on an unaudited basis solely for the convenience of the reader and is computed at the closing rate of R8,31/US dollar, as reported by Thompson Reuters on 28 September 2012.

Table of Contents**Sasol Limited Group****Income Statement**

for the year ended 30 June

	Note	2012	2012	2011	2010
		Unaudited			
		US\$m*	Rm	Rm	Rm
<b>Turnover</b>	30	<b>20 391</b>	<b>169 446</b>	142 436	122 256
Cost of sales and services rendered	31	<b>(13 363)</b>	<b>(111 042)</b>	(90 467)	(79 183)
<b>Gross profit</b>		<b>7 028</b>	<b>58 404</b>	51 969	43 073
Other operating income	32	<b>170</b>	<b>1 416</b>	1 088	854
Marketing and distribution expenditure		<b>(806)</b>	<b>(6 701)</b>	(6 796)	(6 496)
Administrative expenditure		<b>(1 405)</b>	<b>(11 672)</b>	(9 887)	(9 451)
Other operating expenditure		<b>(564)</b>	<b>(4 689)</b>	(6 424)	(4 043)
Other expenses		<b>(593)</b>	<b>(4 932)</b>	(5 408)	(3 036)
Translation gains / (losses)	33	<b>29</b>	<b>243</b>	(1 016)	(1 007)
<b>Operating profit</b>	34	<b>4 423</b>	<b>36 758</b>	29 950	23 937
Finance income	38	<b>96</b>	<b>796</b>	991	1 332
Share of profit of associates (net of tax)	39	<b>57</b>	<b>479</b>	292	217
Finance expenses	40	<b>(244)</b>	<b>(2 030)</b>	(1 817)	(2 114)
<b>Profit before tax</b>		<b>4 332</b>	<b>36 003</b>	29 416	23 372
Taxation	41	<b>(1 413)</b>	<b>(11 746)</b>	(9 196)	(6 985)
<b>Profit for year</b>		<b>2 919</b>	<b>24 257</b>	20 220	16 387
<b>Attributable to</b>					
Owners of Sasol Limited		<b>2 838</b>	<b>23 583</b>	19 794	15 941
Non-controlling interests in subsidiaries		<b>81</b>	<b>674</b>	426	446
		<b>2 919</b>	<b>24 257</b>	20 220	16 387
		US\$	Rand	Rand	Rand
<b>Per share information</b>					
Basic earnings per share	43	<b>4,71</b>	<b>39,10</b>	32,97	26,68
Diluted earnings per share	43	<b>4,69</b>	<b>38,95</b>	32,85	26,54

\*

US dollar information has been presented for the year ended 30 June 2012 on an unaudited basis solely for the convenience of the reader and is computed at the closing rate of R8,31/US dollar, as reported by Thomson Reuters on 28 September 2012.

Table of Contents**Sasol Limited Group****Statement of Comprehensive Income****for the year ended 30 June**

	Note	2012	2012	2011	2010
		Unaudited US\$m*	Rm	Restated (Note 1) Rm	Restated (Note 1) Rm
<b>Profit for year</b>		<b>2 919</b>	<b>24 257</b>	20 220	16 387
<b>Other comprehensive income net of tax</b>					
<b>Items that can be subsequently reclassified to the income statement</b>		<b>494</b>	<b>4 101</b>	(1 938)	(817)
Effect of translation of foreign operations	44	<b>489</b>	<b>4 063</b>	(2 026)	(842)
Effect of cash flow hedges	44	<b>5</b>	<b>41</b>	111	13
Investments available-for-sale	44		<b>(3)</b>		4
Tax on items that can be subsequently reclassified to the income statement	44			(23)	8
<b>Items that cannot be subsequently reclassified to the income statement</b>		<b>(99)</b>	<b>(821)</b>	332	(282)
Actuarial gains and losses on post-retirement benefit obligations	44	<b>(144)</b>	<b>(1 195)</b>	440	(436)
Tax on items that can not be subsequently reclassified to the income statement	44	<b>45</b>	<b>374</b>	(108)	154
<b>Total comprehensive income</b>		<b>3 314</b>	<b>27 537</b>	18 614	15 288
<b>Attributable to</b>					
Owners of Sasol Limited		<b>3 232</b>	<b>26 853</b>	18 186	14 849
Non-controlling interests in subsidiaries		<b>82</b>	<b>684</b>	428	439
		<b>3 314</b>	<b>27 537</b>	18 614	15 288

\*

US dollar information has been presented for the year ended 30 June 2012 on an unaudited basis solely for the convenience of the reader and is computed at the closing rate of R8,31/US dollar, as reported by Thompson Reuters on 28 September 2012.

Table of Contents**Sasol Limited Group****Statement of Changes in Equity****for the year ended 30 June**

	Share- capital (note 45)	Share- based payment reserve (note 46)	Foreign translation reserve (note 47)	Cash investment fair value reserve	Cash hedge accounting reserve	Sasol Inzalo share transaction (note 46)	Actuarial gains and losses	Share repurchase programme (note 48)	Retained earnings	Shareholders' equity	Non- controlling interests	Total equity	Total equity Unaudited
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	US\$m*
<b>Balance at 30 June 2009</b>	<b>27 025</b>	<b>5 833</b>	<b>939</b>	<b>2</b>	<b>(151)</b>	<b>(22 054)</b>		<b>(2 641)</b>	<b>74 882</b>	<b>83 835</b>	<b>2 382</b>	<b>86 217</b>	
Effect of change in accounting policy (refer note 1)			16				(483)		(26)	(493)	(2)	(495)	
<b>Balance at 30 June 2009 (restated)</b>	<b>27 025</b>	<b>5 833</b>	<b>955</b>	<b>2</b>	<b>(151)</b>	<b>(22 054)</b>	<b>(483)</b>	<b>(2 641)</b>	<b>74 856</b>	<b>83 342</b>	<b>2 380</b>	<b>85 722</b>	
Shares issued on implementation of share options	204									204		204	
Share-based payment expense		880								880		880	
Transactions with non-controlling shareholders in subsidiaries											9	9	
Total comprehensive income for year			(842)	3	29		(282)		15 941	14 849	439	15 288	
Profit									15 941	15 941	446	16 387	
Other comprehensive income for year			(842)	3	29		(282)			(1 092)	(7)	(1 099)	
Dividends paid									(5 360)	(5 360)	(318)	(5 678)	
<b>Balance at 30 June 2010 (restated)</b>	<b>27 229</b>	<b>6 713</b>	<b>113</b>	<b>5</b>	<b>(122)</b>	<b>(22 054)</b>	<b>(765)</b>	<b>(2 641)</b>	<b>85 437</b>	<b>93 915</b>	<b>2 510</b>	<b>96 425</b>	
Shares issued on implementation of share options	430									430		430	
Effect of the Ixia Coal transaction (refer note 46.3)			(117)						(53)	(170)	170		
Share-based payment expense		1 428								1 428		1 428	
Disposal of business (refer note 56)			(4)							(4)		(4)	
Total comprehensive income for year			(2 023)		83		332		19 794	18 186	428	18 614	
Profit									19 794	19 794	426	20 220	
Other comprehensive income for year			(2 023)		83		332			(1 608)	2	(1 606)	
Dividends paid									(6 614)	(6 614)	(419)	(7 033)	
<b>Balance at 30 June 2011 (restated)</b>	<b>27 659</b>	<b>8 024</b>	<b>(1 914)</b>	<b>5</b>	<b>(39)</b>	<b>(22 054)</b>	<b>(433)</b>	<b>(2 641)</b>	<b>98 564</b>	<b>107 171</b>	<b>2 689</b>	<b>109 860</b>	<b>13 220</b>
Shares issued on implementation of share options	325									325		325	39

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Share-based payment expense	485									485		485	59
Transactions with non-controlling shareholders in subsidiaries											101	101	12
Total comprehensive income for year	4 051	10	26	(817)		23 583	26 853	684	27 537	3 314			
Profit						23 583	23 583	674	24 257	2 919			
Other comprehensive income for year	4 051	10	26	(817)			3 270	10	3 280	395			
Dividends paid						(9 600)	(9 600)	(394)	(9 994)	(1 203)			
<b>Balance at 30 June 2012</b>	<b>27 984</b>	<b>8 509</b>	<b>2 137</b>	<b>15</b>	<b>(13)</b>	<b>(22 054)</b>	<b>(1 250)</b>	<b>(2 641)</b>	<b>112 547</b>	<b>125 234</b>	<b>3 080</b>	<b>128 314</b>	<b>15 441</b>

\*

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Table of Contents**Sasol Limited Group****Statement of Cash Flows****for the year ended 30 June**

	Note	2012	2012	2011	2010
		Unaudited US\$m*	Rm	Rm	Rm
Cash receipts from customers		20 329	168 934	138 955	118 129
Cash paid to suppliers and employees		(14 565)	(121 033)	(100 316)	(90 791)
<b>Cash generated by operating activities</b>	49	<b>5 764</b>	<b>47 901</b>	38 639	27 338
Finance income received	52	138	1 149	1 380	1 372
Finance expenses paid	40	(80)	(666)	(898)	(1 781)
Tax paid	27	(1 295)	(10 760)	(6 691)	(6 040)
<b>Cash available from operating activities</b>		<b>4 527</b>	<b>37 624</b>	32 430	20 889
Dividends paid	53	(1 155)	(9 600)	(6 614)	(5 360)
<b>Cash retained from operating activities</b>		<b>3 372</b>	<b>28 024</b>	25 816	15 529
Additions to non-current assets		(3 509)	(29 160)	(20 665)	(16 108)
Additions to property, plant and equipment	2	(312)	(2 593)	(1 674)	(2 034)
Additions to assets under construction	3	(3 191)	(26 518)	(18 861)	(14 023)
Additions to other intangible assets	5	(6)	(49)	(130)	(51)
Non-current assets sold	54	31	257	168	208
Acquisition of interests in joint ventures	55	(3)	(24)	(3 823)	
Disposal of businesses	56	86	713	22	
Additional investments in associates	7	(9)	(81)	(91)	(1 248)
Purchase of investments		(5)	(40)	(71)	(47)
Proceeds from sale of investments			1	70	14
Decrease/increase in long-term receivables		86	718	(75)	477
<b>Cash utilised in investing activities</b>		<b>(3 323)</b>	<b>(27 616)</b>	(24 465)	(16 704)
Share capital issued on implementation of share options		39	325	430	204
Contributions from non-controlling shareholders		1	11	27	9
Dividends paid to non-controlling shareholders		(48)	(394)	(419)	(318)
Proceeds from long-term debt	17	137	1 138	2 247	2 080
Repayments of long-term debt	17	(240)	(1 997)	(1 702)	(4 647)
Proceeds from short-term debt	23	5	41	118	170
Repayments of short-term debt	23	(18)	(153)	(413)	(199)
<b>Cash effect of financing activities</b>		<b>(124)</b>	<b>(1 029)</b>	288	(2 701)
<b>Translation effects on cash and cash equivalents of foreign operations</b>	47	<b>78</b>	<b>649</b>	(421)	(124)
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>3</b>	<b>28</b>	1 218	(4 000)
Cash and cash equivalents at beginning of year		2 143	17 810	16 592	20 592
<b>Cash and cash equivalents at end of year</b>	16	<b>2 146</b>	<b>17 838</b>	17 810	16 592

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\*

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**Sasol Limited Group**

**Notes to the Financial Statements**

- A. ACCOUNTING POLICIES AND FINANCIAL REPORTING TERMS**
- B. BUSINESS SEGMENT INFORMATION**
- C. OTHER EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting Policies and Financial Reporting Terms**

Sasol Limited is the holding company of the Sasol group (the group) and is domiciled in the Republic of South Africa. The following principal accounting policies were applied by the group for the financial year ended 30 June 2012. Except as otherwise disclosed, these policies are consistent in all material respects with those applied in previous years.

**Financial reporting terms**

These definitions of financial reporting terms are provided to ensure clarity of meaning as certain terms may not always have the same meaning or interpretation in all countries.

**Group structures**

Associate	An entity, other than a subsidiary or joint venture, in which the group, holding a material long-term interest, has significant influence, but no control or joint control, over financial and operating policies.
Business unit	<p>An operation engaged in providing similar goods or services that are different to those provided by other operations.</p> <p>The primary business units are:</p> <p><b>South African energy cluster</b></p> <p>Sasol Mining Sasol Gas Sasol Synfuels Sasol Oil Other</p> <p><b>International energy cluster</b></p> <p>Sasol Synfuels International Sasol Petroleum International</p> <p><b>Chemical cluster</b></p> <p>Sasol Polymers Sasol Solvents Sasol Olefins &amp; Surfactants Other chemical businesses including: Sasol Wax Sasol Nitro Merisol Sasol Infrachem</p> <p><b>Classified as 'other businesses' in the segment report:</b></p> <p>Sasol Technology Sasol Financing</p>

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Corporate head office functions  
Alternative energy businesses

In the notes to the financial statements, where items classified as "other businesses" or "other chemical businesses" are material, the amounts attributable to these businesses have been specified.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting Policies and Financial Reporting Terms (Continued)**

Company	A legal business entity registered in terms of the applicable legislation of that country.
Entity	Sasol Limited, a subsidiary, joint venture, associate or special purpose entity.
Foreign operation	An entity whose activities are based or conducted in a country or currency other than those of the reporting entity (Sasol Limited).
Group	The group comprises Sasol Limited, its subsidiaries and its interest in joint ventures, associates and special purpose entities.
Joint venture	An economic activity over which the group exercises joint control established under a contractual arrangement.
Operation	A component of the group:  that represents a separate major line of business or geographical area of operation; and  is distinguished separately for financial and operating purposes.
Subsidiary	Any entity over which the group has the power to exercise control.
Special purpose entity	An entity established to accomplish a narrow and well defined objective, including the facilitation of the group's black economic empowerment transactions, and where the group receives the majority of the benefits related to the operations and net assets of the entity, is exposed to the majority of the risks incident to the entity's activities and retains the majority of the residual or ownership risks related to the entity or its assets.

**General accounting terms**

Acquisition date	The date on which control in subsidiaries, special purpose entities, joint control in joint ventures and significant influence in associates commences.
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Assets under construction

A non-current asset which includes expenditure capitalised for work in progress in respect of activities to develop, expand or enhance items of property, plant and equipment, intangible assets and exploration assets.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting Policies and Financial Reporting Terms (Continued)**

Business	An integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.
Cash generating unit	The smallest identifiable group of assets which can generate cash inflows independently from other assets or groups of assets.
Commissioning date	The date that an item of property, plant and equipment, whether acquired or constructed, is brought into use.
Consolidated group financial statements	The financial results of the group which comprise the financial results of Sasol Limited and its subsidiaries, special purpose entities, the proportionate interest in the financial results of joint ventures and its interest in associates.
Construction contract	A contract specifically negotiated with a third party for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.
Control	The ability, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. When assessing the ability to control an entity, the existence and effect of potential voting rights that are presently exercisable or convertible are taken into account.
Corporate assets	Assets, other than goodwill, that contribute to the future cash flows of both the cash generating unit under review as well as other cash generating units.
Discontinued operation	An operation that, pursuant to a single plan, has been disposed of or is classified as an operation held for sale.
Discount rate	The rate used for purposes of determining discounted cash flows defined as the yield on AAA credit rated bonds (for entities outside South Africa) and relevant South African Government bonds (for South African entities) that have maturity dates approximating the term of the related cash flows. This pre-tax interest rate reflects the current market assessment of the time value of money. To the extent that, in determining the cash flows, the risks specific to the asset or liability are taken into account in determining those cash flows, they are not included in determining the discount rate.



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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting Policies and Financial Reporting Terms (Continued)**

Disposal date	The date on which control in subsidiaries, special purpose entities, joint control in joint ventures and significant influence in associates ceases.
Exploration assets	Capitalised expenditure relating to the exploration for and evaluation of mineral resources (coal, oil and gas).
Fair value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Financial results	Comprise the financial position (assets, liabilities and equity), results of operations (revenue and expenses) and cash flows of an entity and of the group.
Functional currency	The currency of the primary economic environment in which the entity operates.
Long-term	A period longer than 12 months from the reporting date.
Market participants	Buyers and sellers in an open market who are independent, knowledgeable and willing to exchange an asset or settle a liability in an arm's length transaction.
Mineral assets	Capitalised expenditure relating to producing coal, oil and gas properties, including development costs and previously capitalised exploration assets.
Other comprehensive income	Comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement and includes the effect of translation of foreign operations, cash flow hedges, remeasurements of defined benefit plans, available-for-sale financial assets and changes in revaluation reserves.
Presentation currency	The currency in which financial results of an entity are presented.
Qualifying asset	An asset that necessarily takes a substantial period (normally in excess of 12 months) of time to get ready

for its intended use.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting Policies and Financial Reporting Terms (Continued)**

Recoverable amount	The amount that reflects the greater of the fair value less costs to sell and value in use that can be attributed to an asset as a result of its ongoing use by the entity. In determining the value in use, expected future cashflows are discounted to their present values using a discount rate.
Related party	Parties are considered to be related if one party directly or indirectly has the ability to control or jointly control the reporting entity (Sasol Limited) or exercise significant influence over the reporting entity or is a member of the key management of the reporting entity.
Revenue	Comprises turnover, dividends received and interest received.
Share-based payment	A transaction in which an entity issues equity instruments, share options or incurs a liability to pay cash based on the price of the entity's equity instruments to another party as compensation for goods received or services rendered.
Significant influence	The ability, directly or indirectly, to participate in, but not exercise control over, the financial and operating policy decisions of an entity so as to obtain economic benefit from its activities.
Turnover	Comprises revenue generated by operating activities and includes sales of products, services rendered, licence fees and royalties, net of indirect taxes, rebates and trade discounts.

**Financial instrument terms**

Available-for-sale financial asset	<p>A financial asset that has been designated as available-for-sale or a financial asset other than those classified as loans and receivables, financial assets at fair value through profit or loss, held-to-maturity investments or derivative instruments.</p> <p>An investment intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, is classified as a non-current available-for-sale financial asset.</p>
Cash and cash equivalents	Comprise cash on hand, cash restricted for use, demand deposits and other short-term highly liquid investments with a maturity period of three months or less at date of purchase.



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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting Policies and Financial Reporting Terms (Continued)**

Cash flow hedge	A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.
Derivative instrument	A financial instrument:  whose value changes in response to movements in a specified interest rate, commodity price, foreign exchange rate or similar variable;  that requires minimal initial net investment; and  whose terms require or permit settlement at a future date.
Effective interest rate	The derived rate that discounts the expected future cash flows to the current net carrying amount of the financial asset or financial liability.
Equity instrument	Any financial instrument (including investments) that evidences a residual interest in the assets of an enterprise after deducting all of its liabilities.
Financial asset	Cash or cash equivalents, a contractual right to receive cash, an equity instrument or a contractual right to exchange a financial instrument under favourable conditions.
Financial liability	A contractual obligation to pay cash or transfer other benefits or an obligation to exchange a financial instrument under unfavourable conditions. This includes debt.
Financial guarantee	A contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of the debt instrument.
Financial assets at fair value through profit or loss	A financial asset with no fixed or determinable repayments, that the group manages based on its fair value at each reporting period.
Held-to-maturity investment	A financial asset with a fixed maturity and fixed or determinable future payments, that management has the positive intent and ability to hold to maturity. Such a financial asset is classified as a non-current asset, except when it has a maturity within 12 months from the

reporting date, in which case it is classified as a current asset.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting Policies and Financial Reporting Terms (Continued)**

Loans and receivables	A financial asset with fixed or determinable repayments that are not quoted in an active market, other than:  a derivative instrument;  financial assets at fair value through profit or loss; or  an available-for-sale financial asset.
Monetary asset	An asset which will be settled in a fixed or determinable amount of money.
Monetary liability	A liability which will be settled in a fixed or determinable amount of money.
Cash restricted for use	Cash and cash equivalent balances which are not available for general use by the group, including amounts held in escrow, trust or other separate bank accounts.
Transaction date	The date an entity commits itself to purchase or sell a financial instrument.

**Statement of compliance**

The consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board, the AC 500 Standards as issued by the Accounting Practices Board or its successor and the South African Companies Act, 2008, as amended. The consolidated financial statements were approved for issue by the board of directors on 7 September 2012 and are subject to approval by the Annual General Meeting of shareholders on 30 November 2012.

During the current financial year, the following accounting standards, interpretations and amendments to published accounting standards were adopted prior to their effective dates:

IFRS 7 (Amendments), Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities;

IAS 19 (Amendments), Employee Benefits;

IAS 32 (Amendments), Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities;

IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine; and

Various Improvements to IFRSs.

Except for IAS 19 (Amendments), Employee Benefits, these newly adopted standards did not significantly impact our financial results. Refer note 1 for the impact of the adoption of IAS 19 (Amendments), Employee Benefits, on the financial results.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****A. Accounting Policies and Financial Reporting Terms (Continued)**

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:

<b>Standard</b>	<b>Date published</b>	<b>Effective date*</b>	<b>Anticipated impact on Sasol</b>
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 <sup>^</sup>	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 <sup>^</sup>	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 (refer note 64 for financial information on proportionately consolidated joint ventures). 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.
IFRS 12, Disclosure of Interests in Other Entities	12 May 2011	1 January 2013 <sup>^</sup>	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.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****A. Accounting Policies and Financial Reporting Terms (Continued)**

<b>Standard</b>	<b>Date published</b>	<b>Effective date*</b>	<b>Anticipated impact on Sasol</b>
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 <sup>^</sup>	The amendments clarify the transition guidance in IFRS 10 Consolidated Financial Statements. The amendments also provide additional transition relief in IFRS 10, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, 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 <sup>^</sup>	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 <sup>^</sup>	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.

**Principal accounting policies****1. Basis of preparation of financial results**

The consolidated financial statements are prepared using the historic cost convention except that, as set out in the accounting policies below, certain items, including derivative instruments, liabilities for cash-settled share-based payment schemes, financial assets at fair value through profit or loss and available-for-sale financial assets, are stated at fair value.

The consolidated financial statements are prepared on the going concern basis.



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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting Policies and Financial Reporting Terms (Continued)**

Except as otherwise disclosed, these accounting policies are consistent with those applied in previous years.

These accounting policies are consistently applied throughout the group.

**2. Basis of consolidation of financial results**

The consolidated financial statements reflect the financial results of the group. All financial results are consolidated with similar items on a line by line basis except for investments in associates, which are included in the group's results as set out below.

Inter-company transactions, balances and unrealised gains and losses between entities are eliminated on consolidation. To the extent that a loss on a transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss of a non-current asset, that loss is charged to the income statement.

In respect of joint ventures and associates, unrealised gains and losses are eliminated to the extent of the group's interest in these entities. Unrealised gains and losses arising from transactions with associates are eliminated against the investment in the associate.

**Subsidiaries** The financial results of subsidiaries are consolidated into the group's results from acquisition date until disposal date. The existence of potential voting rights that are currently exercisable or convertible are also considered when assessing whether the group controls another entity.

**Special purpose entities** The financial results of special purpose entities (SPE) are consolidated into the group's results from the date that the group controls the SPE until the date that control ceases. Control is based on an evaluation of the substance of the SPE's relationship with the group and the SPE's risks and rewards.

**Joint ventures** The proportionate share of the financial results of joint ventures are consolidated into the group's results from acquisition date until disposal date.

**Associates** The financial results of associates are included in the group's results according to the equity method from acquisition date until the disposal date.

Under this method, investments in associates are recognised initially at cost. Subsequent to the acquisition date, the group's share of profits or losses of associates is charged to the income statement as equity accounted earnings and its share of movements in equity reserves is recognised as other comprehensive income. All cumulative post-acquisition movements in the equity of associates are adjusted against the cost of the investment. When the group's share of losses in associates equals or exceeds its interest in those associates, the carrying amount of the investment is reduced to zero, and the group does not recognise further losses, unless the group has incurred a legal or constructive obligation or made payments on behalf of those associates.

Goodwill relating to associates forms part of the carrying amount of those associates.

The total carrying amount of each associate is evaluated annually, as a single asset, for impairment or when conditions indicate that a decline in fair value below the carrying amount is other than temporary. If impaired, the carrying amount of the group's share of the underlying assets of associates is written down to its estimated recoverable amount in accordance with the accounting policy on

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting Policies and Financial Reporting Terms (Continued)**

impairment and charged to the income statement. A previously recognised impairment loss will be reversed, insofar as estimates change as a result of an event occurring after the impairment loss was recognised.

Associates whose financial year ends are within three months of 30 June are included in the consolidated financial statements using their most recently audited financial results. Adjustments are made to the associates' financial results for material transactions and events in the intervening period.

**3. Foreign currency translation**

Items included in the financial results of each entity are measured using the functional currency of that entity. The consolidated financial results are presented in rand, which is Sasol Limited's functional and presentation currency, rounded to the nearest million.

**Foreign currency transactions** Income and expenditure transactions are translated into the functional currency of the entity at the rate of exchange ruling at the transaction date. To the extent that transactions occur regularly throughout the year, they are translated at the average rate of exchange for the year since this is deemed to provide a good approximation of the actual exchange rates at which those transactions occurred.

Monetary assets and liabilities are translated into the functional currency of the entity at the rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the translation and settlement of monetary assets and liabilities are recognised in the income statement, except when they relate to cash flow hedging activities in which case these gains and losses are recognised as other comprehensive income and are included in the cash flow hedge accounting reserve.

**Foreign operations** The financial results of all entities that have a functional currency different from the presentation currency of their parent entity are translated into the presentation currency. Income and expenditure transactions of foreign operations are translated at the average rate of exchange for the year except for significant individual transactions which are translated at the exchange rate ruling at that date. All assets and liabilities, including fair value adjustments and goodwill arising on acquisition, are translated at the rate of exchange ruling at the reporting date. Differences arising on translation are recognised as other comprehensive income and are included in the foreign currency translation reserve.

When the settlement of a monetary item, arising from a receivable or from a payable to a foreign operation, is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are included in the foreign currency translation reserve.

On consolidation, differences arising from the translation of the net investment in a foreign operation are recognised as other comprehensive income and are included in the foreign currency translation reserve.

On disposal of all of the operation, the proportionate share of the related cumulative gains and losses previously recognised in the foreign currency translation reserve through the statement of comprehensive income are included in determining the profit or loss on disposal of that operation recognised in the income statement as part of the gain or loss on the disposal. When the group

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****A. Accounting Policies and Financial Reporting Terms (Continued)**

disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of the cumulative foreign currency translation reserve is reattributed to non-controlling interests. When the group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant portion of the cumulative foreign currency translation reserve is reclassified to the income statement.

**4. Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The cost of self-constructed assets includes expenditure on materials, direct labour and an allocated proportion of project overheads. Cost also includes the estimated costs of dismantling and removing the assets and site rehabilitation costs to the extent that they relate to the construction of the asset as well as gains or losses on qualifying cash flow hedges attributable to that asset. Costs capitalised for work in progress in respect of activities to develop, expand or enhance items of property, plant and equipment are classified as part of assets under construction.

Finance expenses, net of finance income, are capitalised on qualifying assets.

When plant and equipment comprises major components with different useful lives, these components are accounted for as separate items. Expenditure incurred to replace or modify a significant component of plant is capitalised and any remaining carrying amount of the component replaced is written off in the income statement. All other expenditure is charged to the income statement.

Property, plant and equipment, other than mineral assets, is depreciated to its estimated residual value on a straight-line basis over its expected useful life. Mineral assets are depreciated in accordance with the policy set out below on exploration, evaluation and development. The depreciation methods, estimated remaining useful lives and residual values are reviewed at least annually. The estimation of the useful lives of property, plant and equipment is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The following depreciation rates, based on the estimated useful lives of the respective assets, were applied:

Buildings and improvements	%	2	5
Retail convenience centres	%	3	5
Plant	%	4	5
Equipment	%	10	33
Vehicles	%	20	33
Mineral assets	%	Life of related reserve base	

The carrying amount of property, plant and equipment will be derecognised on disposal or when no future economic benefits are expected from its use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognised in the income statement.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting Policies and Financial Reporting Terms (Continued)**

**5. *Exploration, evaluation and development***

**Oil and gas** The successful efforts method is used to account for natural oil and gas exploration, evaluation and development activities.

Expenditures relating to dry exploratory wells are charged to the income statement when the well is identified as being dry and the costs of carrying and retaining undeveloped properties are charged to the income statement as incurred.

Property and licence acquisition costs as well as development cost, including expenditure incurred to drill and equip development wells on proved properties, are capitalised as part of assets under construction and transferred to mineral assets in property, plant and equipment when the assets begin producing.

On completion of an exploratory well or exploratory-type stratigraphic test well, the entity will be able to determine if there are oil or gas resources. The classification of resources as proved reserves depends on whether development of the property is economically feasible and recoverable in the future, under existing economic and operating conditions, and if any major capital expenditure to develop the property as a result of sufficient quantities of additional proved reserves being identified is justifiable, approved and recoverable.

The cost of exploratory wells through which potential proved reserves may be or have been discovered, and the associated exploration costs are capitalised as exploration and evaluation assets in assets under construction. These costs remain capitalised pending the evaluation of results and the determination of whether there are proved reserves. At each reporting date, exploration and evaluation assets are assessed for impairment. The following conditions must be met for these exploration costs to remain capitalised:

Sufficient progress is being made in assessing the oil and gas resources, including assessing the economic and operating viability with regards to developing the property.

It has been determined that sufficient oil and gas resources or reserves exist which are economically viable based on a range of technical and commercial considerations to justify the capital expenditure required for the completion of the well as a producing well, either individually or in conjunction with other wells.

Progress in this regard is reassessed at each reporting date and is subject to technical, commercial and management review to ensure sufficient justification for the continued capitalisation of such qualifying exploration and evaluation expenditure as an exploration and evaluation asset as part of assets under construction. If both of the above conditions are not met or if information is obtained that raises substantial doubt about the economic or operating viability, the costs are charged to the income statement.

Exploratory wells and exploratory-type stratigraphic test wells can remain suspended on the statement of financial position for several years while additional activity including studies, appraisal, drilling and/or seismic work on the potential oil and gas field is performed or while the optimum development plans and timing are established in the absence of impairment indicators.

Depreciation of mineral assets on producing oil and gas properties is based on the units-of-production method calculated using estimated proved developed reserves. Depreciation of

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting Policies and Financial Reporting Terms (Continued)**

property acquisition costs, capitalised as part of mineral assets in property, plant and equipment, is based on the units-of-production method calculated using estimated proved reserves.

**Coal mining** Coal mining exploration and evaluation expenditure is charged to the income statement until completion of a final feasibility study supporting proved and probable coal reserves. Expenditure incurred subsequent to proved and probable coal reserves being identified is capitalised as exploration assets in assets under construction.

Expenditure on producing mines or development properties is capitalised when excavation or drilling is incurred to extend reserves or further delineate existing proved and probable coal reserves. All development expenditure incurred after the commencement of production is capitalised to the extent that it gives rise to probable future economic benefits.

Life-of-mine coal assets are depreciated using the units-of-production method. A unit is considered to be produced once it has been removed from underground and taken to the surface, passed the bunker and has been transported by conveyor over the scale of the shaft head. The calculation is based on proved and probable reserves assigned to that specific mine (accessible reserves) or complex which benefits from the utilisation of those assets. Inaccessible reserves are excluded from the calculation. Other coal mining assets are depreciated on the straight-line method over their estimated useful lives.

**6. Business combinations**

The acquisition method is used when a business is acquired. A business may comprise an entity, group of entities or an unincorporated operation including its operating assets and associated liabilities.

On acquisition date, fair values are attributed to the identifiable assets, liabilities and contingent liabilities. A non-controlling interest at acquisition date is measured at fair value or at its proportionate interest in the fair value of the net identifiable assets of the entity acquired on a transaction by transaction basis, including that component of the non-controlling interest which has a present ownership interest.

Fair values of all identifiable assets and liabilities included in the business combination are determined by reference to market values of those or similar items, where available, or by discounting expected future cash flows using the discount rate to present values.

When an acquisition is achieved in stages (step acquisition), the identifiable assets and liabilities are recognised at their full fair value when control is obtained, and any adjustment to fair values related to these assets and liabilities previously held as an equity interest is recognised in the income statement.

When there is a change in the interest in a subsidiary after control is obtained, that does not result in a loss in control, the difference between the fair value of the consideration transferred and the amount by which the non-controlling interest is adjusted is recognised directly in the statement of changes in equity.

The consideration transferred is the fair value of the group's contribution to the business combination in the form of assets transferred, shares issued, liabilities assumed or contingent consideration at the acquisition date. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****A. Accounting Policies and Financial Reporting Terms (Continued)**

settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement. Transaction costs directly attributable to the acquisition are charged to the income statement.

On acquisition date, goodwill is recognised when the consideration transferred and the recognised amount of non-controlling interests exceeds the fair value of the net identifiable assets of the entity acquired. Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of these transactions. The adjustments to non-controlling interest are based on a proportionate amount of the net assets of the subsidiary. Goodwill is tested at each reporting date for impairment.

To the extent that the fair value of the net identifiable assets of the entity acquired exceeds the consideration transferred and the recognised amount of non-controlling interests, the excess, or bargain purchase gain, is recognised in the income statement on acquisition date.

The profit or loss realised on disposal or termination of an entity is calculated after taking into account the carrying amount of any related goodwill.

**7. Other intangible assets**

Intangible assets, other than goodwill (refer policy above on business combinations), are stated at cost less accumulated amortisation and impairment losses.

These intangible assets are recognised if it is probable that future economic benefits will flow to the entity from the intangible assets and the costs of the intangible assets can be reliably measured.

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The amortisation methods and estimated remaining useful lives are reviewed at least annually. The estimation of the useful lives of other intangible assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The following amortisation rates, based on the estimated useful lives of the respective assets were applied:

Software	%	17	33
Patents and trademarks	%	20	
Other intangible assets	%	6	33

Intangible assets with indefinite useful lives are not amortised but are tested at each reporting date for impairment. The assessment that the estimated useful lives of these assets are indefinite is reviewed at least annually.

**Research and development** Research expenditure relating to gaining new technical knowledge and understanding is charged to the income statement when incurred.

Development expenditure relating to the production of new or substantially improved products or processes is capitalised if the costs can be measured reliably, the products or processes are technically and commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset. All remaining development expenditure is charged to the income statement.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting Policies and Financial Reporting Terms (Continued)**

Cost includes expenditure on materials, direct labour and an allocated proportion of project overheads.

**Software** Purchased software and the direct costs associated with the customisation and installation thereof are capitalised.

Expenditure on internally-developed software is capitalised if it meets the criteria for capitalising development expenditure.

Other software development expenditure is charged to the income statement when incurred.

**Patents and trademarks** Expenditure on purchased patents and trademarks is capitalised. Expenditure incurred to extend the term of the patents or trademarks is capitalised. All other expenditure is charged to the income statement when incurred.

**Emission rights** Emission rights (allowances) received from a government or a government agency and expenditure incurred on purchasing allowances are capitalised as indefinite life intangible assets at the quoted market price on acquisition date and are subject to an annual impairment test.

**8. Non-current asset or disposal group held for sale**

A non-current asset or disposal group (a business grouping of assets and their related liabilities) is designated as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The classification as held for sale of a non-current asset or disposal group occurs when it is available for immediate sale in its present condition and the sale is highly probable. A sale is considered highly probable if management is committed to a plan to sell the non-current asset or disposal group, an active divestiture programme has been initiated, the non-current asset or disposal group is marketed at a price reasonable to its fair value and the disposal will be completed within one year from classification.

Where a disposal group held for sale will result in the loss of control or joint control of a subsidiary or joint venture, all the assets and liabilities of that subsidiary or joint venture are classified as held for sale, regardless of whether a non-controlling interest in the former subsidiary or joint venture is to be retained after the sale. Proportionate consolidation ceases from the date a joint venture is classified as held for sale.

Upon classification of a non-current asset or disposal group as held for sale it is reviewed for impairment. The impairment loss charged to the income statement is the excess of the carrying amount of the non-current asset or disposal group over its expected fair value less costs to sell.

No depreciation or amortisation is provided on non-current assets from the date they are classified as held for sale. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution.

If a non-current asset or disposal group is classified as held for sale, but the criteria for classification as held for sale are no longer met, the disclosure of such non-current asset or disposal group as held for sale is ceased.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting Policies and Financial Reporting Terms (Continued)**

On ceasing such classification, the non-current assets are reflected at the lower of:

the carrying amount before classification as held for sale adjusted for any depreciation or amortisation that would have been recognised had the assets not been classified as held for sale; or

the recoverable amount at the date the classification as held for sale ceases. The recoverable amount is the amount at which the asset would have been recognised after the allocation of any impairment loss arising on the cash generating unit as determined in accordance with the group's policy on impairment of non-financial assets.

Any adjustments required to be made on reclassification are recognised in the income statement on reclassification, and included in income from continuing operations.

Where the disposal group was also classified as a discontinued operation, the subsequent classification as held for use also requires that the discontinued operation be included in continuing operations. Comparative information relating to the classification as a discontinued operation is restated accordingly.

**9. Impairment of non-financial assets**

The group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment. An impairment test is performed on all goodwill, intangible assets not yet in use and intangible assets with indefinite useful lives at each reporting date.

The impairment loss charged to the income statement is the excess of the carrying amount over the recoverable amount.

Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash inflows independently, the recoverable amount is determined for the larger cash-generating unit to which the asset belongs. The group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the cash-generating unit to which the corporate asset belongs. For the purposes of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored internally.

Impairment losses recognised in respect of a cash-generating unit are first allocated to reduce the carrying amount of the goodwill allocated to the unit and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis relative to their carrying amounts.

With the exception of goodwill, a previously recognised impairment loss will be reversed insofar as estimates change as a result of an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised in the income statement.



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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting Policies and Financial Reporting Terms (Continued)**

Exploration assets are tested for impairment when development of the property commences or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration assets' carrying amount exceeds their recoverable amount. For the purpose of assessing impairment, the relevant exploration assets are included in the existing cash-generating units of producing properties that are located in the same geographic region.

**10. Financial assets**

The group classifies its financial assets into the following categories:

held-to-maturity financial assets;

loans and receivables;

available-for-sale financial assets;

financial assets at fair value through profit or loss; and

derivative instruments (set out below).

The classification is dependent on the purpose for which the financial asset is acquired. Management determines the classification of its financial assets at the time of the initial recognition and re-evaluates such designation at least at each reporting date, except for those financial assets at fair value through profit or loss, where this designation is made on initial recognition and is irrevocable.

Financial assets held for trading are classified at fair value through profit or loss. The group manages these investments and makes purchase and sale decisions based on their fair value. Attributable transaction costs are recognised in the income statement as incurred. Financial assets at fair value through profit or loss are stated initially at transaction date at fair value and subsequent changes therein, which takes into account any dividend or interest income, are charged to the income statement.

Financial assets are recognised on transaction date when the group becomes a party to the contracts and thus obtains rights to receive economic benefits and are derecognised when these rights expire or are transferred.

Financial assets, with the exception of those held at fair value through profit or loss, are stated initially on transaction date at fair value including transaction costs. Held-to-maturity financial assets and loans and receivables are subsequently stated at amortised cost using the effective interest rate method, less impairment losses. Available-for-sale financial assets are subsequently stated at fair value at the reporting date.

Unrealised gains and losses arising from revaluation of available-for-sale financial assets are recognised as other comprehensive income and included in the investment fair value reserve. On disposal or impairment of available-for-sale financial assets, cumulative unrealised gains and losses previously recognised in other comprehensive income are included respectively in determining the profit or loss on disposal of, or impairment charge relating to, that financial asset, which is recognised in the income statement.

The fair values of financial assets are based on quoted market prices or amounts derived using a discounted cash flow model. Fair values for unlisted equity securities are estimated using valuation



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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting Policies and Financial Reporting Terms (Continued)**

techniques reflecting the specific economic circumstances of the investee which would affect the market value of those securities. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment losses.

Premiums or discounts arising from the difference between the fair value of a financial asset and the amount receivable at maturity date are charged to the income statement based on the effective interest rate method.

An assessment is performed at each reporting date to determine whether objective evidence exists that a financial asset is impaired. Objective evidence that financial instruments are impaired includes indications of a debtor or group of debtors experiencing significant financial difficulty, default or delinquency of payments, the probability of a debtor entering bankruptcy, or other observable data indicating a measurable decrease in estimated future cash flows, such as economic conditions that correlate with defaults. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are charged to the income statement and are included in the allowance against loans and receivables. When a subsequent event causes the impairment loss to decrease, the impairment loss is reversed in the income statement. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value of the asset below its cost is considered an indicator of impairment. If any such evidence exists, the cumulative loss is removed as other comprehensive income from the investment fair value reserve and recognised in the income statement. Impairment losses charged to the income statement on available-for-sale financial assets are not reversed.

Financial assets and liabilities are offset and the net amount presented when the group has a current legal enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**11. Financial liabilities**

Financial liabilities are recognised on the transaction date when the group becomes a party to a contract and thus has a contractual obligation and are derecognised when these contractual obligations are discharged, cancelled or expired.

Financial liabilities are stated initially on the transaction date at fair value including transaction costs. Subsequently, they are stated at amortised cost using the effective interest rate method.

Financial assets and liabilities are offset and the net amount presented when the group has a current legal enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**12. Derivative financial instruments and hedging activities**

All derivative financial instruments are initially recognised at fair value and are subsequently stated at fair value at the reporting date. Attributable transaction costs are recognised in the income statement when incurred. Resulting gains or losses on derivative instruments, excluding designated and effective hedging instruments, are recognised in the income statement.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting Policies and Financial Reporting Terms (Continued)**

The group is exposed to market risks from changes in interest rates, foreign exchange rates and commodity prices. The group uses derivative instruments to hedge its exposure to these risks. To the extent that a derivative instrument has a maturity period of longer than one year, the fair value of these instruments will be reflected as a non-current asset or liability.

The group's criteria for a derivative instrument to be designated as a hedging instrument at the inception of the transaction require that:

the hedge transaction is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk;

the effectiveness of the hedge can be reliably measured throughout the duration of the hedge;

there is adequate documentation of the hedging relationship at the inception of the hedge; and

for cash flow hedges, the forecast transaction that is the subject of the hedge must be highly probable.

Where a derivative instrument is designated as a cash flow hedge of an asset, liability or highly probable forecast transaction that could affect the income statement, the effective part of any gain or loss arising on the derivative instrument is recognised as other comprehensive income and is classified as a cash flow hedge accounting reserve until the underlying transaction occurs. The ineffective part of any gain or loss is recognised in the income statement. If the hedging instrument no longer meets the criteria for cash flow hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

If the forecast transaction results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is transferred from the cash flow hedge accounting reserve, as other comprehensive income, to the underlying asset or liability on the transaction date. If the forecast transaction is no longer expected to occur, then the cumulative balance in other comprehensive income is recognised immediately in the income statement as reclassification adjustments. Other cash flow hedge gains or losses are recognised in the income statement at the same time as the hedged transaction occurs.

When derivative instruments, including forward exchange contracts, are entered into as fair value hedges, no hedge accounting is applied. All gains and losses on fair value hedges are recognised in the income statement.

**13. Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Manufacturing costs include an allocated portion of production overheads which are directly attributable to the cost of manufacturing such inventory. The allocation is determined based on the greater of normal production capacity and actual production. The costs attributable to any inefficiencies in the production process are charged to the income statement as incurred.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****A. Accounting policies and financial reporting terms (Continued)**

Cost is determined as follows:

Crude oil and other raw materials	First-in-first-out valuation method (FIFO)
Process, maintenance and other materials	Weighted average purchase price
Work-in-progress	Manufacturing costs incurred
Manufactured products including consignment inventory	Manufacturing costs according to FIFO

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

**14. Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest rate method, less impairment losses. An impairment loss is recognised when it is probable that an entity will not be able to collect all amounts due according to the original terms of the receivable. The amount of the impairment loss is charged to the income statement.

**15. Cash and cash equivalents**

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. Bank overdrafts are offset against cash and cash equivalents in the statement of cash flows.

**16. Cash restricted for use**

Cash which is subject to restrictions on its use is stated separately at carrying amount in the statement of financial position.

**17. Share capital**

Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs.

**18. Share repurchase programme**

When Sasol Limited's shares are repurchased by a subsidiary, the amount of consideration paid, including directly attributable costs, is recognised as a deduction from shareholders' equity. Repurchased shares are classified as treasury shares and are disclosed as a deduction from total equity. Where such shares are subsequently reissued, any consideration received is included in the statement of changes in equity. The resultant gain or loss on the transaction is transferred to or from retained earnings.

**19. Preference shares**

Preference shares are classified as liabilities if they are redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are charged to the income statement as a finance expense based on the effective interest rate method.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting policies and financial reporting terms (Continued)**

**20. Debt**

Debt, which constitutes a financial liability, includes short-term and long-term debt. Debt is initially recognised at fair value, net of transaction costs incurred and is subsequently stated at amortised cost. Debt is classified as short-term unless the borrowing entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Debt is derecognised when the obligation in the contract is discharged, cancelled or has expired. Premiums or discounts arising from the difference between the fair value of debt raised and the amount repayable at maturity date are charged to the income statement as finance expenses based on the effective interest rate method.

**21. Leases**

**Finance leases** Leases where the group assumes substantially all the benefits and risks of ownership, are classified as finance leases. Finance leases are capitalised as property, plant and equipment at the lower of fair value or the present value of the minimum lease payments at the inception of the lease with an equivalent amount being stated as a finance lease liability as part of debt.

The capitalised amount is depreciated over the shorter of the lease term and asset's useful life unless it is reasonably certain that the group will obtain ownership by the end of the lease term. Lease payments are allocated between capital repayments and finance expenses using the effective interest rate method.

**Operating leases** Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are charged to the income statement over the lease term on a straight-line basis unless another basis is more representative of the pattern of use.

The land and the buildings elements of a lease are considered separately for the purpose of lease classification as a finance or an operating lease.

**22. Provisions**

A provision is recognised when the group has a present legal or constructive obligation arising from a past event that will probably be settled, and a reliable estimate of the amount can be made.

Long-term provisions are determined by discounting the expected future cash flows to their present value. The increase in discounted long-term provisions as a result of the passage of time is recognised as a finance expense in the income statement.

**Environmental rehabilitation provisions** Estimated long-term environmental provisions, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental policy taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the construction of an asset, they are capitalised as part of the cost of those assets. The effect of subsequent changes to assumptions in estimating an obligation for which the provision was recognised as part of the cost of the asset is adjusted against the asset. Any subsequent changes to an obligation which did not relate to the initial construction of a related asset are charged to the income statement.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting policies and financial reporting terms (Continued)**

**Decommissioning costs of plant and equipment** The estimated present value of future decommissioning costs, taking into account current environmental and regulatory requirements, is capitalised as part of property, plant and equipment, to the extent that they relate to the construction of the asset, and the related provisions are raised. These estimates are reviewed at least annually. The effect of subsequent changes to assumptions in estimating an obligation for which the provision was recognised as part of the cost of the asset is adjusted against the asset. Any subsequent changes to an obligation which did not relate to the initial construction of a related asset are charged to the income statement.

**Ongoing rehabilitation expenditure** Such expenditure is charged to the income statement.

**23. Employee benefits**

**Employee benefits** Remuneration of employees is charged to the income statement. Short-term employee benefits are those that are expected to be settled completely within 12 months after the end of the reporting period in which the services have been rendered. Short-term employee benefit obligations are measured on an undiscounted basis and are charged to the income statement as the related service is provided. Long-term employee benefits are those benefits that are expected to be settled more than 12 months after the end of the reporting period, in which the services have been rendered and are discounted to their present value. An accrual is recognised for accumulated leave, incentive bonuses and other employee benefits when the group has a present legal or constructive obligation as a result of past service provided by the employee, and a reliable estimate of the amount can be made.

**Pension benefits** The group operates or contributes to defined contribution pension plans and defined benefit pension plans for its employees in certain of the countries in which it operates. These plans are generally funded through payments to trustee-administered funds as determined by annual actuarial calculations.

**Defined contribution pension plans** Such plans are plans under which the group pays fixed contributions into a separate legal entity and has no legal or constructive obligation to pay further amounts. Contributions to defined contribution pension plans are charged to the income statement as an employee expense in the period in which related services are rendered by the employee. Contributions that are expected to be completely settled more than 12 months after the end of the reporting period, in which the employee renders the service, are discounted to their present value.

**Defined benefit pension plans** 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 post-retirement benefits. The gross obligation is determined by estimating the future benefit attributable to employees in return for services rendered to date.

This future benefit is discounted to determine its present value, using discount rates based on government bonds, that have maturity dates approximating the terms of the group's obligations and which are denominated in the currency in which the benefits are expected to be paid. Independent actuaries perform this calculation annually using the projected unit credit method.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting policies and financial reporting terms (Continued)**

Past service costs are charged to the income statement at the earlier of the following dates:

when the plan amendment or curtailment occurs; and

when the group recognises related restructuring costs or termination benefits.

Actuarial gains and losses arising from experience adjustments and changes to actuarial assumptions, the return on plan assets (excluding amounts included in net interest on the defined benefit liability (asset)) and any changes in the effect of the asset ceiling (excluding amounts included in net interest on the defined benefit liability (asset)) are recognised in other comprehensive income in the period in which they arise.

Where the plan assets exceed the gross obligation, the asset recognised is limited to the lower of the surplus in the defined benefit plan and the asset ceiling determined using a discount rate, representing the present value of any future refunds from the plan or reductions in future contributions to the plan.

Surpluses and deficits in the various plans are not offset.

**Defined benefit post-retirement healthcare benefits** The group provides post-retirement healthcare benefits to certain of its retirees. The entitlement of 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. Independent actuaries perform the calculation of this obligation annually.

**Share-based payments** The group has equity-settled and cash-settled share-based compensation plans. The equity-settled schemes allow certain employees the option to acquire ordinary shares in Sasol Limited over a prescribed period. Such equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is charged as employee costs, with a corresponding increase in equity, on a straight-line basis over the period that the employees become unconditionally entitled to the options, based on management's estimate of the shares that will vest and adjusted for the effect of non market-based vesting conditions. These share options are not subsequently revalued.

The cash-settled schemes allow certain senior employees the right to participate in the performance of the Sasol Limited share price, in return for services rendered, through the payment of cash incentives which are based on the market price of the Sasol Limited share. These rights are recognised as a liability at fair value, at each reporting date, 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 is amortised to the income statement as employee costs over the period that the employees provide services to the company.

Fair value is measured using the Black Scholes, Binomial tree and Monte-Carlo option pricing models where applicable. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations such as volatility, dividend yield and the vesting period. The fair value takes into account the terms and conditions on which these incentives are granted and the extent to which the employees have rendered service to the reporting date.



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****A. Accounting policies and financial reporting terms (Continued)**

**Termination benefits** Termination benefits are recognised as a liability when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits that are expected to be settled more than 12 months after the end of the reporting period are discounted to their present value.

**24. Deferred income**

Incentives received are recognised on a systematic basis in the income statement over the periods necessary to match them with the related costs which they are intended to compensate. Incentives related to non-current assets are stated on the statement of financial position as deferred income and are charged to the income statement on a basis representative of the pattern of use of the asset to which the incentive relates.

Revenue received prior to delivery occurring or the service being rendered is stated on the statement of financial position as deferred income and is recognised in the income statement when the revenue recognition criteria, detailed below, are met.

**25. Black economic empowerment (BEE) transactions**

To the extent that an entity grants shares or share options in a BEE transaction and the fair value of the cash and other assets received is less than the fair value of the shares or share options granted, such difference is charged to the income statement in the period in which the transaction becomes effective. Where the BEE transaction includes service conditions the difference will be charged to the income statement over the period of these service conditions. A restriction on the transfer of the shares or share options is taken into account in determining the fair value of the share or share option.

**26. Taxation**

The income tax charge is determined based on net income before tax for the year and includes deferred tax, dividend withholding tax and Secondary Taxation on Companies.

**Current tax** The current tax charge is the calculated tax payable on the taxable income for the year using enacted or substantively enacted tax rates and any adjustments to tax payable in respect of prior years.

**Deferred tax** Deferred tax is provided for using the liability method, on all temporary differences between the carrying amount of assets and liabilities for accounting purposes and the amounts used for tax purposes and on any tax losses. No deferred tax is provided on temporary differences relating to:

the initial recognition of goodwill;

the initial recognition (other than in a business combination) of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition; and

investments in subsidiaries to the extent they will probably not reverse in the foreseeable future.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting policies and financial reporting terms (Continued)**

The provision for deferred tax is calculated using enacted or substantively enacted tax rates at the reporting date that are expected to apply when the asset is realised or liability settled. 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.

The provision of deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities.

**Dividend withholding tax** 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 part of the current tax charge in the income statement in the period in which the dividend is received.

**Secondary Taxation on Companies (STC)** STC is recognised as part of the current tax charge in the income statement when the related dividend is declared. STC was replaced with dividends withholding tax in South Africa for dividends declared after 1 April 2012.

**27. Trade and other payables**

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost.

**28. Revenue**

Revenue is recognised at the fair value of the consideration received or receivable net of indirect taxes, rebates and trade discounts and consists primarily of the sale of products, services rendered, licence fees, royalties, dividends received and interest received.

Revenue is recognised when the following criteria are met:

evidence of an arrangement exists;

delivery has occurred or services have been rendered and the significant risks and rewards of ownership have been transferred to the purchaser;

transaction costs can be reliably measured;

the selling price is fixed or determinable; and

collectability is reasonably assured.

The timing of revenue recognition is as follows. Revenue from:

the sale of products is recognised when the group no longer retains continuing managerial involvement associated with ownership or effective control;

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services rendered is based on the stage of completion of the transaction, based on the proportion that costs incurred to date bear to the total cost of the project;

licence fees and royalties is recognised on an accrual basis;

dividends received is recognised when the right to receive payment is established; and

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting policies and financial reporting terms (Continued)**

interest received is recognised on a time proportion basis using the effective interest rate method.

The group enters into exchange agreements with the same counterparties for the purchase and sale of inventory that are entered into in contemplation of one another. When the items exchanged are similar in nature, these transactions are combined and accounted for as a single exchange transaction. The exchange is recognised at the carrying amount of the inventory transferred.

Further descriptions of the recognition of revenue for the various reporting segments are included under the accounting policy on segmental reporting.

**29. Construction contracts**

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with that construction contract are recognised as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the reporting date. The stage of completion is generally based on physical progress, man-hours or costs incurred, based on the appropriate method for the type of contract.

To the extent that the outcome of a construction contract cannot be reliably measured, revenue is recognised only to the extent that contract costs incurred are likely to be recovered.

Any expected loss on a construction contract is charged immediately to the income statement.

Contract costs relating to future activity on a contract are recognised as an asset provided it is likely that they will be recovered.

**30. Finance expenses**

Finance expenses are capitalised against qualifying assets as part of property, plant and equipment.

Such finance expenses are capitalised over the period during which the qualifying asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction is interrupted for an extended period or when the qualifying asset is substantially complete. Further finance expenses are charged to the income statement.

Where funds are borrowed specifically for the purpose of acquiring or constructing a qualifying asset, the amount of finance expenses eligible for capitalisation on that asset is the actual finance expenses incurred on the borrowing during the period less any investment income on the temporary investment of those borrowings.

Where funds are made available from general borrowings and used for the purpose of acquiring or constructing qualifying assets, the amount of finance expenses eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate is the weighted average of the interest rates applicable to the borrowings of the group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining qualifying assets. The amount of finance expenses capitalised will not exceed the net amount of borrowing costs incurred and interest received on excess borrowings invested.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting policies and financial reporting terms (Continued)**

**31. Dividends payable**

Dividends payable and the related taxation thereon are recognised as a liability in the period in which they are declared.

**32. Segment information**

***Reporting segments***

The group has nine main reportable segments that comprise the structure used by the group executive committee (GEC) to make key operating decisions and assess performance. The group's reportable segments are operating segments that are differentiated by the activities that each undertakes and the products they manufacture and market (referred to as business segments). Each business utilises different technology, manufacturing and marketing strategies.

The group evaluates the performance of its reportable segments based on operating profit. The group accounts for inter-segment sales and transfers as if the sales and transfers were entered into under the same terms and conditions as would have been entered into in a market related transaction.

The financial information of the group's reportable segments is reported to the GEC for purposes of making decisions about allocating resources to the segment and assessing its performance.

The group has formed significant joint ventures to promote Sasol technology and products internationally. The group is promoting and marketing its gas-to-liquids (GTL) technology for converting remote or flared natural gas into new-generation, low-emission GTL diesel, GTL naphtha and other products. It is envisaged that Sasol Synfuels International (SSI) through the recent development of the GTL plants in Qatar and Nigeria will contribute to the growing of a global GTL business in the future.

Whilst Sasol Petroleum International (SPI), like SSI, does not meet the quantitative criteria for disclosure as a separate segment, it is expected to become a significant contributor to the group's performance in future years as the upstream supplier of resources for the group's GTL and coal-to-liquids (CTL) activities.

Consequently, the GEC has chosen to include SSI and SPI as reportable operating segments even though SSI and SPI do not meet any of the quantitative thresholds as the GEC believes that such information would be useful to the users of the financial statements.

**South African energy cluster**

***Sasol Mining***

Sasol Mining's activities include the mining and supply of coal to other segments including Sasol Synfuels, other entities and to third parties.

Sasol Mining sells coal under both long-term and short-term contracts at a price determinable from the agreements. Turnover is recognised upon delivery of the coal to the customer, which, in accordance with the related contract terms is the point at which the title and risks and rewards of ownership pass to the customer, prices are fixed or determinable and collectability is reasonably assured.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****A. Accounting policies and financial reporting terms (Continued)**

The date of delivery related to Sasol Mining is determined in accordance with the contractual agreements entered into with customers which are briefly summarised as follows:

***Delivery terms***

	<b><i>Title and risks and rewards of ownership pass to the customer</i></b>
Free on Board (FOB)	When the coal is loaded onto the vessel at Richards Bay Coal Terminal customer is responsible for shipping and handling costs.
Free on Barge (Amsterdam)	When the coal is loaded from Overslag Bedrijf Amsterdam stockpile onto the customer vessel seller is responsible for shipping and handling costs, these are however recovered from the customer.
Cost Insurance Freight (CIF) and Cost Freight Railage (CFR)	When the coal is loaded into the vessel seller is responsible for shipping and handling costs which are included in the selling price.

The related costs of sales are recognised in the same period as the supply of the coal and include any shipping and handling costs incurred. All inter-segment sales are conducted at market related prices.

***Sasol Gas***

Sasol Gas' activities include the marketing of clean-burning pipeline gas sourced from Sasol Synfuels and natural gas from the Mozambican gas fields.

Sasol Gas sells gas under long-term contracts at a price determinable from the supply agreements. Turnover is recognised at the intake flange of the customer where it is metered, which is the point at which the title and risks and rewards of ownership passes to the customer, and where prices are determinable and collectability is reasonably assured. Gas analysis and tests of the specifications and content are performed prior to delivery.

Transportation and handling costs are included in turnover when billed to customers in conjunction with the sale of a product. The related costs of sales are recognised in the same period as the turnover.

***Sasol Synfuels***

Sasol Synfuels' activities include the production, using natural gas, from Sasol Gas, and synthesis gas derived from coal, supplied by Sasol Mining, using in-house technology to convert this into a wide range of liquid fuels intermediates and petrochemicals. Sasol Synfuels also provides chemical feedstock to, amongst others Sasol Polymers and Sasol Solvents.

Sasol Synfuels sells synthetic fuels, chemical feedstock and industrial pipeline gas under contracts at prices determinable from the agreements. Turnover is recognised for the liquid fuel intermediates and petrochemicals when the title and risks and rewards of ownership pass to the customer, which is

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting policies and financial reporting terms (Continued)**

when the product has passed over the appropriate weigh bridge or flow meter, prices are fixed or determinable and collectability is reasonably assured.

***Sasol Oil***

Sasol Oil is responsible for the group's crude oil refining activities and for blending and marketing of all liquid fuels and lubricants.

Sasol Oil sells liquid fuel products under both short-term and long-term agreements for both retail sales and commercial sales including sales to other oil companies. The prices are regulated and fixed by South African law for retail sales, and the prices are fixed and determinable according to the specific contract with periodic price adjustments for commercial sales and sales to other oil companies. Laboratory tests of the fuel specifications and content are performed prior to delivery. Turnover is recognised under the following arrangements:

Commercial sales transactions and sales to other oil companies: when product is delivered to the customer site, which is the point where the risks and rewards of ownership and title of the product transfer to the customer, and collectability is reasonably assured.

Dealer-owned supply agreements and franchise agreements: upon delivery of the product to the customer, which is the point where the risks and rewards of ownership of the product transfer to the customer. Title under these contracts is retained to enable recovery of the goods in the event of customer default on payment. The title to the good does not enable the group to dispose of the product or rescind the transaction, and cannot prevent the customer from selling the product.

Turnover for the supply of fuel is based on measurement through a flow-meter into customers' tanks. Shipping and handling costs are included in turnover when billed to customers in conjunction with the sale of a product. The related costs of sales are recognised in the same period as the turnover.

***Other***

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

**International energy cluster**

***Sasol Synfuels International (SSI)***

SSI is responsible for developing, implementing and managing international business ventures based on Sasol's proprietary technology, through its 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 is currently involved in the establishment of three GTL production facilities in Qatar, Nigeria and Uzbekistan, and is conducting feasibility studies for both GTL and CTL facilities at various other locations around the world, including Canada, US, and India.

Turnover is derived from the sale of goods produced by the operating facilities and is recognised when, in accordance with the related contract terms, the title and risks and rewards of ownership pass to the customer, prices are fixed or determinable and collectability is reasonably assured. Shipping and

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting policies and financial reporting terms (Continued)**

handling costs are included in turnover when billed to customers in conjunction with the sale of the products. Turnover is also derived from the rendering of engineering services to external partners in joint ventures upon the proof of completion of the service.

***Sasol Petroleum International (SPI)***

SPI manages upstream interests in natural oil and gas exploration, development and production in North America, Africa and the East Asia Pacific region.

SPI sells natural oil and gas to internal customers, under fixed contracts at prices determinable from the agreements, and on the open market.

**Chemical cluster**

***Sasol Polymers***

Sasol Polymers focuses on the production of monomers, polypropylene, polyethylene, vinyls and other chemical products through its respective businesses.

***Sasol Solvents***

Sasol Solvents primarily manufactures and markets globally a range of oxygenated solvents, co-monomers and chemical intermediates to various industries.

***Sasol Olefins & Surfactants***

Sasol Olefins & Surfactants manufactures and markets globally a diverse range of surfactants, surfactant intermediates, alcohols, monomers and inorganic speciality chemicals.

***Other chemical businesses***

Other chemical businesses include Sasol Wax (production and marketing of wax and wax related products), Sasol Nitro (production and marketing of ammonia and ammonia derivative products), Merisol (manufacturing and marketing of phenolics and cresylics) and Sasol Infracem (manufacturing of synthesis gas).

The businesses in the chemical cluster sell much of their products under contracts at prices determinable from such agreements. Turnover is recognised upon delivery to the customer which in accordance with the related contract terms, is the point at which the title and risks and rewards of ownership transfer to the customer, prices are determinable and collectability is reasonably assured. Turnover on consignment sales is recognised on consumption by the customer, when title and the risks and rewards of ownership pass to the customer, prices are determinable and collectability is reasonably assured. Product quality is safeguarded through quality assurance programmes.



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****A. Accounting policies and financial reporting terms (Continued)**

The date of delivery related to the above Chemical cluster is determined in accordance with the contractual agreements entered into with customers which are briefly summarised as follows:

***Delivery terms***

	<b><i>Title and risks and rewards of ownership pass to the customer</i></b>
Ex-tank sales	When products are loaded into the customer's vehicle or unloaded from the seller's storage tanks.
Ex works (EXW)	When products are loaded into the customers vehicle or unloaded at the sellers premises.
Carriage Paid To (CPT)	On delivery of products to a specified location (main carriage is paid for by the seller).
Free on Board (FOB)	When products are loaded into the transport vehicle customer is responsible for shipping and handling costs.
Cost Insurance Freight (CIF) and Cost Freight Railage (CFR)	When products are loaded into the transport vehicle seller is responsible for shipping and handling costs which are included in the selling price.
Proof of Delivery (POD)	When products are delivered to and signed for by the customer.
Consignment Sales	As and when products are consumed by the customer.

***Other businesses***

Other businesses include the group's treasury, research and development activities and central administration activities as well as alternative energy activities.

**33. Critical accounting estimates and judgements**

Management of the group makes estimates and assumptions concerning the future in applying its accounting policies. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are detailed in the notes to the financial statements where applicable.

Management continually evaluate estimates and judgements based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognised in the period in which the estimates are reviewed and in any future periods affected.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**A. Accounting policies and financial reporting terms (Continued)**

**34. Comparative figures**

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results as set out in the affected notes to the financial statements.

During the year, 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 cumulative unrecognised actuarial gains or losses, that exceeded ten percent of the greater of the present value of the defined benefit obligation and fair value of the plan assets, were 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 return on plan assets, excluding amounts included in net interest on the defined benefit liability or asset, and any changes in the effect of the asset ceiling, excluding amounts included in net interest on the defined benefit liability or asset, are also recognised 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 comparative figures have been restated. Refer note 1 for the effect of the change in accounting policy. Certain additional disclosure has been provided in respect of the current year. To the extent practicable, comparative information has also been provided.

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**Sasol Limited Group**  
**Notes to the Financial Statements (Continued)**

**B. Business segment information**

Property, plant and equipment; assets under construction and other intangible assets			Other non-current assets*#			Current assets*			Total consolidated assets*#			Non-current liabilities*^			Current liabilities*			Total c liab
2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012
Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>58 439</b>	51 058	43 351	<b>623</b>	582	582	<b>17 988</b>	16 547	14 569	<b>77 050</b>	68 187	58 502	<b>12 195</b>	11 436	9 857	<b>10 091</b>	10 061	8 014	<b>22 286</b>
<b>9 764</b>	7 671	6 024	<b>476</b>	455	427	<b>1 154</b>	970	1 037	<b>11 394</b>	9 096	7 488	<b>1 924</b>	1 875	1 060	<b>1 419</b>	1 084	890	<b>3 343</b>
<b>5 531</b>	4 999	4 857	<b>2</b>	2	2	<b>667</b>	546	525	<b>6 200</b>	5 547	5 384	<b>1 677</b>	2 200	2 199	<b>663</b>	524	410	<b>2 340</b>
<b>36 257</b>	32 253	27 002	<b>18</b>	30	56	<b>2 929</b>	2 570	2 239	<b>39 204</b>	34 853	29 297	<b>5 658</b>	4 525	3 935	<b>2 492</b>	1 814	1 996	<b>8 150</b>
<b>6 798</b>	6 046	5 393	<b>127</b>	95	97	<b>13 238</b>	12 456	10 766	<b>20 163</b>	18 597	16 256	<b>2 936</b>	2 836	2 663	<b>5 517</b>	6 639	4 718	<b>8 453</b>
<b>89</b>	89	75					5	2	<b>89</b>	94	77							
<b>22 062</b>	15 665	10 672	<b>2 200</b>	2 382	2 724	<b>6 478</b>	5 509	2 261	<b>30 740</b>	23 556	15 657	<b>1 421</b>	918	1 173	<b>3 361</b>	3 223	2 090	<b>4 782</b>
<b>5 776</b>	5 070	5 485	<b>2 197</b>	2 382	2 724	<b>3 063</b>	2 076	1 778	<b>11 036</b>	9 528	9 987	<b>267</b>	206	393	<b>1 887</b>	1 841	1 788	<b>2 154</b>
<b>16 286</b>	10 595	5 187	<b>3</b>			<b>3 415</b>	3 433	483	<b>19 704</b>	14 028	5 670	<b>1 154</b>	712	780	<b>1 474</b>	1 382	302	<b>2 628</b>
<b>45 816</b>	40 542	38 200	<b>2 554</b>	2 840	2 785	<b>29 968</b>	27 312	23 334	<b>78 338</b>	70 694	64 319	<b>7 487</b>	6 787	6 800	<b>11 899</b>	8 794	8 832	<b>19 386</b>
<b>16 683</b>	16 387	17 413	<b>869</b>	1 573	1 598	<b>9 393</b>	7 360	5 836	<b>26 945</b>	25 320	24 847	<b>935</b>	1 854	2 343	<b>4 193</b>	1 297	2 112	<b>5 128</b>
<b>9 289</b>	9 466	9 355	<b>405</b>	355	331	<b>5 830</b>	5 316	5 347	<b>15 524</b>	15 137	15 033	<b>1 372</b>	1 098	851	<b>1 187</b>	1 203	1 169	<b>2 559</b>
<b>7 460</b>	6 142	5 260	<b>445</b>	336	257	<b>9 979</b>	10 241	7 772	<b>17 884</b>	16 719	13 289	<b>3 007</b>	2 046	1 869	<b>4 399</b>	4 375	3 500	<b>7 406</b>
<b>12 384</b>	8 547	6 172	<b>835</b>	576	599	<b>4 766</b>	4 395	4 379	<b>17 985</b>	13 518	11 150	<b>2 173</b>	1 789	1 737	<b>2 120</b>	1 919	2 051	<b>4 293</b>
<b>4 354</b>	2 997	2 511	<b>407</b>	232	48	<b>10 712</b>	10 364	13 203	<b>15 473</b>	13 593	15 762	<b>9 608</b>	8 945	8 137	<b>4 992</b>	4 471	3 383	<b>14 600</b>
<b>130 671</b>	110 262	94 734	<b>5 784</b>	6 036	6 139	<b>65 146</b>	59 732	53 367	<b>201 601</b>	176 030	154 240	<b>30 711</b>	28 086	25 967	<b>30 343</b>	26 549	22 319	<b>61 054</b>

\* Excludes tax and deferred tax.

# Excludes post-retirement benefit assets.

^ Results for 2011 and 2010 have been restated. Refer note 1.

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**Sasol Limited Group**  
**Notes to the Financial Statements (Continued)**

**B. Business segment information (Continued)**

External turnover			Intersegment turnover			Total turnover			Translation gains/ (losses)			Effect of remeasurement items (before tax)(refer note 42)			Operating profit/(losses)			Attributable Sasol		
2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	
Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>74 291</b>	60 672	53 493	<b>59 523</b>	46 188	42 045	<b>133 814</b>	106 860	95 538	<b>(331)</b>	(473)	(202)	<b>324</b>	223	69	<b>28 957</b>	19 947	17 808	<b>18 566</b>	1	
<b>2 256</b>	2 029	1 696	<b>8 416</b>	7 117	6 167	<b>10 672</b>	9 146	7 863	<b>(5)</b>	(27)	(2)	<b>61</b>	3	1	<b>2 287</b>	1 063	815	<b>1 377</b>		
<b>3 967</b>	3 170	2 986	<b>2 964</b>	2 275	2 385	<b>6 931</b>	5 445	5 371	<b>(17)</b>	3	(16)	<b>11</b>	6		<b>2 985</b>	2 578	2 479	<b>1 553</b>		
<b>1 268</b>	1 208	879	<b>47 523</b>	36 277	33 014	<b>48 791</b>	37 485	33 893	<b>4</b>	(81)	(136)	<b>238</b>	197	58	<b>22 095</b>	15 188	13 175	<b>14 884</b>	1	
<b>66 800</b>	54 265	47 932	<b>620</b>	519	479	<b>67 420</b>	54 784	48 411	<b>(313)</b>	(368)	(48)	<b>14</b>	17	10	<b>1 592</b>	1 180	1 364	<b>754</b>		
															<b>(2)</b>	<b>(62)</b>	<b>(25)</b>	<b>(2)</b>		
<b>6 960</b>	4 926	3 198	<b>1 469</b>	946	769	<b>8 429</b>	5 872	3 967	<b>(322)</b>	187	28	<b>1 643</b>	568	112	<b>(55)</b>	1 587	468	<b>(862)</b>		
<b>5 182</b>	3 715	2 282	<b>136</b>			<b>5 318</b>	3 715	2 282	<b>(212)</b>	142	33	<b>34</b>	126	4	<b>1 881</b>	1 205	131	<b>1 812</b>		
<b>1 778</b>	1 211	916	<b>1 333</b>	946	769	<b>3 111</b>	2 157	1 685	<b>(110)</b>	45	(5)	<b>1 609</b>	442	108	<b>(1 936)</b>	382	337	<b>(2 674)</b>		
<b>88 145</b>	76 811	65 386	<b>6 607</b>	6 043	6 191	<b>94 752</b>	82 854	71 577	<b>100</b>	(509)	(672)	<b>(128)</b>	(402)	(251)	<b>6 500</b>	8 712	5 496	<b>5 907</b>		
<b>19 952</b>	16 985	14 236	<b>129</b>	97	85	<b>20 081</b>	17 082	14 321	<b>(485)</b>	(129)	(553)	<b>62</b>	46	14	<b>716</b>	1 579	958	<b>1 618</b>		
<b>17 429</b>	16 156	14 425	<b>1 485</b>	1 124	1 340	<b>18 914</b>	17 280	15 765	<b>479</b>	(293)	(132)	<b>83</b>	63	58	<b>1 403</b>	1 655	1 154	<b>963</b>		
<b>37 044</b>	31 116	24 774	<b>654</b>	599	509	<b>37 698</b>	31 715	25 283	<b>19</b>	(17)	37	<b>(179)</b>	(500)	(344)	<b>3 193</b>	4 161	2 492	<b>2 733</b>		
<b>13 720</b>	12 554	11 951	<b>4 339</b>	4 223	4 257	<b>18 059</b>	16 777	16 208	<b>87</b>	(70)	(24)	<b>(94)</b>	(11)	21	<b>1 188</b>	1 317	892	<b>593</b>		
<b>50</b>	27	179	<b>8 548</b>	6 016	5 241	<b>8 598</b>	6 043	5 420	<b>796</b>	(221)	(161)	<b>21</b>	37	24	<b>1 356</b>	(296)	165	<b>(28)</b>		
<b>169 446</b>	142 436	122 256	<b>76 147</b>	59 193	54 246	<b>245 593</b>	201 629	176 502	<b>243</b>	(1 016)	(1 007)	<b>1 860</b>	426	(46)	<b>36 758</b>	29 950	23 937	<b>23 583</b>	1	

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**Sasol Limited Group**  
**Notes to the Financial Statements (Continued)**

**B. Business segment information (Continued)**

	Cash flow from operations (refer note 50)			Cash flow information Depreciation and amortisation			Additions to non-current assets			Capital commitments Property, plant and equipment			Other intangible assets			Number of employees		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	number	number	number
<b>South African energy cluster</b>	<b>34 811</b>	26 015	22 166	<b>(4 213)</b>	(3 510)	(3 015)	<b>11 818</b>	11 331	10 850	<b>29 832</b>	27 561	29 630	<b>20</b>	19	17	<b>15 494</b>	14 909	15 091
Mining	<b>3 328</b>	2 616	1 727	<b>(803)</b>	(716)	(649)	<b>2 849</b>	2 252	1 699	<b>10 165</b>	6 113	7 507		6		<b>7 800</b>	7 425	7 453
Gas	<b>3 257</b>	2 875	2 793	<b>(294)</b>	(278)	(322)	<b>820</b>	402	363	<b>1 259</b>	1 994	567	<b>18</b>	13	15	<b>291</b>	273	269
Synfuels	<b>25 865</b>	17 691	15 754	<b>(2 467)</b>	(1 886)	(1 445)	<b>6 716</b>	7 374	7 843	<b>16 680</b>	17 036	19 438	<b>2</b>		2	<b>5 554</b>	5 376	5 362
Oil	<b>2 363</b>	2 895	1 917	<b>(649)</b>	(630)	(599)	<b>1 433</b>	1 303	945	<b>1 728</b>	2 418	2 118				<b>1 849</b>	1 835	2 007
Other	<b>(2)</b>	(62)	(25)															
<b>International energy cluster</b>	<b>4 165</b>	2 840	515	<b>(2 103)</b>	(741)	(699)	<b>7 920</b>	2 890	1 504	<b>3 883</b>	5 657	2 931	<b>73</b>	17	15	<b>1 062</b>	828	724
Synfuels																		
International Petroleum	<b>2 515</b>	1 681	(349)	<b>(351)</b>	(325)	(316)	<b>359</b>	380	721	<b>679</b>	384	695	<b>33</b>	6	2	<b>604</b>	514	449
International Chemical cluster	<b>1 650</b>	1 159	864	<b>(1 752)</b>	(416)	(383)	<b>7 561</b>	2 510	783	<b>3 204</b>	5 273	2 236	<b>40</b>	11	13	<b>458</b>	314	275
Polymers	<b>8 977</b>	11 607	7 937	<b>(2 935)</b>	(2 749)	(2 648)	<b>7 648</b>	5 502	3 349	<b>10 606</b>	12 442	12 872	<b>39</b>	47	175	<b>11 320</b>	11 476	11 712
Solvents	<b>1 384</b>	2 766	2 056	<b>(916)</b>	(1 026)	(1 016)	<b>960</b>	921	335	<b>1 616</b>	1 324	1 914	<b>3</b>	2		<b>2 045</b>	2 013	2 166
Olefins & Surfactants	<b>1 820</b>	2 429	1 894	<b>(654)</b>	(636)	(553)	<b>500</b>	737	840	<b>186</b>	272	474	<b>11</b>	6	72	<b>1 454</b>	1 509	1 676
Other chemical businesses	<b>3 816</b>	4 446	2 746	<b>(841)</b>	(629)	(720)	<b>1 745</b>	992	730	<b>4 205</b>	2 775	886	<b>18</b>	33	79	<b>2 869</b>	2 886	2 824
Other businesses	<b>1 957</b>	1 966	1 241	<b>(524)</b>	(458)	(359)	<b>4 443</b>	2 852	1 444	<b>4 599</b>	8 071	9 598	<b>7</b>	6	24	<b>4 952</b>	5 068	5 046
<b>Other businesses</b>	<b>2 219</b>	556	144	<b>(400)</b>	(400)	(350)	<b>1 774</b>	942	405	<b>1 498</b>	2 336	791	<b>189</b>	242	66	<b>7 040</b>	6 495	5 527
<b>Total</b>	<b>50 172</b>	41 018	30 762	<b>(9 651)</b>	(7 400)	(6 712)	<b>29 160</b>	20 665	16 108	<b>45 819</b>	47 996	46 224	<b>321</b>	325	273	<b>34 916</b>	33 708	33 054

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**Sasol Limited Group**  
**Notes to the Financial Statements (Continued)**

**B. Business segment information (Continued)****Geographic information**

	Total turnover			External turnover			Operating profit / (loss)			Total consolidated assets* #			Additions to non-current assets (by location of assets)			Capital commitments non-current assets	
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
Africa	158 255	127 632	115 425	84 101	69 930	62 014	27 698	20 316	18 143	123 984	112 353	101 953	18 765	16 463	13 702	37 727	39 750
	7 112	6 527	5 653	7 039	6 498	5 613	498	(249)	407	11 159	9 925	9 823	872	1 120	750	1 050	1 396
Benin	578	341	271	505	312	233	235	(337)	186	6 461	6 226	5 766	673	872	620	650	1 139
	870	621	429	870	621	427	(242)	(233)	2	3 325	2 647	3 029	46	2	4	65	55
Africa	5 664	5 565	4 953	5 664	5 565	4 953	505	321	219	1 373	1 052	1 028	153	246	126	335	202
	40 067	33 860	27 620	38 874	32 977	26 978	5 109	5 437	3 553	26 084	22 249	17 462	915	901	935	1 651	705
Benin	8 962	8 673	7 649	7 937	7 809	7 022	739	1 312	773	9 545	9 343	7 744	619	661	776	1 485	479
	4 683	4 230	2 724	4 547	4 225	2 719	209	423	283	4 408	4 509	2 997	259	223	122	110	190
	26 422	20 957	17 247	26 390	20 943	17 237	4 161	3 702	2 497	12 131	8 397	6 721	37	17	37	56	36
Africa	18 657	14 669	13 093	18 152	14 274	13 047	(11)	1 763	1 060	20 587	14 426	6 054	7 952	1 722	323	4 966	6 149
States	16 661	13 203	11 692	16 155	12 808	11 650	2 111	1 658	880	7 244	6 260	5 709	1 071	480	323	2 789	2 270
Africa	666	70		666	70		(2 272)	(91)		13 181	8 035		6 881	1 242		2 177	3 879
North	1 330	1 396	1 401	1 331	1 396	1 397	150	196	180	162	131	345					
	2 209	2 024	1 443	2 204	2 024	1 445	198	194	113	460	359	302					
Asia	5 717	3 995	3 066	5 603	3 917	3 022	732	86	218	2 833	2 069	2 246	310	186	75	12	38
East	6 380	7 075	5 450	6 376	7 066	5 451	1 953	1 858	537	14 375	12 853	14 642	335	262	321	728	283
	451	981	795	451	981	796	172	464	252	6 485	6 581	7 521	64	100	70	181	69
	837	146	13	837	146	13	432	37	(684)	5 275	4 516	5 239	188	160	248	264	214
East	5 092	5 948	4 642	5 088	5 939	4 642	1 349	1 357	969	2 615	1 756	1 882	83	2	3	283	
East	7 196	5 847	4 752	7 097	5 750	4 686	581	545	(94)	2 119	1 796	1 758	11	11	2	6	
	245 593	201 629	176 502	169 446	142 436	122 256	36 758	29 950	23 937	201 601	176 030	154 240	29 160	20 665	16 108	46 140	48 321

\* Excludes tax and deferred tax.

# Excludes post-retirement benefit assets.



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****C. Other explanatory notes to the financial statements****Change in accounting policy**

	Note
<b>Change in accounting policy</b>	<b>1</b>
<b>1 Change in accounting policy</b>	

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 prior year figures have been restated. The adoption of the amendments to IAS 19 did not have a significant impact on earnings or cash flows, hence the income statement and statement of cash flows have not been restated. The following table summarises the adjustments made to the statement of financial position, statement of comprehensive income and statement of changes in equity on implementation of the revised accounting policy.



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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

**1 Change in accounting policy (Continued)**

Statement of financial position	2011	2010
	Rm	Rm
<b>Post-retirement benefit obligations (refer note 20)</b>		
Balance as previously reported	4 896	4 495
Effect of change in accounting policy	264	625
Restated balance	5 160	5 120
<b>Post-retirement benefit assets (refer note 8)</b>		
Balance as previously reported	792	789
Effect of change in accounting policy	(527)	(611)
Restated balance	265	178
<b>Deferred tax liability (refer note 22)</b>		
Balance as previously reported	12 272	10 406
Effect of change in accounting policy	(311)	(419)
Restated balance	11 961	9 987
<b>Statement of comprehensive income</b>		
<b>Total comprehensive income as previously reported</b>	18 277	15 610
Increase / (decrease) in other comprehensive income	337	(322)
Actuarial gains and losses on post-retirement benefit obligations	440	(436)
Translation gains and losses on effect of adjustment	5	(40)
(Decrease) / increase in deferred tax relating to components of other comprehensive income	(108)	154
Restated balance	18 614	15 288
<b>Statement of changes in equity</b>		
Shareholders' equity as previously reported	107 649	94 730
Effect of change in accounting policy	(478)	(815)
Restated balance	107 171	93 915

**Non-current assets**

	2012	2011	2010
Note		Restated	Restated
	Rm	Rm	Rm
<b>Property, plant and equipment</b>	2	95 872	79 245
<b>Assets under construction</b>	3	33 585	21 018

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<b>Goodwill</b>	4	<b>787</b>	747	738
<b>Other intangible assets</b>	5	<b>1 214</b>	1 265	1 193
<b>Investments in securities</b>	6	<b>712</b>	664	585
<b>Investments in associates</b>	7	<b>2 560</b>	3 071	3 573
<b>Post-retirement benefit assets</b>	8	<b>313</b>	265	178
<b>Long-term receivables and prepaid expenses</b>	9	<b>1 531</b>	1 533	1 241
<b>Long-term financial assets</b>	10	<b>194</b>	21	2
<b>Deferred tax assets</b>	22	<b>1 514</b>	1 101	1 099
		<b>138 282</b>	117 664	102 150

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 2 Property, plant and equipment

	Note	2012	2011	2010
		Rm	Rm	Rm
<b>Cost</b>				
Balance at beginning of year		144 747	134 174	129 560
Acquisition of interests in joint ventures	55		709	
Additions		3 110	1 883	2 132
to sustain existing operations		2 510	1 662	1 707
to expand operations		600	221	425
Transfer from assets under construction	3	22 206	12 480	7 088
Net transfer (to)/from other intangible assets	5	(1)		1
Transfer (to)/from inventories		(3)	10	(3)
Change in rehabilitation provisions capitalised	19	(26)		
Reclassification from/(to) held for sale		22	(5)	
Translation of foreign operations	47	4 500	(1 939)	(2 873)
Disposal of businesses		(314)	(18)	(6)
Disposals and scrapping		(4 288)	(2 547)	(1 725)
<b>Balance at end of year</b>		<b>169 953</b>	<b>144 747</b>	<b>134 174</b>
<b>Comprising</b>				
Land		1 165	1 127	1 072
Buildings and improvements		7 684	7 048	6 936
Retail convenience centres		1 454	1 421	1 342
Plant, equipment and vehicles		134 780	120 333	111 176
Mineral assets		24 870	14 818	13 648
		<b>169 953</b>	<b>144 747</b>	<b>134 174</b>
<b>Accumulated depreciation and impairment</b>				
Balance at beginning of year		65 502	61 651	59 190
Current year charge	34	9 422	7 165	6 509
Impairment of property, plant and equipment	42	572	49	47
Reversal of impairment of property, plant and equipment	42		(529)	(348)
Net transfer from other intangible assets	5			23
Transfer from inventories			6	
Reclassification from/(to) held for sale		12	(12)	
Translation of foreign operations	47	2 601	(567)	(2 221)
Disposal of businesses		(178)	(8)	(5)
Disposals and scrapping		(3 850)	(2 253)	(1 544)
<b>Balance at end of year</b>		<b>74 081</b>	<b>65 502</b>	<b>61 651</b>

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 2 Property, plant and equipment (Continued)

	2012	2011	2010
	Rm	Rm	Rm
<b>Comprising</b>			
Land	207	207	199
Buildings and improvements	3 597	3 398	3 264
Retail convenience centres	470	412	338
Plant, equipment and vehicles	60 177	54 373	51 465
Mineral assets	9 630	7 112	6 385
	<b>74 081</b>	<b>65 502</b>	<b>61 651</b>
<b>Carrying value</b>			
Land	958	920	873
Buildings and improvements	4 087	3 650	3 672
Retail convenience centres	984	1 009	1 004
Plant, equipment and vehicles	74 603	65 960	59 711
Mineral assets	15 240	7 706	7 263
<b>Balance at end of year</b>	<b>95 872</b>	<b>79 245</b>	<b>72 523</b>
<b>Business segmentation</b>			
South African energy cluster	44 482	36 064	28 605
<i>Mining</i>	6 823	4 922	4 744
<i>Gas</i>	4 325	4 425	3 718
<i>Synfuels</i>	28 206	21 986	15 644
<i>Oil</i>	5 039	4 642	4 424
<i>Other SA Energy</i>	89	89	75
International energy cluster	15 201	7 438	7 541
<i>Synfuels International</i>	5 476	3 967	4 584
<i>Petroleum International</i>	9 725	3 471	2 957
Chemical cluster	34 211	33 863	34 414
<i>Polymers</i>	14 626	15 180	16 775
<i>Solvents</i>	8 842	8 920	8 608
<i>Olefins &amp; Surfactants</i>	5 553	5 280	4 582
<i>Other</i>	5 190	4 483	4 449
Other businesses	1 978	1 880	1 963
<b>Total operations</b>	<b>95 872</b>	<b>79 245</b>	<b>72 523</b>

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****2 Property, plant and equipment (Continued)**

	Land	Buildings and improvements	Retail convenience centres	Plant, equipment and vehicles	Mineral assets	Total
	Rm	Rm	Rm	Rm	Rm	Rm
<b>Cost</b>						
Balance at 30 June 2011	1 127	7 048	1 421	120 333	14 818	<b>144 747</b>
Additions	39	56	73	1 358	1 584	<b>3 110</b>
to sustain existing operations	4	55		871	1 580	<b>2 510</b>
to expand operations	35	1	73	487	4	<b>600</b>
Reclassification of property, plant and equipment		28		(28)		
Change in rehabilitation provisions capitalised				(26)		<b>(26)</b>
Transfer from assets under construction		573	12	12 915	8 706	<b>22 206</b>
Transfer to inventories				(3)		<b>(3)</b>
Net transfer to other intangible assets				(1)		<b>(1)</b>
Reclassification from held for sale		3		19		<b>22</b>
Translation of foreign operations	3	298	3	3 656	540	<b>4 500</b>
Disposal of businesses	(1)	(66)		(247)		<b>(314)</b>
Disposals and scrapping	(3)	(256)	(55)	(3 196)	(778)	<b>(4 288)</b>
<b>Balance at 30 June 2012</b>	<b>1 165</b>	<b>7 684</b>	<b>1 454</b>	<b>134 780</b>	<b>24 870</b>	<b>169 953</b>
<b>Accumulated depreciation and impairment</b>						
Balance at 30 June 2011	207	3 398	412	54 373	7 112	<b>65 502</b>
Current year charge		267	59	6 587	2 509	<b>9 422</b>
Impairment of property, plant and equipment		1	1	126	444	<b>572</b>
Reclassification from held for sale		1		11		<b>12</b>
Translation of foreign operations	3	211	1	2 156	230	<b>2 601</b>
Disposal of businesses		(31)		(147)		<b>(178)</b>
Disposals and scrapping	(3)	(250)	(3)	(2 929)	(665)	<b>(3 850)</b>
<b>Balance at 30 June 2012</b>	<b>207</b>	<b>3 597</b>	<b>470</b>	<b>60 177</b>	<b>9 630</b>	<b>74 081</b>
<b>Carrying value at 30 June 2012</b>	<b>958</b>	<b>4 087</b>	<b>984</b>	<b>74 603</b>	<b>15 240</b>	<b>95 872</b>
Carrying value at 30 June 2011	920	3 650	1 009	65 960	7 706	<b>79 245</b>

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

**2 Property, plant and equipment (Continued)**

	2012	2011	2010
	Rm	Rm	Rm
<b>Additions to property, plant and equipment (cash flow)</b>			
To sustain existing operations	1 993	1 453	1 609
current year additions	2 510	1 662	1 707
adjustments for non-cash items			
movement in environmental provisions capitalised	(517)	(209)	(98)
To expand operations	600	221	425
Per the statement of cash flows	2 593	1 674	2 034
<b>Additional disclosures</b>			
<b><i>Leased assets</i></b>			
Carrying value of capitalised leased assets (included in plant, equipment and vehicles)	905	1 018	1 025
cost	1 371	1 423	1 422
accumulated depreciation	(466)	(405)	(397)
Finance lease additions included in additions above	102	70	154
<b><i>Cost price of fully depreciated and fully impaired assets still in use</i></b>	<b>9 155</b>	9 004	8 571
<b><i>Carrying value of assets committed as security for debt (refer note 17)</i></b>	<b>10 029</b>	12 041	11 774

*Depreciation rates for property, plant and equipment are noted on page F-19*

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****2 Property, plant and equipment (Continued)****Capital commitments**

Capital commitments, excluding capitalised interest, include all projects for which specific board approval has been obtained up to the reporting date. Projects still under investigation for which specific board approvals have not yet been obtained are excluded from the following:

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
Authorised and contracted for	<b>50 243</b>	41 101	31 441
Authorised but not yet contracted for	<b>28 417</b>	33 211	35 524
Less expenditure to the end of year	<b>(32 841)</b>	(26 316)	(20 741)
	<b>45 819</b>	47 996	46 224
to sustain existing operations	<b>18 252</b>	22 434	22 854
to expand operations	<b>27 567</b>	25 562	23 370
<b>Comprising</b>			
Subsidiary companies	<b>43 133</b>	43 794	45 775
Proportionate share of joint ventures	<b>2 686</b>	4 202	449
	<b>45 819</b>	47 996	46 224
<b>Estimated expenditure</b>			
Within one year	<b>24 805</b>	26 491	17 321
One to two years	<b>16 415</b>	15 297	12 036
Two to three years	<b>2 590</b>	4 937	6 398
Three to four years	<b>1 967</b>	424	6 849
Four to five years	<b>28</b>	820	1 617
More than five years	<b>14</b>	27	2 003
	<b>45 819</b>	47 996	46 224
<b>Business segmentation</b>			
South African energy cluster	<b>29 832</b>	27 561	29 630
<i>Mining</i>	<b>10 165</b>	6 113	7 507
<i>Gas</i>	<b>1 259</b>	1 994	567
<i>Synfuels</i>	<b>16 680</b>	17 036	19 438
<i>Oil</i>	<b>1 728</b>	2 418	2 118
International energy cluster	<b>3 883</b>	5 657	2 931
<i>Synfuels International</i>	<b>679</b>	384	695
<i>Petroleum International</i>	<b>3 204</b>	5 273	2 236
Chemical cluster	<b>10 606</b>	12 442	12 872
<i>Polymers</i>	<b>1 616</b>	1 324	1 914
<i>Solvents</i>	<b>186</b>	272	474
<i>Olefins &amp; Surfactants</i>	<b>4 205</b>	2 775	886
<i>Other chemical businesses</i>	<b>4 599</b>	8 071	9 598
Other businesses	<b>1 498</b>	2 336	791

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**Total operations**

**45 819**

47 996

46 224

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****2 Property, plant and equipment (Continued)****Significant commitments at 30 June 2012 include:**

<b>Project</b>	<b>Business unit</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
		<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
Impumelelo colliery to maintain Brandspruit mine operation	Mining	<b>3 697</b>	3 986	4 543
Replacement of Twistdraai colliery operation	Mining	<b>4 782</b>		
Thubelisha shaft to maintain Twistdraai colliery operation	Mining	<b>549</b>	1 197	2 444
Acquisition of prospecting rights	Mining	<b>465</b>	535	
Mozambique natural gas pipeline	Gas	<b>897</b>	1 409	67
Gas heated heat exchange reformers	Synfuels	<b>723</b>	1 136	1 882
Volatile organic compounds abatement programme	Synfuels	<b>1 355</b>	1 676	1 795
Coal tar filtration project	Synfuels	<b>1 503</b>	1 655	
Additional gasifiers in gas production	Synfuels	<b>813</b>	1 097	1 758
Water recovery growth	Synfuels	<b>1 038</b>	1 357	1 647
Major shutdown and statutory maintenance	Synfuels	<b>1 892</b>	1 174	1 387
Replacement of tar tanks and separators	Synfuels	<b>1 859</b>	867	318
Reforming gas improvement project	Synfuels	<b>306</b>	739	1 296
Replacement of steam turbines at steam plant	Synfuels	<b>586</b>	689	802
Second life cycle replacement of corroded fire water network	Synfuels	<b>446</b>	462	
Recovery of ethane and heavier hydrocarbons from natural gas	Synfuels	<b>191</b>	423	
Improvement of synthol total feed compressors	Synfuels	<b>216</b>	257	382
Building of shutdown and service provider ablutions' facilities	Synfuels	<b>195</b>	231	
De-bottlenecking of cold separation	Synfuels	<b>160</b>	228	218
Sulphur house decanter replacement	Synfuels	<b>120</b>	209	
Power generation with open cycle turbines	Synfuels	<b>139</b>	201	502
16th Oxygen train project	Synfuels	<b>81</b>	174	849
10th Sasol advanced synthol reactor	Synfuels	<b>27</b>	164	542
Combined waste heat boilers	Synfuels	<b>146</b>	134	172
Replace circulation water preheaters at gas reforming plant	Synfuels	<b>110</b>	113	201
Selective catalytic cracker baseline optimisation project	Synfuels	<b>624</b>		37
Lining of effluent dam project	Synfuels	<b>324</b>		
Clean Fuels 2 project	Synfuels	<b>250</b>		
Steam plant emergency shut down	Synfuels	<b>224</b>		
Secunda Natref pipeline project	Oil	<b>276</b>	509	769
Project wholesale logistics	Oil	<b>133</b>	439	178
Upgrade of retail convenience centres	Oil	<b>277</b>	334	407
Diesel unifier project	Oil	<b>21</b>	291	117
3rd Catalyst plant in Sasolburg, South Africa	Synfuels International F-52	<b>94</b>	156	374

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****2 Property, plant and equipment (Continued)**

Project	Business unit	2012	2011	2010
		Rm	Rm	Rm
Mozambique expansion	Petroleum International	279	1 129	1 082
Canadian shale gas exploration and development	Petroleum International	2 177	3 879	
Ethylene purification unit	Polymers	296	1 004	1 731
C3 Stabilisation project	Polymers	939		
Ethylene tetramerisation project in North America	Olefins & Surfactants	1 132	1 469	
Acquisition of land in North America	Olefins & Surfactants	961		
Limestone ammonium nitrate (LAN) replacement project	Other chemical businesses	97	302	737
Fischer-Tropsch wax expansion project	Other chemical businesses	3 181	5 839	7 560
Sasolburg gas power engines	Other businesses	805	1 754	
Other projects	Various	11 433	10 778	12 427
		<b>45 819</b>	47 996	46 224

**Funding**

Capital expenditure will be financed from funds generated out of normal business operations, existing borrowing facilities and specific project financing.

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 3 Assets under construction

	Note	2012	2011	2010
		Rm	Rm	Rm
<b>Cost</b>				
Balance at beginning of year		29 752	21 018	14 496
Acquisition of interests in joint ventures	55	24	3 114	
Additions		26 720	18 877	14 060
to sustain existing operations		9 761	8 658	7 867
to expand operations		16 959	10 219	6 193
Finance expenses capitalised	40	24	43	58
Impairment of assets under construction	42	(879)	(2)	(61)
Reversal of impairment of assets under construction	42		2	2
Write off of unsuccessful exploration wells	42	(270)	(441)	(58)
Transfer to inventories			(2)	(8)
Projects capitalised		(22 385)	(12 634)	(7 348)
property, plant and equipment	2	(22 206)	(12 480)	(7 088)
other intangible assets	5	(179)	(154)	(260)
Reclassification to held for sale			(32)	
Translation of foreign operations	47	850	(72)	(84)
Disposals and scrapping		(251)	(119)	(39)
<b>Balance at end of year</b>		<b>33 585</b>	<b>29 752</b>	<b>21 018</b>
<b>Comprising</b>				
Property, plant and equipment under construction		28 377	25 154	19 566
Other intangible assets under construction		300	185	80
Exploration and evaluation assets		4 908	4 413	1 372
		<b>33 585</b>	<b>29 752</b>	<b>21 018</b>
<b>Business segmentation</b>				
South African energy cluster		13 840	14 857	14 599
<i>Mining</i>		2 935	2 744	1 274
<i>Gas</i>		1 164	531	1 108
<i>Synfuels</i>		8 017	10 236	11 303
<i>Oil</i>		1 724	1 346	914
International energy cluster		6 854	8 216	3 118
<i>Synfuels International</i>		299	1 103	899
<i>Petroleum International</i>		6 555	7 113	2 219
Chemical cluster		10 886	5 909	3 077
<i>Polymers</i>		1 928	1 066	452
<i>Solvents</i>		244	319	562
<i>Olefins &amp; Surfactants</i>		1 619	543	425
<i>Other chemical businesses</i>		7 095	3 981	1 638
Other businesses		2 005	770	224
<b>Total operations</b>		<b>33 585</b>	<b>29 752</b>	<b>21 018</b>



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****3 Assets under construction (Continued)**

	Property, plant and equipment under construction	Other intangible assets under construction	Exploration and evaluation assets	Total
	Rm	Rm	Rm	Rm
<b>Cost</b>				
Balance at 30 June 2011	25 154	185	4 413	<b>29 752</b>
Acquisition of interests in joint ventures	24			<b>24</b>
Additions	25 828	271	621	<b>26 720</b>
to sustain existing operations	9 524	237		<b>9 761</b>
to expand operations	16 304	34	621	<b>16 959</b>
Reclassification of assets under construction	(22)	22		
Finance expenses capitalised	24			<b>24</b>
Impairment of assets under construction	(131)	(1)	(747)	<b>(879)</b>
Write off of unsuccessful exploration wells			(270)	<b>(270)</b>
Projects capitalised	(22 596)	(179)	390	<b>(22 385)</b>
Translation of foreign operations	346	3	501	<b>850</b>
Disposals and scrapping	(250)	(1)		<b>(251)</b>
<b>Balance at 30 June 2012</b>	<b>28 377</b>	<b>300</b>	<b>4 908</b>	<b>33 585</b>

	2012	2011	2010
	Rm	Rm	Rm
<b>Additions to assets under construction (cash flow)</b>			
To sustain existing operations	<b>9 735</b>	8 641	7 849
current year additions	<b>9 761</b>	8 658	7 867
adjustments for non-cash items			
cash flow hedge accounting		3	(8)
other non-cash movements	<b>(32)</b>		
movement in environmental provisions capitalised	<b>6</b>	(20)	(10)
To expand operations	<b>16 783</b>	10 220	6 174
current year additions	<b>16 959</b>	10 219	6 193
adjustments for non-cash items			
cash flow hedge accounting	<b>(21)</b>	5	(18)
movement in environmental provisions capitalised	<b>(155)</b>	(4)	(1)
<b>Per the statement of cash flows</b>	<b>26 518</b>	18 861	14 023

The group hedges its exposure in South Africa to foreign currency risk in respect of its significant capital projects. This is done primarily by means of forward exchange contracts. Cash flow hedge accounting is applied to these hedging transactions and accordingly, the effective portion of any gain or loss realised on these contracts is adjusted against the underlying item of assets under construction.



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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**3 Assets under construction (Continued)**

**Capital expenditure**

**Significant projects to sustain operations**

As part of the normal plant operations, the group incurs capital expenditure to replace or modify significant components of plant to maintain the useful lives of the plant operations and improve plant efficiencies. Of the R9 735 million to sustain operations, R8 866 million (2011 R7 631 million; 2010 R7 538 million) relates to expenditure incurred to sustain existing operations. Other expenditure includes amounts incurred to meet legal and environmental obligations.

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****3 Assets under construction (Continued)****Significant projects to sustain operations include:**

Project	Business unit	2012	2011	2010
		Rm	Rm	Rm
Thubelisha shaft to maintain Twistdraai colliery operation	Mining	530	1 175	752
Impumelelo colliery to maintain Brandspruit mine operation	Mining	584	155	88
Refurbishments of continuous miners	Mining	85	61	60
Mining renewal	Mining	121	92	
Major shutdown and statutory maintenance	Synfuels	1 636	1 412	1 484
Replacement of air heater systems at boiler 9	Synfuels	9	193	301
Improvement of synthol total feed compressors	Synfuels	41	117	266
Selective catalytic cracker baseline optimisation project	Synfuels	37	31	231
Ash-lock project	Synfuels	120	90	181
Volatile organic compounds abatement programme	Synfuels	321	252	64
Replacement of steam turbines at steam plant	Synfuels	104	113	60
Refurbishment of the utility cooling water towers	Synfuels	58	68	55
Change plant to reduce benzene fuel	Synfuels	18	30	25
Secunda Natref pipeline project	Oil	213	279	155
Project wholesale logistics	Oil	305	199	
Replace hydrofluoric acid relief gas scrubber and external regenerator	Oil	95	165	
Diesel unifier project	Oil	96	77	154
Depot expansion project	Oil	8	73	148
Shutdown and statutory maintenance	Oil	200	49	
ORYX GTL statutory maintenance	Synfuels International	29	110	264
Upgrade of central processing facility at Sasol Petroleum Temane	Petroleum International	18	52	77
Mozambique onshore drilling	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	Various	3 925	2 402	2 918
Expenditure related to other environmental obligations	Various	587	961	126
Expenditure incurred relating to other safety regulations	Various	282	49	185
		<b>9 735</b>	<b>8 641</b>	<b>7 849</b>



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****3 Assets under construction (Continued)****Significant projects to expand operations include:**

Project	Business unit	2012	2011	2010
		Rm	Rm	Rm
Pipeline expansion 1st compressor	Gas	486	177	186
Additional gasifiers in gas production	Synfuels	284	661	
Reforming gas improvement project	Synfuels	433	557	
Power generation with open cycle turbines	Synfuels	41	307	842
16th Oxygen train project	Synfuels	106	559	970
10th Sasol advanced synthol reactor	Synfuels	171	378	463
Gas heated heat exchange reformers	Synfuels	669	608	354
Ethane and heavier hydrocarbons	Synfuels	233		
3rd Catalyst plant in Sasolburg, South Africa	Synfuels International	68	218	465
Uzbekistan GTL plant	Synfuels International	72		
Canadian shale gas exploration and development	Petroleum International	6 441	1 242	
Mozambique exploration and development	Petroleum International	391	675	484
West Africa development	Petroleum International	93	197	83
Gas exploration project in Australia	Petroleum International	276		
Ethylene purification unit	Polymers	673	675	109
2nd and 3rd Octene trains	Solvents		124	
Ethylene tetramerisation project in North America	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	Various	1 354	1 687	1 654
		<b>16 783</b>	<b>10 220</b>	<b>6 174</b>

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 4 Goodwill

	Note	2012	2011	2010
		Rm	Rm	Rm
<b>Cost</b>				
Balance at beginning of year		1 702	1 659	1 877
Translation of foreign operations	47	300	43	(218)
<b>Balance at end of year</b>		<b>2 002</b>	1 702	1 659
<b>Accumulated impairment</b>				
Balance at beginning of year		955	921	1 072
Translation of foreign operations	47	260	34	(151)
<b>Balance at end of year</b>		<b>1 215</b>	955	921
<b>Carrying value at end of year</b>		<b>787</b>	747	738
<b>Business segmentation</b>				
South African energy cluster				
<i>Oil</i>		85	85	85
Chemical cluster				
<i>Solvents</i>		210	180	184
<i>Olefins &amp; Surfactants</i>		213	224	203
<i>Other chemical businesses</i>		279	258	266
<i>Wax</i>		185	163	171
<i>Nitro</i>		94	95	95
<b>Total operations</b>		<b>787</b>	747	738

For the purposes of impairment testing, goodwill is allocated to the smallest cash generating unit. Impairment testing in respect of goodwill is performed at each reporting date by comparing the recoverable amount based on the value-in-use of the cash generating unit to the carrying amount as described in note 42.

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 5 Other intangible assets

	Note	2012	2011	2010
		Rm	Rm	Rm
<b>Cost</b>				
Balance at beginning of year		3 389	3 142	3 067
Additions		146	272	256
to sustain existing operations		146	260	255
to expand operations			12	1
Net transfer from / (to) property, plant and equipment	2	1		(1)
Assets under construction capitalised	3	179	154	260
Transfer to inventories				(3)
Net reclassification (to)/ from held for sale		(18)		6
Translation of foreign operations	47	113	4	(173)
Disposal of businesses				(1)
Disposals and scrapping		(268)	(183)	(269)
<b>Balance at end of year</b>		<b>3 542</b>	<b>3 389</b>	<b>3 142</b>
<b>Comprising</b>				
Software		1 522	1 345	1 301
Patents and trademarks		990	926	916
Emission rights		311	326	274
Other intangible assets		719	792	651
		<b>3 542</b>	<b>3 389</b>	<b>3 142</b>
<b>Accumulated amortisation and impairment</b>				
Balance at beginning of year		2 124	1 949	1 999
Current year charge	34	229	235	203
Net impairment of assets / (reversal of impairment)	42	115	12	(14)
Net transfer to property, plant and equipment	2			(23)
Transfer to inventories				(1)
Net reclassification from held for sale				6
Translation of foreign operations	47	65	12	(104)
Disposal of businesses				(1)
Disposals and scrapping		(205)	(84)	(116)
<b>Balance at end of year</b>		<b>2 328</b>	<b>2 124</b>	<b>1 949</b>
<b>Comprising</b>				
Software		1 088	946	868
Patents and trademarks		748	690	649
Emission rights		108	46	26
Other intangible assets		384	442	406
		<b>2 328</b>	<b>2 124</b>	<b>1 949</b>



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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 5 Other intangible assets (Continued)

	2012	2011	2010
	Rm	Rm	Rm
<b>Carrying value</b>			
Software	434	399	433
Patents and trademarks	242	236	267
Emission rights	203	280	248
Other intangible assets	335	350	245
	1 214	1 265	1 193

	Software	Patents and trademarks	Emission rights	Other intangible assets	Total
	Rm	Rm	Rm	Rm	Rm
<b>Cost</b>					
Balance at 30 June 2011	1 345	926	326	792	3 389
Additions to sustain existing operations	32	3	97	14	146
Net transfer from property, plant and equipment	1				1
Assets under construction capitalised	154	6		19	179
Reclassification of intangible assets		13		(13)	
Net reclassification to held for sale			(18)		(18)
Translation of foreign operations	17	44	16	36	113
Disposals and scrapping	(27)	(2)	(110)	(129)	(268)
<b>Balance at 30 June 2012</b>	<b>1 522</b>	<b>990</b>	<b>311</b>	<b>719</b>	<b>3 542</b>
<b>Accumulated amortisation and impairment</b>					
Balance at 30 June 2011	946	690	46	442	2 124
Current year charge	152	33		44	229
Impairment of assets			114	1	115
Translation of foreign operations	15	27	(1)	24	65
Disposals and scrapping	(25)	(2)	(51)	(127)	(205)
<b>Balance at 30 June 2012</b>	<b>1 088</b>	<b>748</b>	<b>108</b>	<b>384</b>	<b>2 328</b>
<b>Carrying value at 30 June 2012</b>	<b>434</b>	<b>242</b>	<b>203</b>	<b>335</b>	<b>1 214</b>
Carrying value at 30 June 2011	399	236	280	350	1 265

2012 2011 2010

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	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
To sustain existing operations	<b>49</b>	118	50
current year additions	<b>146</b>	260	255
adjustments for non-cash item emission rights received	<b>(97)</b>	(142)	(205)
To expand operations		12	1
current year additions		12	1
Per the statement of cash flows	<b>49</b>	130	51

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 5 Other intangible assets (Continued)

	2012	2011	2010
	Rm	Rm	Rm
<b>Additional disclosures</b>			
<i>Cost price of fully amortised and fully impaired assets still in use</i>	796	767	776
<i>Amortisation of intangible assets</i>			

Amortisation rates on intangible assets are noted on page F-22. Emission rights are not subject to amortisation. The assessment that the estimated useful lives of these assets are indefinite is based on the assumption that emission rights can be utilised over an indefinite number of years as there are no limitations on the transferability thereof. This assessment is reviewed at least annually. The recoverable amount of emission rights is determined based on their quoted market price.

	2012	2011	2010
	Rm	Rm	Rm
<b>Estimated future aggregate amortisation</b>			
Within one year	229	252	248
One to two years	194	174	177
Two to three years	123	135	129
Three to four years	86	89	100
Four to five years	67	58	65
More than five years	312	277	226
	1 011	985	945
Assets not subject to amortisation (emission rights)	203	280	248
	1 214	1 265	1 193

	2012	2011	2010
	Rm	Rm	Rm
<b>Business segmentation of emission rights</b>			
Chemical cluster			
<i>Solvents</i>	35	52	42
<i>Olefins &amp; Surfactants</i>	137	192	165
<i>Other chemical businesses</i>	21	10	11
<i>Wax</i>	6	8	8
<i>Merisol</i>	15	2	3
Other businesses			
<i>Sasol Financing</i>	10	26	30

**Total operations**

**203**    280    248

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****5 Other intangible assets (Continued)****Capital commitments**

Capital commitments include all projects for which specific board approval has been obtained at the reporting date. Projects still under investigation for which specific board approvals have not yet been obtained are excluded from the following:

	2012	2011	2010
	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
Authorised and contracted for	<b>422</b>	266	112
Authorised but not yet contracted for	<b>204</b>	247	245
Less expenditure to the end of year	<b>(305)</b>	(188)	(84)
	<b>321</b>	325	273

These capital commitments are in respect of subsidiary companies only.

**Funding**

Capital expenditure will be financed from funds generated out of normal business operations and existing borrowing facilities.

**6 Investments in securities**

	Note	2012	2011	2010
		<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
Investments available-for-sale	6.1	<b>206</b>	189	245
long-term investments		<b>206</b>	189	168
short-term investment*				77
Investment held-for-trading	6.2	<b>34</b>	30	
Investments held-to-maturity	6.3	<b>472</b>	445	417
<i>Investments in securities per statement of financial position</i>		<b>712</b>	664	662
<i>long-term portion</i>		<b>712</b>	664	585
<i>short-term portion</i>				77

\*

In 2006, sEnergy Insurance Limited had suspended its underwriting activities. In 2011, the company was liquidated and Sasol's initial investment in the company was repaid.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****6 Investments in securities (Continued)****6.1 Investments available-for-sale**

	Note	2012	2011	2010
		Rm	Rm	Rm
Balance at beginning of year		<b>189</b>	245	264
Investments purchased		<b>13</b>	13	17
Investments sold		<b>(1)</b>	(77)	(14)
Impairment of investments	42			(1)
Revaluation to fair value		<b>(3)</b>		4
Disposal of businesses	56	<b>(2)</b>		
Translation of foreign operations	47	<b>10</b>	8	(25)
<b>Balance at end of year</b>		<b>206</b>	189	245

**Fair value of investments available-for-sale**

The fair value of the unlisted equity investments cannot be determined as there is no quoted price available for an identical or similar instrument in an active market. Accordingly, these investments are carried at their original cost less impairment in the statement of financial position.

Name	Country of incorporation	Nature of business	Interest	2012	2011	2010
			%	Rm	Rm	Rm
<b>Investments available-for-sale</b>						
Aetylen Rohrleitungsgesellschaft GmbH & Co KG	Germany	Pipeline business	20	<b>152</b>	145	135
sEnergy Insurance Limited	Bermuda	Insurance	6			77
Other			various	<b>54</b>	44	33
				<b>206</b>	189	245

The unlisted investments represent strategic investments of the group and are long term in nature as management has no intention of disposing of these investments in the foreseeable future.

**6.2 Investment held-for-trading**

	2012	2011
	Rm	Rm
Balance at beginning of year	<b>30</b>	
Investments purchased		30
Foreign exchange differences recognised in income statement	<b>4</b>	

**Balance at end of year** 34 30

The investment held-for-trading represents a strategic investment of the group and is long term in nature as management has no intention of disposing of this investment in the foreseeable future. This investment has no fixed or determinable repayments and is managed based on its fair value at each reporting period.

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****6 Investments in securities (Continued)****Fair value of investment held-for-trading**

The fair value of the unlisted equity investment cannot be determined as there is no quoted price available for an identical or similar instrument in an active market. Accordingly, this investment is carried at its original cost less impairment in the statement of financial position.

Name	Country of incorporation	Nature of business	Interest	2012	2011
				%	Rm
<b>Investment held-for-trading</b>					
CO <sub>2</sub> Technology Centre Mongstad DA	Norway	Carbon capture	2,44	<b>34</b>	30

**6.3 Investments held-to-maturity**

	2012	2011	2010
	Rm	Rm	Rm
<b>At amortised cost</b>			
Balance at beginning of year	<b>445</b>	417	387
Reinvestment of funds	<b>27</b>	28	30
<b>Balance at end of year</b>	<b>472</b>	445	417

**Fair value of investments held-to-maturity**

The fair value of investments held-to-maturity is determined using a discounted cash flow method using market related rates at 30 June. The market related rates used to discount estimated cash flows were between 5,77% and 6,03% (2011 6,14% and 7,15%).

	2012	2011	2010
	Rm	Rm	Rm
Fair value of investments held-to-maturity	<b>472</b>	445	417

At 30 June, the group's investments held-to-maturity and their carrying values were:

Name	Country of incorporation	Nature of business	Interest rate at		2012	2011	2010
			30 June 2012				
			%		Rm	Rm	Rm
<b>Investments held-to-maturity</b>							
		Investment*	5,77%	6,03%	<b>472</b>	445	417

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Long-term fixed deposits with fixed interest and fixed or  
determinable maturity dates

South  
Africa

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\*

The long-term fixed deposits are restricted for use as they are held in a separate trust to be used exclusively for rehabilitation purposes at Sasol Mining.

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****7 Investments in associates**

	Note	2012	2011	2010
		Rm	Rm	Rm
Balance at beginning of year		3 071	3 573	2 170
Disposal of associate		(29)		
Additional investments in associates		81	91	1 248
Reclassification to long-term receivables		(434)		
Reclassification to other receivables	14	(859)		
Share of profit of associates, net of dividends received		118	(105)	164
Impairment of investment in associate	42	(64)	(123)	
Effect of translation of foreign operations	47	676	(365)	(9)
<b>Balance at end of year</b>		<b>2 560</b>	<b>3 071</b>	<b>3 573</b>
<i>Comprising</i>				
Investments at cost (net of impairment)		2 050	3 306	3 365
Share of post-acquisition reserves		510	(235)	208
		<b>2 560</b>	<b>3 071</b>	<b>3 573</b>

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****7 Investments in associates (Continued)****Fair value of investments in associates**

The fair value of investments in associates is determined using a discounted cash flow method using market related rates at 30 June. The market related rates used to discount estimated cash flows were between 9,38% and 11,20% (2011 9,10% and 9,72%).

	Note	2012	2011	2010
		Rm	Rm	Rm
Estimated fair value of investments in associates		5 340	6 439	6 301
Dividends received from associates	52	361	397	53
<b>Business segmentation</b>				
<i>Synfuels</i>		6	8	8
<i>Synfuels International</i>		1 689	2 351	2 701
<i>Polymers</i>		863	678	830
<i>Other chemical businesses</i>		2	2	2
<i>Other businesses</i>			32	32
<b>Total operations</b>		<b>2 560</b>	<b>3 071</b>	<b>3 573</b>
<b>Key financial information of associates*</b>				
Non-current assets		66 608	44 645	39 886
property, plant and equipment		3 534	3 279	3 546
assets under construction		63 032	41 325	36 041
other non-current assets		42	41	299
Current assets		47 050	5 006	9 644
<b>Total assets</b>		<b>113 658</b>	<b>49 651</b>	<b>49 530</b>
Shareholders' equity		25 701	20 852	23 382
Long-term debt (interest bearing)			5	5
Long-term provisions		4		
Other non-current liabilities		22 583	27 002	24 299
Interest bearing current liabilities		777	860	815
Non-interest bearing current liabilities		64 593	932	1 029
<b>Total equity and liabilities</b>		<b>113 658</b>	<b>49 651</b>	<b>49 530</b>
Total turnover		9 936	6 886	5 827
Operating profit		4 713	3 071	2 295
Finance income		61	61	2
Finance expenses		(12)	(80)	(33)
Profit before tax		4 762	3 052	2 264
Taxation		(1 164)	(771)	(571)

<b>Profit</b>	<b>3 598</b>	2 281	1 693
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\*  
The financial information provided represents the full financial position and results of the associates.

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****7 Investments in associates (Continued)**

There were no contingent liabilities at 30 June 2012 relating to associates other than as disclosed in note 57.

At 30 June, the group's total investment in the Escravos gas-to-liquids (EGTL) project was:

	Note	2012	2011	2010
		Rm	Rm	Rm
Investment in associate		<b>1 689</b>	2 351	2 702
Loan to associate classified as long-term receivables		<b>434</b>		
Loan to associate classified as other receivables	14	<b>859</b>		
		<b>2 982</b>	2 351	2 702

No additional amounts in the current year (2011 R148 million, 2010 R1 266 million) has been committed by the group for further development of the EGTL project.

Impairment testing in respect of investments in associates is performed at each reporting date by comparing the recoverable amount based on the value-in-use of the cash generating unit to the carrying amount as described in note 42.

At 30 June, the group's associates, interest in those associates and the total carrying values were:

Name	Country of incorporation	Nature of business	Interest	Carrying value		
				2012	2011	2010
			%	Rm	Rm	Rm
Escravos GTL (EGTL)*	Nigeria	GTL plant	10	<b>1 689</b>	2 351	2 702
Optimal Olefins Malaysia Sdn Bhd**	Malaysia	Ethane and propane gas cracker	12	<b>684</b>	538	676
Wesco China Limited	Hong Kong	Trading and distribution of raw plastic materials	40	<b>178</b>	140	154
Other			various	<b>9</b>	42	41
				<b>2 560</b>	3 071	3 573

\*

In December 2008, Sasol reduced its interest in EGTL from 37,5% to 10%. The 10% interest retained by Sasol in the EGTL project has been recognised as an investment in an associate at its fair value at the date of disposal. Although the group holds less than 20% of the voting power of EGTL, the group exercises significant influence as a member of Sasol's senior management serves on the executive committee of the project and Sasol is responsible for providing essential technical support to the project.

\*\*

Although the group holds less than 20% of the voting power of Optimal Olefins Malaysia Sdn Bhd, the group exercises significant influence as a member of Sasol's senior management serves on the board of directors of the company.

Associates whose financial year ends are within three months of 30 June are included in the consolidated financial statements using their most recently audited financial results. Adjustments are made to the associates' financial results for material transactions and events in the intervening period.

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****7 Investments in associates (Continued)**

None of the group's investments in associates are publicly traded and therefore no quoted market prices are available. The fair value of investments in associates is determined using a discounted cash flow method using market related rates at 30 June.

There are no significant restrictions on the ability of the associates to transfer funds to Sasol Limited in the form of cash dividends or repayment of loans or advances.

**8 Post-retirement benefit assets**

	<b>2012</b>	<b>2011</b>	<b>2010</b>	
		<b>Restated</b>	<b>Restated</b>	
<b>Note</b>		<b>(Note 1)</b>	<b>(Note 1)</b>	
	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>	
Post-retirement benefit assets	20.2	<b>313</b>	265	178

For further details of post-retirement benefit assets, refer note 20.2.

**9 Long-term receivables and prepaid expenses**

	<b>Note</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
		<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
Total long-term receivables		<b>1 451</b>	1 482	1 317
Short-term portion	14	<b>(78)</b>	(24)	(169)
		<b>1 373</b>	1 458	1 148
Long-term prepaid expenses		<b>158</b>	75	93
		<b>1 531</b>	1 533	1 241

**Comprising**

Long-term joint venture receivables (interest bearing)		<b>51</b>	891	791
Long-term interest-bearing loans		<b>968</b>	457	307
Long-term interest-free loans		<b>354</b>	110	50
		<b>1 373</b>	1 458	1 148

**Maturity profile**

Within one year		<b>78</b>	24	169
One to two years		<b>327</b>	48	325
Two to three years		<b>232</b>	348	320
Three to four years		<b>141</b>	341	164
Four to five years		<b>226</b>	340	9
More than five years		<b>447</b>	381	330
		<b>1 451</b>	1 482	1 317

**Currency analysis**

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Euro	<b>504</b>	1 306	1 243
US dollar	<b>502</b>	7	34
Rand	<b>237</b>	34	38
Other currencies	<b>208</b>	135	2
	<b>1 451</b>	1 482	1 317

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****9 Long-term receivables and prepaid expenses (Continued)**

	2012	2011	2010
	Rm	Rm	Rm
<b>Geographic information</b>			
South Africa	272	35	44
Rest of Africa	450	7	9
Europe	671	545	324
North America			19
Middle East and India	7	894	919
Far East	51	1	2
	<b>1 451</b>	<b>1 482</b>	<b>1 317</b>

**Fair value of long-term loans and receivables**

The fair value of long-term receivables is determined using a discounted cash flow method using market related rates at 30 June. The fair value of long-term interest bearing receivables approximates the carrying value as market related rates of interest are charged on these outstanding amounts.

The interest-free loans relate primarily to deposits on office rental space in terms of various operating lease agreements. These amounts were considered to be recoverable as at 30 June 2012.

	2012	2011	2010
	Rm	Rm	Rm
Fair value of long-term receivables	<b>1 451</b>	<b>1 482</b>	<b>1 317</b>

***Impairment of long-term loans and receivables***

Long-term loans and receivables that are not past their due date are not considered to be impaired, except in situations where they are part of individually impaired long-term loans and receivables.

**Collateral**

The group holds collateral over certain long-term receivables related to the investment in EGTL. (Refer note 7).

**10 Long-term financial assets**

	2012	2011	2010
	Rm	Rm	Rm
Forward exchange contracts	<b>194</b>	21	2
Arising on long-term derivative financial instruments	<b>194</b>	21	2

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used for cash flow hedging	<b>1</b>	<b>1</b>	
held-for-trading	<b>193</b>	<b>20</b>	<b>2</b>

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****10 Long-term financial assets (Continued)**

Long-term financial assets include the revaluation of in-the-money derivative instruments, refer note 63.

**Fair value of derivative financial instruments**

The fair value of derivatives is based on market valuations.

**Forward exchange contracts**

The fair value gains were determined by recalculating the daily forward rates for each currency using a forward rate interpolator model. The net market value of all forward exchange contracts at year end is calculated by comparing the forward exchange contracted rates to the equivalent year end market foreign exchange rates. The present value of these net market values are then determined using the appropriate currency specific discount curve.

**Current assets**

	Note	2012	2011	2010
		Rm	Rm	Rm
<b>Investments in securities</b>	6			77
<b>Assets in disposal groups held for sale</b>	11	18	54	16
<b>Inventories</b>	12	20 668	18 512	16 472
<b>Tax receivable</b>	27	325	49	356
<b>Trade receivables</b>	13	23 159	21 628	18 624
<b>Other receivables and prepaid expenses</b>	14	2 815	1 497	1 417
<b>Short-term financial assets</b>	15	426	22	50
<b>Cash restricted for use</b>	16	5 314	3 303	1 841
<b>Cash</b>	16	12 746	14 716	14 870
		65 471	59 781	53 723

**11 Disposal groups held for sale**

	Note	2012	2011	2010
		Rm	Rm	Rm
<b>Assets in disposal groups held for sale</b>				
Sasol Nitro emission rights	11.1	18		
Sasol Nitro fertiliser businesses	11.1		23	
Sasol Petroleum International exploration assets	11.2		31	
Sasol Italy Paderno Dugnano site	11.3			16
		18	54	16
<b>Liabilities in disposal groups held for sale</b>				
Sasol Italy Paderno Dugnano site	11.3			(4)
				(4)





Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****11 Disposal groups held for sale (Continued)****11.1 Sasol Nitro**

During 2012, Sasol Nitro entered into negotiations with a potential buyer to dispose of certified emission reduction certificates. The sale is expected to be completed in the next 12 months.

On 20 July 2010, Sasol concluded an agreement with the South African Competition Commission to dispose of the bulk blending and liquid fertiliser blending facilities in Durban, Bellville, Endicott and Kimberley. As a result, Sasol entered into negotiations with potential buyers for the purchase of the plants. Based on management's estimate of fair value to be obtained from the sale, the net assets have been impaired by R3 million to their fair value less costs to sell.

**11.2 Sasol Petroleum International**

During 2010, Sasol Petroleum International entered into negotiations with a potential buyer interested in acquiring exploration assets in Nigeria. Based on management's estimate of fair value to be obtained from the sale, the net assets have been impaired by R1 million to their fair value less costs to sell.

**11.3 Olefins & Surfactants (Sasol O&S)**

During 2010, as part of the Sasol O&S restructuring programme announced in March 2007, Sasol decided to dispose of the Paderno Dugnano Italy site. As a result, Sasol entered into negotiations with a potential buyer interested in acquiring the land. In 2011, the negotiations were unsuccessful and the land was reclassified back into property, plant and equipment.

**12 Inventories**

	2012	2011	2010
	Rm	Rm	Rm
<b><i>Carrying value</i></b>			
Crude oil and other raw materials	3 433	3 708	2 569
Process material	1 519	1 248	1 396
Maintenance materials	3 547	2 929	2 851
Work in process	1 868	1 473	1 323
Manufactured products	10 111	8 998	8 215
Consignment inventory	190	156	118
	<b>20 668</b>	18 512	16 472
<b><i>Inventories carried at net realisable value</i></b>			
<i>(taken into account in the carrying value of inventories above)</i>			
Crude oil and other raw materials	54	12	146
Process material	94	40	32
Maintenance materials		7	102
Manufactured products	3 694	1 007	2 040
	<b>3 842</b>	1 066	2 320

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 12 Inventories (Continued)

	Note	2012	2011	2010
		Rm	Rm	Rm
<b>Write-down/(reversal of write-down) of inventories to net realisable value</b>				
Crude oil and other raw materials		8	8	42
Process material		8	12	(54)
Maintenance materials				4
Manufactured products		315	92	126
Income statement charge	34	331	112	118
<b>Inventory obsolescence</b>				
<i>(taken into account in the carrying value of inventories above)</i>				
Balance at beginning of year		504	421	388
Raised during year		259	194	168
Utilised during year		(84)	(84)	(110)
Released during year		(70)	(27)	(13)
Foreign exchange differences recognised in income statement		1		
Translation of foreign operations		10		(12)
<b>Balance at end of year</b>		<b>620</b>	<b>504</b>	<b>421</b>
<b>Business segmentation</b>				
South African energy cluster		8 274	7 780	6 622
<i>Mining</i>		939	789	847
<i>Gas</i>		57	47	40
<i>Synfuels</i>		2 420	1 994	1 874
<i>Oil</i>		4 858	4 950	3 861
International energy cluster		1 075	750	995
<i>Synfuels International</i>		987	726	973
<i>Petroleum International</i>		88	24	22
Chemical cluster		11 304	9 968	8 837
<i>Polymers</i>		2 107	1 490	1 498
<i>Solvents</i>		2 318	1 944	2 108
<i>Olefins &amp; Surfactants</i>		4 721	4 482	3 129
<i>Other chemical businesses</i>		2 158	2 052	2 102
Other businesses		15	14	18
<b>Total operations</b>		<b>20 668</b>	<b>18 512</b>	<b>16 472</b>

The impact of higher crude oil and lower chemical product prices has resulted in a net realisable value write-down of R331 million in 2012 (2011 R120 million; 2010 R172 million). The reversal of the net realisable value write-down amounted to Rnil million in 2012 (2011 R8 million; 2010 R54 million).

No inventories are encumbered.



\ [Table of Contents](#)**Sasol Limited Group****Notes to the Financial Statements (Continued)****13 Trade receivables**

<b>Note</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
Trade receivables*	<b>20 520</b>	20 406	17 006
Related party receivables	<b>1 146</b>	434	375
associates	<b>357</b>	163	223
joint ventures	<b>789</b>	271	152
Impairment of trade receivables	<b>(509)</b>	(442)	(307)
<b>Receivables</b>	<b>21 157</b>	20 398	17 074
Duties recoverable from customers*	<b>436</b>	106	286
Value added tax	<b>1 566</b>	1 124	1 264
	<b>23 159</b>	21 628	18 624

***Currency analysis***

Euro	<b>5 288</b>	4 818	3 648
US dollar	<b>5 658</b>	5 453	4 809
Rand	<b>9 034</b>	9 047	7 851
Pound sterling	<b>95</b>	174	106
Other currencies	<b>1 082</b>	906	660
	<b>21 157</b>	20 398	17 074

***Impairment of trade receivables***

Balance at beginning of year	<b>(442)</b>	(307)	(258)
Disposal of businesses		5	
Raised during year	36	<b>(135)</b>	(138)
Utilised during year		<b>2</b>	80
Released during year	36	<b>74</b>	15
Translation of foreign operations		<b>(8)</b>	(3)
<b>Balance at end of year</b>	<b>(509)</b>	(442)	(307)

\*

Duties recoverable from customers amounting to R1 621 million in 2011 and R1 778 million in 2010 were reclassified to trade receivables having risks and rewards more closely aligned to trade receivables.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****13 Trade receivables (Continued)**

Credit risk exposure in respect of trade receivables is analysed as follows:

*Age analysis of trade receivables*

	Carrying value 2012	Impairment 2012	Carrying value 2011	Impairment 2011
	Rm	Rm	Rm	Rm
Not past due date	18 647	7	18 558	171
Past due 0 - 30 days	1 165	9	1 332	62
Past due 31 - 150 days	159	20	257	21
Past due 151 days - one year	384	321	75	11
More than one year*	165	152	184	177
	<b>20 520</b>	<b>509</b>	20 406	442

\*

More than one year relates to long outstanding balances for specific customers who have exceeded their contractual repayment terms.

*Impairment of trade receivables*

Trade receivables that are not past their due date are not considered to be impaired, except in situations where they are part of individually impaired trade receivables. The individually impaired trade receivables mainly relate to certain customers who are trading in difficult economic circumstances.

	2012	2011	2010
	Rm	Rm	Rm
<b>Business segmentation</b>			
South African energy cluster	8 148	7 666	7 038
<i>Mining</i>	165	129	47
<i>Gas</i>	467	377	379
<i>Synfuels</i>	185	305	176
<i>Oil</i>	7 331	6 850	6 434
<i>Other</i>		5	2
International energy cluster	973	1 105	533
<i>Synfuels International</i>	696	970	335
<i>Petroleum International</i>	277	135	198
Chemical cluster	13 930	12 852	10 997
<i>Polymers</i>	4 854	3 356	2 543
<i>Solvents</i>	2 917	2 733	2 704
<i>Olefins &amp; Surfactants</i>	4 192	4 939	4 016
<i>Other chemical businesses</i>	1 967	1 824	1 734

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Other businesses	108	5	56
<b>Total operations</b>	<b>23 159</b>	21 628	18 624

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****13 Trade receivables (Continued)****Fair value of trade receivables**

The carrying value approximates fair value because of the short period to maturity of these instruments.

**Collateral**

The group holds no collateral over the trade receivables which can be sold or repledged to a third party.

**Geographic information**

	2012	2011	2010
	Rm	Rm	Rm
South Africa	10 803	10 119	9 443
Rest of Africa	601	387	281
Europe	5 369	6 073	4 455
North America	1 803	1 770	1 695
South America	453	352	296
South-East Asia and Australasia	1 232	663	526
Middle East and India	1 906	1 483	1 202
Far East	992	781	726
	<b>23 159</b>	<b>21 628</b>	<b>18 624</b>

**14 Other receivables and prepaid expenses**

	Note	2012	2011	2010
		Rm	Rm	Rm
Insurance related receivables		260	189	121
Capital project related receivables		82	173	29
Receivables related to exploration activities		67	18	48
Employee related receivables		66	38	42
Receivable related to investment in EGTL	7	859		
Other receivables		926	580	504
		<b>2 260</b>	<b>998</b>	<b>744</b>
Short-term portion of long-term receivables	9	78	24	169
Other receivables		<b>2 338</b>	<b>1 022</b>	<b>913</b>
Prepaid expenses		477	475	504
		<b>2 815</b>	<b>1 497</b>	<b>1 417</b>





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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 14 Other receivables and prepaid expenses (Continued)

	2012	2011	2010
	Rm	Rm	Rm
<b>Business segmentation</b>			
South African energy cluster	451	379	387
<i>Mining</i>	23	47	138
<i>Gas</i>	3	25	7
<i>Synfuels</i>	290	232	178
<i>Oil</i>	135	75	64
International energy cluster	1 151	278	189
<i>Synfuels International</i>	954	67	136
<i>Petroleum International</i>	197	211	53
Chemical cluster	688	507	539
<i>Polymers</i>	375	218	278
<i>Solvents</i>	60	82	71
<i>Olefins &amp; Surfactants</i>	163	133	135
<i>Other chemical businesses</i>	90	74	55
Other businesses	525	333	302
<b>Total operations</b>	<b>2 815</b>	<b>1 497</b>	<b>1 417</b>
<b>Currency analysis</b>			
Euro	288	141	149
US dollar	1 236	247	237
Rand	554	394	265
Other currencies	182	216	93
	<b>2 260</b>	<b>998</b>	<b>744</b>

## Geographic information

	2012	2011	2010
	Rm	Rm	Rm
South Africa	699	572	489
Rest of Africa	898	55	36
Europe	637	441	379
North America	161	222	179
South-East Asia and Australasia	27	10	11
Middle East and India	380	173	304
Far East	13	24	19
	<b>2 815</b>	<b>1 497</b>	<b>1 417</b>

## Fair value of other receivables

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The carrying value approximates fair value because of the short period to maturity of these instruments.

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****15 Short-term financial assets**

	Note	2012	2011	2010
		Rm	Rm	Rm
Forward exchange contracts		400	22	50
Commodity derivatives		26		
Arising on short-term derivative financial instruments		426	22	50
used for cash flow hedging		3	4	2
held-for-trading		423	18	48

Short-term financial assets include the revaluation of in-the-money derivative instruments, refer note 63.

**Fair value of derivative financial instruments**

The fair value of derivatives is based upon market valuations.

**Forward exchange contracts**

The fair value gains were determined by recalculating the daily forward rates for each currency using a forward rate interpolator model. The net market value of all forward exchange contracts at year end is calculated by comparing the forward exchange contracted rates to the equivalent year end market foreign exchange rates. The present values of these net market values are then determined using the appropriate currency specific discount curve.

**Commodity derivatives**

The fair value of commodity derivatives is determined by reference to quoted market prices for similar instruments.

**16 Cash and cash equivalents**

	2012	2011	2010
	Rm	Rm	Rm
Cash restricted for use	5 314	3 303	1 841
Cash	12 746	14 716	14 870
Bank overdraft	(222)	(209)	(119)
<i>Per the statement of cash flows</i>	<b>17 838</b>	17 810	16 592
<b>Cash restricted for use</b>			
In trust	53	257	209
In respect of joint ventures	3 981	1 320	1 176
In cell captive insurance company	347	301	239
Funds not available for general use	760	1 262	
Held as collateral	68	75	87
Other	105	88	130

**5 314**      3 303      1 841

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****16 Cash and cash equivalents (Continued)****Included in cash restricted for use:**

Cash held in trust of R53 million (2011 R257 million; 2010 R209 million) is restricted for use and is being held in escrow for the funding of specific project finance related to the construction of joint venture plants;

Cash in respect of joint ventures can only be utilised for the businesses of the joint ventures;

Cell captive insurance company funds of R347 million (2011 R301 million; 2010 R239 million) to which the group has restricted title. The funds are restricted solely to be utilised for insurance purposes;

Cash held in a separate bank account of R760 million (2011 R1 262 million) is restricted for use and is not available for general use by the group;

Cash deposits of R68 million (2011 R75 million, 2010 R87 million) serving as collateral for bank guarantees; and

Other cash restricted for use include customer foreign currency accounts to be used for the construction of reactors where the contractor pays in advance. The cash can be utilised only for these designated reactor supply projects.

	2012	2011	2010
	Rm	Rm	Rm
<b><i>Currency analysis</i></b>			
Euro	227	406	645
US dollar	488	90	456
Rand	1 121	1 575	255
Canadian dollar	2 116	791	
Other currencies	1 362	441	485
	<b>5 314</b>	<b>3 303</b>	<b>1 841</b>

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 16 Cash and cash equivalents (Continued)

	2012	2011	2010
	Rm	Rm	Rm
<b>Cash</b>			
Cash on hand and in bank	6 351	5 953	3 590
Foreign currency accounts	566	346	394
Short-term deposits	5 829	8 417	10 886
	<b>12 746</b>	14 716	14 870
<b>Currency analysis</b>			
Euro	3 981	1 450	640
US dollar	4 293	3 000	2 559
Rand	3 621	7 695	11 004
Canadian dollar	246	1 970	
Pound sterling	116	74	64
Other currencies	489	527	603
	<b>12 746</b>	14 716	14 870
<b>Bank overdraft</b>	(222)	(209)	(119)
<b>Currency analysis</b>			
Euro	(80)	(113)	(75)
US dollar	(53)	(50)	(3)
Rand	(56)	(44)	(38)
Canadian dollar	(26)		
Other currencies	(7)	(2)	(3)
	<b>(222)</b>	(209)	(119)

**Fair value of cash and cash equivalents**

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments.

**Non-current liabilities**

	2012	2011	2010
Note	Rm	Restated	Restated
<b>Long-term debt</b>	17	12 828	14 356
<b>Long-term financial liabilities</b>	18	38	103
<b>Long-term provisions</b>	19	10 518	8 233
<b>Post-retirement benefit obligations</b>	20	6 872	5 160
<b>Long-term deferred income</b>	21	455	498
		273	

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<b>Deferred tax liabilities</b>	22	<b>13 839</b>	11 961	9 987
		<b>44 550</b>	40 311	36 579

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 17 Long-term debt

	Note	2012	2011	2010
		Rm	Rm	Rm
Total long-term debt		15 885	15 849	15 197
Short-term portion	23	(3 057)	(1 493)	(1 086)
		12 828	14 356	14 111
<b>Analysis of long-term debt</b>				
<b>At amortised cost</b>				
Secured debt		2 794	3 494	3 611
Preference shares		8 055	7 885	6 960
Finance leases		789	888	908
Unsecured debt		4 396	3 617	3 766
Unamortised loan costs		(149)	(35)	(48)
		15 885	15 849	15 197
<b>Reconciliation</b>				
Balance at beginning of year		15 849	15 197	17 887
Loans raised		1 138	2 247	2 080
Loans repaid		(1 997)	(1 702)	(4 647)
Interest accrued	40	886	479	
Amortisation of loan costs		(112)	15	18
Effect of cash flow hedge accounting			(6)	8
Translation effect of foreign currency loans		15	5	(94)
Translation of foreign operations	47	106	(386)	(55)
<b>Balance at end of year</b>		<b>15 885</b>	<b>15 849</b>	<b>15 197</b>
<b>Currency analysis</b>				
Euro		2 810	2 388	2 680
US dollar		166	118	126
Rand		12 904	13 341	12 314
Other		5	2	77
		15 885	15 849	15 197
<b>Interest bearing status</b>				
Interest bearing debt		15 360	15 204	14 472
Non-interest bearing debt		525	645	725
		15 885	15 849	15 197
<b>Maturity profile</b>				
Within one year		3 057	1 493	1 086
One to two years		1 439	1 318	1 751
Two to three years		1 759	1 518	1 418



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Three to four years	<b>822</b>	1 522	1 375
Four to five years	<b>639</b>	1 060	947
More than five years	<b>8 169</b>	8 938	8 620
	<b>15 885</b>	15 849	15 197

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 17 Long-term debt (Continued)

Note	2012	2011	2010
	Rm	Rm	Rm
<b>Business segmentation</b>			
South African energy cluster	5 212	5 750	4 835
<i>Mining</i>	669	798	99
<i>Gas</i>	1 866	2 317	2 245
<i>Synfuels</i>	5	2	2
<i>Oil</i>	2 672	2 633	2 489
International energy cluster	454	568	660
<i>Synfuels International</i>	46	34	3
<i>Petroleum International</i>	408	534	657
Chemical cluster	2 648	2 152	2 692
<i>Polymers</i>	2 218	1 738	2 353
<i>Solvents</i>	351	371	192
<i>Olefins &amp; Surfactants</i>	73	38	117
<i>Other chemical businesses</i>	6	5	30
Other businesses	7 571	7 379	7 010
<b>Total operations</b>	<b>15 885</b>	<b>15 849</b>	<b>15 197</b>

**Fair value of long-term debt**

The fair value of long-term debt is based on the quoted market price for the same or similar instruments or on the current rates available for debt with the same maturity profile and with similar cash flows. Market related rates ranging between 1,2% and 16,6% were used to discount estimated cash flows based on the underlying currency of the debt.

	2012	2011	2010
	Rm	Rm	Rm
Total long-term debt (before unamortised loan costs)	16 455	16 737	14 887

In terms of Sasol Limited's memorandum of incorporation, the group's borrowing powers are limited to twice the sum of its share capital and reserves (2012 R250 billion; 2011 R215 billion and 2010 R189 billion).

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****17 Long-term debt (Continued)**

Terms of repayment	Security	Business	Currency	Interest rate at 30 June 2012	2012	2011	2010
					Rm	Rm	Rm
<b>Secured debt</b>							
Repayable in semi-annual instalments ending between December 2014 and December 2017	Secured by plant with a carrying value of R3 415 million (2011 R3 711 million)	Gas (Rompeco)	Rand	Jibar + 1,2% to 3,4%	<b>1 364</b>	1 687	1 371
Repayable in semi-annual instalments ending between 2014 and 2016	Secured by plant with a carrying value of R2 072 million (2011 R3 524 million)	Polymers (Arya)	Euro and US dollar	Euribor + 0,5% and Libor + 0,5%	<b>657</b>	870	1 262
Repayable in semi-annual instalments ending June 2015	Secured by plant and equipment with a carrying value of R3 599 million (2011 R3 480 million)	Petroleum International	Rand and Euro	Jibar + 1,2% to 2,5% and Euribor + 2,0%	<b>411</b>	542	671
Repayable in December 2013	Secured by the shares in the company borrowing the funds	Oil (Petromoc)	US dollar	Variable 18,0%	<b>4</b>	5	7
Repayable in semi-annual instalments ending December 2018	Secured by plant and other current assets with a carrying value of R512 million (2011 R527 million)	Solvents (Huntsman)	Euro	Euribor + 2,9%	<b>353</b>	374	199
Other secured debt		Various	Various	Various	<b>5</b>	6	13
Settled during the financial year		Various	Various	Various		10	88
					<b>2 794</b>	3 494	3 611
<b>Preference shares</b>							
A preference shares repayable in semi-annual instalments between June and October 2018 <sup>(1)</sup>	Secured by Sasol preferred ordinary shares held by the company	Other (Inzalo)	Rand	Fixed 11,1% to 12,3%	<b>2 309</b>	2 448	2 462
B preference shares repayable between June and October 2018 <sup>(2)</sup>	Secured by Sasol preferred ordinary shares held by the company	Other (Inzalo)	Rand	Fixed 13,3% to 14,7%	<b>1 160</b>	1 154	1 153
C preference shares repayable October 2018 <sup>(3)</sup>	Secured by guarantee from Sasol Limited	Other (Inzalo)	Rand	Variable 7,2%	<b>3 917</b>	3 576	3 345
A preference shares repayable between March 2013 and October 2018 <sup>(4)</sup>	Secured by preference shares held by Sasol Mining Holdings (Pty) Ltd.	Sasol Mining	Rand	Fixed 9,2% and Variable 79% of prime	<b>669</b>	707	
					<b>8 055</b>	7 885	6 960
<b>Finance leases</b>							
Repayable in monthly instalments over 10 to 30 years ending December 2033	Secured by plant and equipment with a carrying value of R766 million (2011 R789 million)	Oil	Rand	Variable 6,8% to 16,6%	<b>703</b>	729	733
Other smaller finance leases	Underlying assets	Various	Various	Various	<b>86</b>	159	175

789	888	908
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<b>Total secured debt</b>	<b>11 638</b>	12 267	11 479
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(1)

No additional A preference shares debt was raised in the current year (2011 Rnil; 2010 Rnil) within special purpose entities as part of the Sasol Inzalo share transaction (refer note 46.2). During the year, R138 million (2011 R14 million; 2010 R14 million) was repaid in respect of the capital portion related to these preference shares. Dividends on these preference shares are payable in semi-annual instalments ending October 2018. It is required that 50% of the principal amount be repaid between October 2008 and October 2018, with the balance of the debt repayable at that date. The A Preference shares are secured by a first right over the Sasol preferred ordinary shares held by the special

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****17 Long-term debt (Continued)**

purpose entities. It therefore has no direct recourse against Sasol Limited. The Sasol preferred ordinary shares held may not be disposed of or encumbered in any way.

- (2) No additional B preference shares debt was raised in the current year (2011 Rnil; 2010 Rnil) within special purpose entities as part of the Sasol Inzalo share transaction (refer note 46.2). Dividends on these preference shares are payable in semi-annual instalments ending October 2018. The principal amount is repayable on maturity during October 2018. The B preference shares are secured by a second right over the Sasol preferred ordinary shares held by the special purpose entities. It therefore has no direct recourse against Sasol Limited. The Sasol preferred ordinary shares held may not be disposed of or encumbered in any way.
- (3) No additional C preference shares debt was raised in the current year (2011 Rnil; 2010 Rnil) within special purpose entities as part of the Sasol Inzalo share transaction (refer note 46.2). Dividends and the principal amount on these preference shares are payable on maturity during October 2018. The C preference shares are secured by a guarantee from Sasol Limited.
- (4) A preference shares debt was raised in 2011 as part of the Sasol Ixia Coal transaction (refer note 46.3). No additional preference share debt was raised in the current year. Dividends and the principal amount on these preference shares are payable on maturity between March 2013 and October 2018. The A preference shares are secured by preference shares held by Sasol Mining Holdings (Pty) Ltd., a subsidiary of Sasol Limited. These preference shares may not be disposed of or encumbered in any way.

Terms of repayment	Business	Currency	Interest rate at 30 June 2012	2012	2011	2010
				Rm	Rm	Rm
<b>Unsecured debt</b>						
Repayable in semi-annual instalments ending December 2017	Oil	Rand	Variable 7,0%	749	825	923
Loan from iGas (non-controlling shareholder) in Republic of Mozambique Pipeline Investments Company (Pty) Ltd. No fixed repayment terms	Gas (Rompc)	Rand		300	300	300
Loan from CMG (non-controlling shareholder) in Republic of Mozambique Pipeline Investments Company (Pty) Ltd. No fixed repayment terms	Gas (Rompc)	Rand		300	300	300
Repayable in semi-annual instalments ending June 2014	Oil	Rand	Fixed 11,6%	50	94	116
No fixed repayment terms	Oil	Rand	Fixed 8,0%	318	240	253
Repayable in yearly instalments ending June 2019	Oil	Rand	Variable 8,0%	643	735	450
Repayable in yearly instalments ending June 2022	Oil	Rand	Variable 8,0%	200		
Repayable in equal semi-annual instalments ending March 2013	Polymers (Arya)	Euro	Euribor + 3,0%	1 561	868	1 013
Repayable in equal semi-annual instalments until May 2018	Other businesses Sasol Financing	Euro	Euribor + 1,8%	104	116	
Other unsecured debt	Various	Various	Various	171	139	111
Settled during the financial year	Various	Various	Various			300
<b>Total unsecured debt</b>				<b>4 396</b>	<b>3 617</b>	<b>3 766</b>
<b>Total long-term debt</b>				<b>16 034</b>	<b>15 884</b>	<b>15 245</b>

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Unamortised loan costs (amortised over period of debt using effective interest rate method)	(149)	(35)	(48)
	15 885	15 849	15 197
Repayable within one year included in short-term debt (refer note 23)	(3 057)	(1 493)	(1 086)
	12 828	14 356	14 111

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****17 Long-term debt (Continued)****Banking facilities and debt arrangements at 30 June 2012**

	Expiry date	Currency	Rand equivalent	Utilisation
			Rm	Rm
<b>Sasol Financing</b>				
<i>Uncommitted facilities</i>				
Commercial banking facilities	Various (short-term)	Rand	6 892	
Commercial paper programme	None	Rand	8 000	
<i>Committed facility</i>				
Revolving credit facility (bilateral)	June 2013	US dollar	1 225	
Commercial banking facilities	Various (short-term)	Rand	2 000	
<b>Sasol Financing International</b>				
<i>Committed facility</i>				
Revolving credit facility (bilateral)	June 2013	US dollar	1 225	
Other commercial banking facilities	Various	Euro	8	
<b>Other Sasol businesses</b>				
<i>Uncommitted facilities</i>				
Commercial banking facilities	Various (short-term)	Rand	7 798	
<i>Asset based finance</i>				
Republic of Mozambique Pipeline Investments Company (Pty) Ltd.	December 2017	Rand	1 992	1 992
Sasol Petroleum Temane Limitada	June 2015	Rand and Euro	411	411
<i>Debt arrangements</i>				
Arya Sasol Polymer Company	March 2016	Euro	2 218	2 218
National Petroleum Refiners of South Africa (Pty) Ltd.	Various	Rand	2 018	1 642
Sasol Inzalo Groups Funding (Pty) Ltd. (preference shares)	October 2011 to October 2018	Rand	2 569	2 569
Sasol Inzalo Public Funding (Pty) Ltd. (preference shares)	October 2011 to October 2018	Rand	4 817	4 817
Sasol Mining Holdings (Pty) Ltd. (preference shares)	March 2013 to October 2018	Rand	669	669
<i>Property finance leases</i>				
Sasol Oil (Pty) Ltd. and subsidiaries	Various	Rand	703	703
<b>Other banking facilities and debt arrangements</b>				
	Various	Various	2 733	1 101
			45 278	16 122
<b>Comprising</b>				
Long-term debt				15 885
Short-term debt				15
Bank overdraft (refer note 16)				222
				16 122

**Financial covenants**

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There were no events of default during the current year. The group is in compliance with its debt covenants, none of which are expected to represent material restrictions on funding or investment policies in the foreseeable future.

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****18 Long-term financial liabilities**

	Note	2012	2011	2010
		Rm	Rm	Rm
<b><i>Derivative instruments</i></b>				
Forward exchange contracts		14	78	37
Interest rate derivatives		9	4	13
		23	82	50
used for cash flow hedging		1	5	43
held for trading		22	77	7
<b><i>Non-derivative instruments</i></b>				
Financial guarantees recognised		24	29	34
Less amortisation of financial guarantees		(5)	(5)	(5)
		19	24	29
Less short-term portion of financial guarantees	24	(4)	(3)	(4)
		15	21	25
Arising on long-term financial instruments		38	103	75

Long-term financial liabilities include the revaluation of out-of-the-money derivative instruments, refer note 63.

**Fair value of derivative financial instruments**

The fair value of derivatives is based on market valuations.

**Forward exchange contracts**

The fair value losses were determined by recalculating the daily forward rates for each currency using a forward rate interpolator model. The net market value of all forward exchange contracts at year end is calculated by comparing the forward exchange contracted rates to the equivalent year end market foreign exchange rates. The present value of these net market values are then determined using the appropriate currency specific discount curve.

**Interest rate derivatives**

The fair value of interest rate derivatives is determined by reference to quoted market prices for similar instruments.

**Fair value of long-term financial guarantees**

The fair value of long-term financial guarantees is calculated based on the present value of future principal and interest cash flows of the related debt, discounted at the market rate of interest at the reporting date, consistent with the method of calculation at the inception of the guarantee. The interest rates used range between 13,16% - 13,29%.

In terms of the sale of 25% in Sasol Oil (Pty) Ltd. to Tshwarisano LFB Investment (Pty) Ltd. during 2007, facilitation for the financing requirements has been provided. A financial liability for the



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****18 Long-term financial liabilities (Continued)**

fair value of this guarantee, amounting to R39 million was recognised. This liability is being amortised over the period of the guarantee using the effective interest rate method.

In terms of the sale of 25% in Republic of Mozambique Pipeline Investments Company (Pty) Ltd. to Companhia de Moçambicana de Gasoduto during 2007, facilitation for the financing requirements has been provided. A financial liability for the fair value of this guarantee, amounting to R17 million was recognised. This liability is being amortised over the period of the guarantee using the effective interest rate method.

	2012	2011	2010
	Rm	Rm	Rm
Fair value of financial liabilities	33	99	73

**19 Long-term provisions**

	Note	2012	2011	2010
		Rm	Rm	Rm
Balance at beginning of year		9 043	7 587	6 906
Capitalised in property, plant and equipment and assets under construction		666	233	109
Reversal of rehabilitation provisions capitalised in property, plant and equipment	2	(26)		
Operating income charge		1 279	1 230	1 173
increase for year		785	1 190	1 105
reversal of unutilised amounts		(104)	(12)	(161)
effect of change in discount rate		598	52	229
Notional interest	40	489	468	373
Utilised during year (cash flow)		(493)	(486)	(904)
Reclassification from held for sale			4	16
Reclassification from other payables				54
Reclassification from short-term provisions	25		23	
Disposal of businesses	56	(4)		(9)
Foreign exchange differences recognised in income statement		61	22	
Translation of foreign operations	47	190	(38)	(131)
<b>Balance at end of year</b>		<b>11 205</b>	<b>9 043</b>	<b>7 587</b>
Less short-term portion	25	(687)	(810)	(574)
<b>Long-term provisions</b>		<b>10 518</b>	<b>8 233</b>	<b>7 013</b>

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****19 Long-term provisions (Continued)**

	Note	2012	2011	2010
		Rm	Rm	Rm
<b>Comprising</b>				
Environmental		8 911	6 900	6 109
Other		2 294	2 143	1 478
provision against guarantees		368	405	405
share appreciation rights		1 006	909	304
long-term supply obligation		140	142	142
foreign early retirement provisions		219	224	214
other		561	463	413
		<b>11 205</b>	<b>9 043</b>	<b>7 587</b>
<b>Business segmentation</b>				
South African energy cluster		6 654	5 254	4 524
<i>Mining</i>		1 029	815	669
<i>Gas</i>		211	178	141
<i>Synfuels</i>		5 013	3 931	3 503
<i>Oil</i>		401	330	211
International energy cluster		1 063	456	619
<i>Synfuels International</i>		196	157	377
<i>Petroleum International</i>		867	299	242
Chemical cluster		2 127	1 898	1 727
<i>Polymers</i>		183	176	63
<i>Solvents</i>		168	173	144
<i>Olefins &amp; Surfactants</i>		838	749	714
<i>Other</i>		938	800	806
Other businesses		674	625	143
<b>Total operations</b>		<b>10 518</b>	<b>8 233</b>	<b>7 013</b>
<b>Expected timing of future cash-flows</b>				
Within one year		687	810	574
One to two years		1 023	670	828
Two to three years		769	784	628
Three to four years		338	540	448
Four to five years		186	291	393
More than five years		8 202	5 948	4 716
		<b>11 205</b>	<b>9 043</b>	<b>7 587</b>
<b>Estimated undiscounted obligation</b>		<b>42 544</b>	<b>38 083</b>	<b>27 215</b>

Representing the estimated actual cash flows in the period in which the obligation is settled.



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****19 Long-term provisions (Continued)**

In accordance with the group's published environmental policy and applicable legislation, a provision for rehabilitation is recognised when the obligation arises.

The environmental obligation includes estimated costs for the rehabilitation of coal mining, oil, gas and petrochemical sites. The amount provided is calculated based on currently available facts and applicable legislation.

The determination of long-term provisions, in particular environmental provisions, remains a key area where management's judgement is required. Estimating the future cost of these obligations is complex and requires management to make estimates and judgements because most of the obligations will only be fulfilled in the future and contracts and laws are often not clear regarding what is required. The resulting provisions could also be influenced by changing technologies and political, environmental, safety, business and statutory considerations.

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	<b>5,4 to 7,5</b>	6,0 to 8,5	6,6 to 8,4
Europe	<b>0,6 to 2,2</b>	1,9 to 4,1	1,0 to 3,8
United States of America	<b>0,5 to 2,5</b>	0,4 to 4,1	0,6 to 4,5
Canada	<b>1,0 to 2,6</b>	1,2 to 4,1	

A 1% change in the discount rate would have the following effect on the long-term provisions recognised

	2012	2011	2010
	Rm	Rm	Rm
Increase in the discount rate	<b>(1 275)</b>	(1 076)	(739)
amount capitalised to property, plant and equipment	<b>(304)</b>	(168)	(139)
amount recognised in income statement	<b>(971)</b>	(908)	(600)
Decrease in the discount rate	<b>1 606</b>	1 348	911
amount capitalised to property, plant and equipment	<b>383</b>	211	174
amount recognised in income statement	<b>1 223</b>	1 137	737

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****19 Long-term provisions (Continued)**

	Environmental 2012	Other 2012	Total 2012
	Rm	Rm	Rm
Balance at beginning of year	6 900	2 143	9 043
Capitalised in property, plant and equipment and assets under construction	666		666
Reversal of rehabilitation provisions capitalised in property, plant and equipment	(26)		(26)
Operating income charge	978	301	1 279
increase for year	541	244	785
reversal of unutilised amounts	(135)	31	(104)
effect of change in discount rate	572	26	598
Notional interest	474	15	489
Utilised during year (cash flow)	(213)	(280)	(493)
Disposal of businesses		(4)	(4)
Foreign exchange differences recognised in income statement	51	10	61
Translation of foreign operations	81	109	190
<b>Balance at end of year</b>	<b>8 911</b>	<b>2 294</b>	<b>11 205</b>

**20 Post-retirement benefit obligations**

	Note	2012	2011	2010
		Rm	Rm	Rm
Post-retirement healthcare benefits	20.1	3 445	2 914	2 781
Pension benefits	20.2	3 570	2 370	2 371
<b>Total post-retirement benefit obligations</b>		<b>7 015</b>	5 284	5 152
Less short-term portion				
post-retirement healthcare benefits	25	(97)	(85)	
pension benefits	25	(46)	(39)	(32)
		<b>6 872</b>	5 160	5 120

**20.1 Post-retirement healthcare benefits**

The group provides post-retirement healthcare benefits to certain of its retirees, principally in South Africa and the United States of America. The method of accounting and the frequency of valuations for determining the liability are similar to those used for defined benefit pension plans.

**South Africa**

The post-retirement benefit plan provides certain healthcare and life assurance benefits to South African employees hired prior to 1 January 1998, who retire and satisfy the necessary requirements of the medical fund. Generally, medical coverage provides for a specified percentage of most medical expenses, subject to preset rules and maximum amounts. The cost of providing these contributions is





Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****20 Post-retirement benefit obligations (Continued)**

shared with the retirees. The plan is unfunded. The accumulated post-retirement benefit obligation is accrued over the employee's working life until full eligibility age.

**United States of America**

Certain other healthcare and life assurance benefits are provided for personnel employed in the United States of America. Generally, medical coverage pays a specified percentage of most medical expenses, subject to preset maximum amounts and reduced for payments made by healthcare provider, Medicare. The cost of providing these benefits is shared with the retirees. The plan is also unfunded.

	South Africa	United States of America
Last actuarial valuation	31 March 2012	30 June 2012
Full / interim valuation	Full	Full
Valuation method adopted	Projected unit credit	Projected unit credit

**Principal actuarial assumptions**

Weighted average assumptions used in performing actuarial valuations are determined in consultation with independent actuaries.

	South Africa		United States of America	
<i>At valuation date</i>	2012	2011	2012	2011
	%	%	%	%
Healthcare cost inflation				
initial	7,6	7,6	7,0*	7,0*
ultimate	7,6	7,6	5,5*	5,5*
Discount rate	8,5	9,0	3,4	4,5

\*

The healthcare cost inflation rate in respect of the plans for the United States of America is capped. All future increases due to the healthcare cost inflation will be borne by the participants.

**Reconciliation of projected benefit obligation to the amount recognised in the statement of financial position**

	South Africa		United States of America		Total	
<i>For the year ended 30 June</i>	2012	2011 Restated (Note 1)	2012	2011 Restated (Note 1)	2012	2011 Restated (Note 1)

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	Rm	Rm	Rm	Rm	Rm	Rm
Projected benefit obligation	3 282	2 781	163	133	3 445	2 914
Less short-term portion	(83)	(73)	(14)	(12)	(97)	(85)
<b>Non-current post-retirement healthcare obligation</b>	<b>3 199</b>	<b>2 708</b>	<b>149</b>	<b>121</b>	<b>3 348</b>	<b>2 829</b>

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 20 Post-retirement benefit obligations (Continued)

*Reconciliation of the total post-retirement healthcare obligation recognised in the statement of financial position*

	South Africa		United States of America		Total	
	2012	2011 Restated (Note 1)	2012	2011 Restated (Note 1)	2012	2011 Restated (Note 1)
<i>For the year ended 30 June</i>						
	Rm	Rm	Rm	Rm	Rm	Rm
Total post-retirement healthcare obligation at beginning of year	2 781	2 638	133	143	2 914	2 781
Current service cost	77	98	2	3	79	101
Interest cost	249	290	6	7	255	297
Remeasurement losses/(gains)	255	(162)	10	11	265	(151)
actuarial (gains)/losses change in demographic assumptions	(1)	1			(1)	1
actuarial losses/(gains) change in financial assumptions	256	(163)	10	11	266	(152)
Benefits paid	(80)	(83)	(15)	(14)	(95)	(97)
Translation of foreign operations			27	(17)	27	(17)
<b>Total post-retirement healthcare obligation at end of year</b>	<b>3 282</b>	<b>2 781</b>	<b>163</b>	<b>133</b>	<b>3 445</b>	<b>2 914</b>

*Net post-retirement healthcare costs recognised in the income statement*

	South Africa		United States of America		Total	
	2012	2011	2012	2011	2012	2011
<i>For the year ended 30 June</i>						
	Rm	Rm	Rm	Rm	Rm	Rm
Current service cost	77	98	2	3	79	101
Interest cost	249	290	6	7	255	297
Net periodic benefit cost	326	388	8	10	334	398

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****20 Post-retirement benefit obligations (Continued)***Remeasurement of the net post-retirement healthcare obligation*

	South Africa		United States of America		Total	
	2012	2011	2012	2011	2012	2011
	Rm	Rm	Rm	Rm	Rm	Rm
<i>For the year ended 30 June</i>						
Actuarial (gains)/losses arising from changes in demographic assumptions	(1)	1			(1)	1
Actuarial losses/(gains) arising from changes in financial assumptions	256	(163)	10	11	266	(152)
Net remeasurement recognised in other comprehensive income	255	(162)	10	11	265	(151)

*Sensitivity analysis*

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the post-retirement healthcare benefits. A 1% change in assumed healthcare cost trend rates could increase or decrease the relevant amount to:

	South Africa		United States of America	
	1% increase	1% decrease	1% increase	1% decrease
	Rm	Rm	Rm	Rm
<b>2012</b>				
<b>Total service and interest cost components</b>	437	303	8*	8*
<b>Accumulated post-retirement benefit obligations</b>	3 920	2 793	163*	163*
<b>2011 (Restated)</b>				
Total service and interest cost components	454	324	10*	10*
Accumulated post-retirement benefit obligations	3 308	2 372	133*	133*

\*

A change in the healthcare cost inflation for the United States of America will not have an effect on the above components or the obligation as the employer's cost is capped and all future increases due to the healthcare cost inflation are borne by the participants. The effect shown is the current year charge for the service and interest cost and the current year projected benefit obligation.



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****20 Post-retirement benefit obligations (Continued)**

Discount rates have a significant effect on the amounts reported for the post-retirement healthcare benefits. A 1% change in assumed discount rates could increase or decrease the relevant amount to:

	South Africa		United States of America	
	1% increase	1% decrease	1% increase	1% decrease
	Rm	Rm	Rm	Rm
<b>2012</b>				
<b>Total service and net interest cost components</b>	<b>329</b>	<b>323</b>	<b>8*</b>	<b>8*</b>
<b>Accumulated post-retirement benefit obligations</b>	<b>2 805</b>	<b>3 908</b>	<b>163*</b>	<b>163*</b>
<b>2011 (Restated)</b>				
Total service and net interest cost components	392	384	10*	10*
Accumulated post-retirement benefit obligations	2 384	3 295	133*	133*

\*

A change in the healthcare cost inflation for the United States of America will not have an effect on the above components or the obligation as the employer's cost is capped and all future increases due to the healthcare cost inflation are borne by the participants. The effect shown is the current year charge for the service and interest cost and the current year projected benefit obligation.

The weighted average duration of the post-retirement healthcare benefit obligation at 30 June 2012 is 12 years.

**Post-retirement healthcare obligation per statement of financial position**

	2012	2011	2010	2009	2008
		Restated	Restated		
	Rm	Rm	Rm	Rm	Rm
<b>For the year ended 30 June</b>					
Projected benefit obligation	3 445	2 914	2 781	2 532	2 538
Less short-term portion	(97)	(85)		(16)	(24)
<b>Non-current post-retirement healthcare obligation</b>	<b>3 348</b>	<b>2 829</b>	<b>2 781</b>	<b>2 516</b>	<b>2 514</b>

**20.2 Pension benefits**

The group operates or contributes to defined benefit pension plans and defined contribution plans in the countries in which it operates.

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Contributions by the group and in some cases the employees are made for funds set up in South Africa and the United States of America, while no contributions are made for plans established in other geographic areas like Europe.

Provisions for pension obligations are established for benefits payable in the form of retirement, disability and surviving dependent pensions. The benefits offered vary according to the legal, fiscal and economic conditions of each country.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**20 Post-retirement benefit obligations (Continued)**

**South African operations**

***Background***

Sasol contributes to a pension fund which provides defined post-retirement and death benefits based on final pensionable salary at retirement. Prior to 1 April 1994, this pension fund was open to all employees of the group in South Africa. In 1994, all members were given the choice to voluntarily transfer to the newly established defined contribution section of the pension fund and approximately 99% of contributing members chose to transfer to the defined contribution section. At that date the calculated actuarial surplus of approximately R1 250 million was apportioned to pensioners, members transferring to the defined contribution section and a R200 million balance was allocated within the pension fund to an employer's reserve.

The assets of the Sasol Pension Fund (the Fund) are held separately from those of the company in a trustee administered fund, registered in terms of the South African Pension Funds Act, 1956. Included in the Fund assets are 2 015 208 Sasol ordinary shares valued at R690 million at year end (2011 2 075 208 shares valued at R739 million) purchased under terms of an approved investment strategy.

***Contributions***

The annual pension charge is determined in consultation with the pension fund's independent actuary and is calculated using assumptions consistent with those used at the last actuarial valuation of the pension fund. The Fund assets have been valued at fair value.

The prepayment of R313 million (2011 R265 million) in the statement of financial position represents the accumulated excess of the actual contributions paid to the pension fund in excess of the accumulated pension liability and the surplus that arose prior to 31 December 2002, to which the company is entitled in terms of the Surplus Apportionment Scheme as well as the rules of the Fund.

Members of the defined benefit section are required to contribute to the pension fund at the rate of 7,5% of pensionable salary. Sasol meets the balance of the cost of providing benefits. Company contributions are based on the results of the actuarial valuation of the pension fund in terms of South African legislation and are agreed by Sasol Limited and the pension fund trustees.

Contributions, for the defined contributions section, are paid by the members and Sasol at fixed rates. Contributions to the defined contribution fund by the group for the year ended 30 June 2012 amounted to R1 127 million, comprising R750 million of contributions made by the employer and R377 million in respect of employees (2011 R1 076 million, comprising R740 million in respect of employer contributions and R336 million in respect of employee contributions).

***Limitation of asset recognition***

In December 2001, the Pension Funds Second Amendment Act (the Act) was promulgated. The Act generally provides for the payment of enhanced benefits to former members, minimum pension increases for pensioners and the apportionment of any actuarial surplus existing in the Fund, at the apportionment date, in an equitable manner between existing members including pensioners, former members and the employer in such proportions as the trustees of the Fund shall determine.



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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**20 Post-retirement benefit obligations (Continued)**

In terms of the Act, the Fund 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 (2011 R113 million) has been set aside for members that have not claimed their benefits.

Based on 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 approximately R313 million as at 31 March 2012 and has been included in the pension asset recognised in the current year.

***Membership***

A significant number of employees are covered by union sponsored, collectively bargained, and in some cases, multi employer defined contribution pension plans. Information from the administrators of these plans offering defined benefits is not sufficient to permit the company to determine its share, if any, of any unfunded vested benefits.

The group occupies certain properties owned by the Sasol Pension Fund. The fair value of investment properties owned by the Sasol Pension Fund is R3 604 million as at 30 June 2012 (2011 R3 369 million).

**Foreign operations**

Pension coverage for employees of the group's international operations is provided through separate plans. The company systematically provides for obligations under such plans by depositing funds with trustees for those plans operating in the United States of America or by creation of accounting obligations for other plans.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****20 Post-retirement benefit obligations (Continued)****Pension fund assets**

The assets of the pension funds are invested as follows:

	South Africa		United States of America	
	2012	2011	2012	2011
	%	%	%	%
<b>At 30 June</b>				
Local equities	51	55	29	27
equity instrument funds			29	27
financial institutions	9	11		
manufacturing industry	42	44		
Foreign equities	11	10	13	13
equity instrument funds			13	13
financial institutions	1	1		
manufacturing industry	10	9		
Fixed interest	12	9	49	49
Property	19	20	6	
retail	11	11	2	
offices	3	3	1	
other	5	6	3	
Cash and cash equivalents	5	4		1
Other	2	2	3	10
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The pension fund assets are measured at fair value at valuation date. The fair value of the equity and debt instruments have been calculated by reference to quoted prices in an active market. The fair value of property and other assets has been determined by performing market valuations and using other valuation techniques at the end of each reporting period.

**Investment strategy**

The investment objectives of the group's pension plans are designed to generate returns that will enable the plans to meet their future obligations. The precise amount for which these obligations will be settled depends on future events, including the life expectancy of the plan's members and salary inflation. The obligations are estimated using actuarial assumptions, based on the current economic environment.

The pension plans seek to achieve total returns both sufficient to meet expected future obligations as well as returns greater than their policy benchmark reflecting the target weights of the asset classes used in its targeted strategic asset allocation.

In evaluating the strategic asset allocation choices, an emphasis is placed on the long-term characteristics of each individual asset class, and the benefits of diversification among multiple asset classes. Consideration is also given to the proper long-term level of risk for the plan, particularly with



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****20 Post-retirement benefit obligations (Continued)**

respect to the long-term nature of the plan's liabilities, the impact of asset allocation on investment results, and the corresponding impact on the volatility and magnitude of plan contributions and expense and the impact certain actuarial techniques may have on the plan's recognition of investment experience.

The trustees target the plans' asset allocation within the following ranges within each asset class:

	South Africa <sup>(1)</sup>		United States of America	
	Minimum	Maximum	Minimum	Maximum
	%	%	%	%
<b>Asset classes</b>				
Equities				
local	45	60	25	65
foreign	5	15		25
Fixed interest	6	25	20	65
Property	10	35		20
Other		20		20

(1)

Members of the scheme have a choice of four investment portfolios. The targeted allocation disclosed represents the moderate balanced investment portfolio which the majority of the members of the scheme have adopted. The total assets of the fund under these investment portfolios are R186 million, R25 587 million, R503 million and R37 million for the low portfolio, moderate portfolio, aggressive portfolio and money market portfolio, respectively. Defined benefit members' funds are invested in the moderate balanced portfolio. The money market portfolio is restricted to pensioners only.

The trustees of the respective funds monitor investment performance and portfolio characteristics on a regular basis to ensure that fund managers are meeting expectations with respect to their investment approach. There are restrictions and controls placed on fund managers in this regard.

	South Africa	United States of America	Europe
<b>For the year ended 30 June</b>			
Last actuarial valuation	31 March 2012	30 June 2012	30 June 2012
Full/interim valuation	Full	Full	Full
Valuation method adopted	Projected unit credit	Projected unit credit	Projected unit credit

The plans have been assessed by the actuaries and have been found to be in sound financial positions.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****20 Post-retirement benefit obligations (Continued)***Principal actuarial assumptions*

Weighted average assumptions used in performing actuarial valuations are determined in consultation with independent actuaries

	Foreign					
	South Africa		United States of America		Europe	
	2012	2011	2012	2011	2012	2011
	%	%	%	%	%	%
<i>At valuation date</i>						
Discount rate	8,8	9,0	2,7	3,8	4,0	5,5
Average salary increases	7,1	7,1	4,2	4,2	2,9	2,9
Average pension increases	3,6	3,8			2,8	2,2
Assumptions regarding future mortality are based on published statistics and mortality tables.						
<i>Reconciliation of the funded status to amounts recognised in the statement of financial position</i>						
	South Africa		United States of America		Total	
	2012	2011	2012	2011 Restated	2012	2011 Restated
	Rm	Rm	Rm	Rm	Rm	Rm
<i>For the year ended 30 June</i>						
Projected benefit obligation (funded obligation)	7 732	6 719	1 545	1 064	9 277	7 783
Plan assets	(8 811)	(7 637)	(1 237)	(1 000)	(10 048)	(8 637)
Projected benefit obligation (unfunded obligation)			3 262	2 306	3 262	2 306
Asset not recognised due to asset limitation	766	653			766	653
<b>Net liability/(asset) recognised</b>	<b>(313)</b>	<b>(265)</b>	<b>3 570</b>	<b>2 370</b>	<b>3 257</b>	<b>2 105</b>
<i>Comprising</i>						
Prepaid pension asset (refer note 8)	(313)	(265)			(313)	(265)
Pension benefit obligation			3 570	2 370	3 570	2 370
Long-term portion			3 524	2 331	3 524	2 331

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Short-term portion			<b>46</b>	39	<b>46</b>	39
<b>Net liability/(asset) recognised</b>	<b>(313)</b>	(265)	<b>3 570</b>	2 370	<b>3 257</b>	2 105

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 20 Post-retirement benefit obligations (Continued)

*Reconciliation of projected benefit obligation (funded obligation)*

	South Africa		United States of America		Total	
	2012	2011	2012	2011	2012	2011
	Rm	Rm	Rm	Rm	Rm	Rm
<b><i>For the year ended 30 June</i></b>						
Projected benefit obligation at beginning of year	6 719	5 835	1 064	1 028	7 783	6 863
Current service cost	10	10	41	35	51	45
Interest cost	592	498	43	41	635	539
Remeasurement losses	378	160	279	150	657	310
actuarial losses change in financial assumptions	378	160	279	150	657	310
Member contributions	3	3			3	3
Benefits paid	(519)	(444)	(87)	(88)	(606)	(532)
Translation of foreign operations			205	(102)	205	(102)
Transfer from defined contribution plan <sup>(1)</sup>	549	657			549	657
<b>Projected benefit obligation at end of year</b>	<b>7 732</b>	<b>6 719</b>	<b>1 545</b>	<b>1 064</b>	<b>9 277</b>	<b>7 783</b>

(1)

Amount represents retired employees from the defined contribution section of the plan, who, on retirement, have elected to participate in the defined benefit plan by purchasing a defined benefit pension from the fund.

*Reconciliation of projected benefit obligation (unfunded obligation)*

	Foreign		Total	
	2012	2011	2012	2011
	Rm	Rm	Rm	Rm
<b><i>For the year ended 30 June</i></b>				
Projected benefit obligation at beginning of year	2 306	2 292	2 306	2 292
Current service cost	72	66	72	66
Past service cost		7		7
Interest cost	137	117	137	117
Remeasurement losses/(gains)	735	(202)	735	(202)

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actuarial gains change in demographic assumptions	(1)		(1)	
actuarial losses/(gains) change in financial assumptions	736	(202)	736	(202)
Benefits paid	(82)	(73)	(82)	(73)
Translation of foreign operations	117	99	117	99
Disposal of business	(23)		(23)	
<b>Projected benefit obligation at end of year</b>	<b>3 262</b>	<b>2 306</b>	<b>3 262</b>	<b>2 306</b>
<b>Reimbursement right recognised at fair value<sup>(1)</sup></b>	<b>115</b>	<b>77</b>	<b>115</b>	<b>77</b>

(1)

Certain of the foreign defined benefit plans have reimbursement rights under contractually agreed legal binding terms that match the amount and timing of some of the benefits payable under the plan. Those benefits have a present value of R115 million (2011 R77 million) and have been recognised in long-term receivables.

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 20 Post-retirement benefit obligations (Continued)

*Reconciliation of plan assets of funded obligation*

	South Africa		Foreign		Total	
	2012	2011	2012	2011	2012	2011
	Rm	Rm	Rm	Rm	Rm	Rm
<i>For the year ended 30 June</i>						
Fair value of plan assets at beginning of year	7 637	6 646	1 000	972	8 637	7 618
Interest income	616	513	39	40	655	553
Plan participant contributions	3	3			3	3
Employer contributions	5	5	57	50	62	55
Benefit payments	(519)	(444)	(87)	(88)	(606)	(532)
Remeasurement gains	520	257	22	145	542	402
return on plan assets (excluding interest income)	520	257	22	145	542	402
Translation of foreign operations			206	(119)	206	(119)
Transfer from defined contribution plan <sup>(1)</sup>	549	657			549	657
<b>Fair value of plan assets at end of year</b>	<b>8 811</b>	<b>7 637</b>	<b>1 237</b>	<b>1 000</b>	<b>10 048</b>	<b>8 637</b>

(1)

Amount represents retired employees from the defined contribution section of the plan, who, on retirement, have elected to participate in the defined benefit plan by purchasing a defined benefit pension from the fund.

	South Africa		Foreign		Total	
	2012	2011	2012	2011	2012	2011
	Rm	Rm	Rm	Rm	Rm	Rm
<b>Actual return on plan assets</b>	<b>1 136</b>	<b>770</b>	<b>61</b>	<b>185</b>	<b>1 197</b>	<b>955</b>

*Net periodic pension cost/(gain) recognised in the income statement*

	South Africa		Foreign		Total	
	2012	2011	2012	2011	2012	2011
				Restated		Restated

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	Rm	Rm	Rm	Rm	Rm	Rm
Current service cost	<b>10</b>	10	<b>113</b>	101	<b>123</b>	111
Past service cost				7		7
Net interest cost	<b>(24)</b>	(15)	<b>141</b>	118	<b>117</b>	103
<b>Net pension cost/(gain)</b>	<b>(14)</b>	(5)	<b>254</b>	226	<b>240</b>	221

The current service cost, past service cost and net interest expense for the year is included in employee costs in the income statement. The remeasurement of the net defined benefit liability/(asset) is included in the statement of comprehensive income.

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****20 Post-retirement benefit obligations (Continued)***Remeasurement of the net defined benefit liability/(asset)*

	South Africa		Foreign		Total	
	2012	2011	2012	2011 Restated	2012	2011 Restated
	Rm	Rm	Rm	Rm	Rm	Rm
Return on plan assets (excluding amounts in net interest cost)	(520)	(257)	(22)	(145)	(542)	(402)
Actuarial (losses) arising from changes in demographic assumptions			(1)		(1)	
Actuarial gains/(losses) arising from changes in financial assumptions	378	160	1 015	(52)	1 393	108
Changes in asset limitation	112	18			112	18
<b>Net remeasurement in other comprehensive income</b>	<b>(30)</b>	<b>(79)</b>	<b>992</b>	<b>(197)</b>	<b>962</b>	<b>(276)</b>

**Contributions**

Funding is based on actuarially determined contributions. The following table sets forth the projected pension contributions for the 2013 financial year.

	South Africa	Foreign
	Rm	Rm
Pension contributions	10	45

**Sensitivity analysis**

Average salary increases have a significant effect on the amounts reported for the net post-retirement defined pension benefits. A 1% change in assumed salary increase rates could increase or decrease the relevant amount to:

	South Africa		Foreign	
	1% increase	1% decrease	1% increase	1% decrease
	Rm	Rm	Rm	Rm
<b>2012</b>				
Total service and interest cost components	610	595	325	322
Accumulated net post-retirement defined pension obligation	7 775	7 695	5 240	5 193



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****20 Post-retirement benefit obligations (Continued)**

Discount rates have a significant effect on the amounts reported for the post-retirement pension benefits. A 1% change in assumed healthcare cost trend rates could increase or decrease the relevant amount to:

	South Africa		Foreign	
	1% increase	1% decrease	1% increase	1% decrease
	Rm	Rm	Rm	Rm
<b>2012</b>				
<b>Total service and net interest cost components</b>	<b>606</b>	<b>599</b>	<b>377</b>	<b>406</b>
<b>Accumulated net post-retirement defined pension obligation</b>	<b>7 673</b>	<b>7 809</b>	<b>5 131</b>	<b>5 338</b>

The weighted average duration of the post-retirement defined pension obligation at 30 June 2012 is 19 years.

**Post-retirement defined pension obligation per statement of financial position**

	2012	2011	2010	2009	2008
	Rm	Restated Rm	Restated Rm	Rm	Rm
Projected benefit obligation (funded obligation)	9 277	7 783	6 863	5 984	6 069
Plan assets	(10 048)	(8 637)	(7 618)	(6 085)	(6 709)
Projected benefit obligation (unfunded obligation)	3 262	2 306	2 292	2 132	2 453
Asset not recognised due to asset limitation	766	653	633	12	225
<b>Net liability recognised</b>	<b>3 257</b>	<b>2 105</b>	<b>2 170</b>	<b>2 043</b>	<b>2 038</b>

**21 Long-term deferred income**

	Note	2012	2011	2010
		Rm	Rm	Rm
Total deferred income		542	613	476
Short-term portion	26	(87)	(115)	(203)
		455	498	273

Amounts received in respect of capital investment, to be recognised in income over the useful lives of the underlying assets, as well as emission rights received to be recognised in the income statement as the emissions are generated.



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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 21 Long-term deferred income (Continued)

## Business segmentation

	2012	2011	2010
	Rm	Rm	Rm
South African energy cluster	149	162	42
Gas	15	18	22
Synfuels	115	124	
Oil	19	20	20
Chemical cluster	306	336	231
Polymers	132	133	168
Solvents	14	16	
Olefins & Surfactants	160	185	63
Other chemical businesses		2	
<b>Total operations</b>	<b>455</b>	<b>498</b>	<b>273</b>

## 22 Deferred tax

	Note	2012	2011	2010
		Rm	Rm	Rm
<b>Reconciliation</b>				
Balance at beginning of year		10 860	8 888	7 719
Current year charge		1 105	2 129	1 221
per the income statement	41	1 479	1 998	1 383
per the statement of comprehensive income	44	(374)	131	(162)
Transactions with non-controlling shareholders in subsidiaries		35		
Foreign exchange differences recognised in income statement		152	(83)	
Translation of foreign operations	47	173	(74)	(52)
<b>Balance at end of year</b>		<b>12 325</b>	<b>10 860</b>	<b>8 888</b>
<b>Comprising</b>				
Deferred tax assets		(1 514)	(1 101)	(1 099)
Deferred tax liabilities		13 839	11 961	9 987
		<b>12 325</b>	<b>10 860</b>	<b>8 888</b>

Deferred tax assets and liabilities are determined based on the tax status and rates of the underlying entities.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****22 Deferred tax (Continued)****Deferred tax is attributable to the following temporary differences**

	2012	2011	2010
	Rm	Rm	Rm
<b>Assets</b>			
Property, plant and equipment	455	533	244
Short- and long-term provisions	(1 109)	(883)	(557)
Calculated tax losses	(563)	(418)	(661)
Other	(297)	(333)	(125)
	(1 514)	(1 101)	(1 099)
<b>Liabilities</b>			
Property, plant and equipment	18 352	15 924	14 553
Intangible assets	74	74	34
Current assets	(391)	(253)	(308)
Short- and long-term provisions	(3 404)	(2 954)	(3 024)
Calculated tax losses	(696)	(865)	(1 030)
Other	(96)	35	(238)
	13 839	11 961	9 987

Deferred tax assets have been recognised for the carry forward amount of unused tax losses relating to the group's operations where, among other things, taxation losses can be carried forward indefinitely and there is evidence that it is probable that sufficient taxable profits will be available in the future to utilise all tax losses carried forward.

Deferred tax assets are not recognised for carry forward of unused tax losses when it cannot be demonstrated that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised.

	2012	2011	2010
	Rm	Rm	Rm
<b>Attributable to the following tax jurisdictions</b>			
South Africa	10 872	9 200	7 769
United States of America	218	409	346
Germany	354	581	249
Mozambique	1 040	735	694
Italy	(444)	(273)	(230)
Other	285	208	60
	12 325	10 860	8 888



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****22 Deferred tax (Continued)****Calculated tax losses***(before applying the applicable tax rate)*

	2012	2011	2010
	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
Available for offset against future taxable income	<b>12 619</b>	8 414	9 071
Utilised against the deferred tax balance	<b>(4 100)</b>	(3 158)	(4 016)
Not recognised as a deferred tax asset	<b>8 519</b>	5 256	5 055

Deferred tax assets have been recognised to the extent that it is probable that the entities will generate future taxable income against which these tax losses can be utilised.

A portion of the estimated tax losses available may be subject to various statutory limitations as to its usage.

**Calculated tax losses carried forward that have not been recognised**

	2012	2011	2010
	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
Expiry between one and two years		588	837
Expiry between two and five years		993	874
Expiry thereafter	<b>6 657</b>	2 699	2 846
Indefinite life	<b>1 862</b>	976	498
	<b>8 519</b>	5 256	5 055

**Unremitted earnings of subsidiaries, associates and incorporated joint ventures**

Provisions are not recognised for the income tax effect that may arise on the remittance of unremitted earnings by subsidiaries, associates and incorporated joint ventures. It is management's

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****22 Deferred tax (Continued)**

intention that, where there is no double taxation relief, these earnings will be permanently re-invested in the group.

	2012	2011	2010
	Rm	Rm	Rm
Unremitted earnings at end of year that would be subject to dividend withholding tax	7,189	7 100	6 582
Europe	1 470	1 373	1 389
Rest of Africa	1 409	1 250	778
United States of America	315	339	575
Qatar	2 805	3 000	3 048
Other	1 190	1 138	792
Tax effect if remitted	133	125	131
Europe	69	67	67
Rest of Africa	3	4	3
United States of America	32	17	32
Qatar*			
Other	29	37	29

\*

Entity is a non-tax paying entity due to tax holiday

**Secondary Taxation on Companies (STC)**

Up to 31 March 2012, STC was a tax levied on South African companies at a rate of 10,0% (before 1 October 2007 12,5%) on dividends distributed.

Current and deferred tax for periods prior to 1 April 2012 were measured at the tax rate applicable to undistributed income and therefore only took STC into account to the extent that dividends had been received or paid.

On declaration of a dividend, the company included the STC on the dividend in its computation of the income tax expense in the period of such declaration.

	2012	2011	2010
	Rm	Rm	
Undistributed earnings that would be subject to STC	110 172	100 886	
Tax effect if distributed	11 017	10 089	
Available STC credits at end of year	159	162	

**Dividend withholding tax**

On 1 April 2012, STC was replaced with a dividend withholding tax. Subsequent to 1 April 2012, any outstanding STC credits can be carried forward for a period of three years. The company may utilise the available STC credits to reduce the liability for dividend withholding tax of the beneficial holder of the share. The company has not recognised deferred tax assets relating to these STC credits at 30 June 2012.



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****22 Deferred tax (Continued)**

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 company includes the dividend withholding tax on this dividend in its computation of the income tax expense in the period of such receipt.

	<u>2012</u>
	<b>Rm</b>
Undistributed earnings at end of year that would be subject to dividend withholding tax withheld by the company on behalf of shareholders	<b>125 283</b>
Maximum withholding tax payable by shareholders if distributed	<b>18 792</b>
<b>Current liabilities</b>	

	<u>Note</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
		<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
<b>Liabilities in disposal groups held for sale</b>	11			4
<b>Short-term debt</b>	23	<b>3 072</b>	1 602	1 542
<b>Short-term financial liabilities</b>	24	<b>135</b>	136	357
<b>Short-term provisions</b>	25	<b>3 267</b>	2 760	2 647
<b>Short-term deferred income</b>	26	<b>737</b>	885	266
<b>Tax payable</b>	27	<b>546</b>	725	550
<b>Trade payables and accrued expenses</b>	28	<b>17 559</b>	16 718	13 335
<b>Other payables</b>	29	<b>5 351</b>	4 239	4 049
<b>Bank overdraft</b>	16	<b>222</b>	209	119
		<b>30 889</b>	27 274	22 869

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

**23 Short-term debt**

	Note	2012	2011	2010
		Rm	Rm	Rm
Bank loans		15	75	411
Other			34	45
<b>Short-term debt</b>		<b>15</b>	109	456
Short-term portion of long-term debt	17	3 057	1 493	1 086
		<b>3 072</b>	1 602	1 542

**Reconciliation**

Balance at beginning of year		109	456	490
Loans raised		41	118	170
Loans repaid		(153)	(413)	(199)
Translation effect of foreign currency loans		1		
Translation of foreign operations	47	17	(52)	(5)
<b>Balance at end of year</b>		<b>15</b>	109	456

**Currency analysis**

US dollar			99	139
Other currencies		15	10	317
		<b>15</b>	109	456

**Interest bearing status**

Interest bearing debt		15	109	442
Non-interest bearing debt				14
		<b>15</b>	109	456

Short-term debt bears interest at market related rates. The weighted average interest rate applicable to short-term debt for the year was approximately 0,03% (2011 2,42%; 2010 18,19%).

**Security**

All short-term debt is unsecured.

	2012	2011	2010
	Rm	Rm	Rm
<b>Business segmentation</b>			
Synfuels International			14
Polymers			300
Olefins & Surfactants	15	45	31
Other chemical businesses		64	111
<b>Total operations</b>	<b>15</b>	109	456

**Fair value of short-term debt**

The carrying value of short-term external debt approximates fair value because of the short period to maturity. The fair value of the short-term portion of long-term debt is disclosed in note 17.

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****24 Short-term financial liabilities**

Note	2012	2011	2010
	Rm	Rm	Rm
<b><i>Derivative instruments</i></b>			
Forward exchange contracts	119	118	339
Interest rate derivatives	12	15	13
Commodity derivatives			1
	<b>131</b>	133	353
used for cash flow hedging	22	48	131
held for trading	109	85	222
<b><i>Non-derivative instruments</i></b>			
Short-term portion of financial guarantees	18	4	3
			4
Arising on short-term financial instruments	<b>135</b>	136	357

Short-term financial liabilities include the revaluation of out-of-the-money derivative instruments, refer note 63.

**Fair value of derivative financial instruments**

The fair value of derivatives is based upon market valuations.

**Forward exchange contracts**

The fair value losses are determined by recalculating the daily forward rates for each currency using a forward rate interpolator model. The net market value of all forward exchange contracts at year end is calculated by comparing the forward exchange contracted rates to the equivalent year end market foreign exchange rates. The present values of these net market values are then determined using the appropriate currency specific discount curve.

**Interest rate and commodity derivatives**

The fair value of interest rate and commodity derivatives is determined by reference to quoted market prices for similar instruments.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****25 Short-term provisions**

	Note	2012	2011	2010
		Rm	Rm	Rm
Employee provisions		75	144	160
Insurance related provisions		52	88	128
Restructuring provisions				111
Provision in respect of EGTL		1 353	1 124	1 274
Provision against guarantees		292	178	122
Other provisions		665	292	246
		<b>2 437</b>	1 826	2 041
Short-term portion of long-term provisions	19	687	810	574
post-retirement benefit obligations	20	143	124	32
		<b>3 267</b>	2 760	2 647
<b>Reconciliation</b>				
Balance at beginning of year		1 826	2 041	2 355
Disposal of businesses	56	(1)		
Net income statement movement*		508	(163)	(274)
Reclassification to long-term provisions	19		(23)	
Other movements in short-term provisions		27		
Foreign exchange differences recognised in income statement		41	(25)	
Translation of foreign operations	47	36	(4)	(40)
<b>Balance at end of year</b>		<b>2 437</b>	1 826	2 041
<b>Business segmentation</b>				
South African energy cluster		331	261	224
<i>Mining</i>		145	129	62
<i>Gas</i>		13	16	1
<i>Synfuels</i>		115	82	141
<i>Oil</i>		58	34	20
International energy cluster		1 473	1 237	1 387
<i>Synfuels International</i>		1 441	1 188	1 326
<i>Petroleum International</i>		32	49	61
Chemical cluster		1 018	835	682
<i>Polymers</i>		66	49	65
<i>Solvents</i>		144	130	141
<i>Olefins &amp; Surfactants</i>		370	368	275
<i>Other</i>		438	288	201
Other businesses		445	427	354
<b>Total operations</b>		<b>3 267</b>	2 760	2 647



\*

Included in the movement of short-term provisions are changes relating to the increase in emission obligations for the year as well as the utilisation of emission rights in reducing these provisions.

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 26 Short-term deferred income

	Note	2012	2011	2010
		Rm	Rm	Rm
Short-term portion of long-term deferred income	21	87	115	203
Short-term deferred income		650	770	63
		737	885	266

Short-term deferred income relates mainly to amounts received in respect of the sale of fuel, to be recognised in income when ownership of inventory passes, as well as emission rights received to be recognised in income as the emissions are generated.

## 27 Tax paid

	Note	2012	2011	2010
		Rm	Rm	Rm
Net amounts unpaid at beginning of year		(676)	(194)	(675)
Net interest and penalties on tax		(10)	2	22
Income tax per income statement	41	(10 267)	(7 198)	(5 602)
Disposal of businesses	56		(1)	
Foreign exchange differences recognised in income statement		(10)	3	
Translation of foreign operations	47	(18)	21	21
		(10 981)	(7 367)	(6 234)
<i>Net tax payable per statement of financial position</i>		221	676	194
<i>Tax payable</i>		546	725	550
<i>Tax receivable</i>		(325)	(49)	(356)
<i>Per the statement of cash flows</i>		(10 760)	(6 691)	(6 040)
<b>Comprising</b>				
Normal tax				
South Africa		(7 767)	(4 633)	(4 924)
foreign		(1 945)	(1 284)	(513)
Dividend withholding tax		(16)		
STC		(1 032)	(774)	(603)
		(10 760)	(6 691)	(6 040)

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****28 Trade payables and accrued expenses**

Note	2012	2011	2010
	Rm	Rm	Rm
Trade payables	12 333	11 787	9 311
Accrued expenses	1 482	1 344	573
Related party payables	695	833	791
third parties	258	111	288
joint ventures	437	722	503
	<b>14 510</b>	13 964	10 675
Duties payable to revenue authorities	2 700	2 401	2 348
Value added tax	349	353	312
	<b>17 559</b>	16 718	13 335

***Currency analysis***

Euro	3 129	2 971	2 277
US dollar	2 713	3 895	2 284
Rand	6 900	5 506	5 262
Other currencies	1 768	1 592	852
	<b>14 510</b>	13 964	10 675

***Age analysis of trade payables***

Not past due date	11 148	10 763	8 292
Past due 0 - 30 days	670	465	611
Past due 31 - 150 days	358	444	314
Past due 151 days - one year	120	55	40
More than one year	37	60	54
	<b>12 333</b>	11 787	9 311

**Fair value of trade payables and accrued expenses**

The carrying value approximates fair value because of the short period to settlement of these obligations.

	2012	2011	2010
	Rm	Rm	Rm
<b>Business segmentation</b>			
South African energy cluster	7 410	7 102	6 124
<i>Mining</i>	962	658	592
<i>Gas</i>	150	119	128
<i>Synfuels</i>	1 975	1 361	1 426
<i>Oil</i>	4 323	4 964	3 978

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International energy cluster	<b>1 505</b>	1 694	443
<i>Synfuels International</i>	<b>347</b>	596	383
<i>Petroleum International</i>	<b>1 158</b>	1 098	60
Chemical cluster	<b>6 297</b>	6 007	5 488
<i>Polymers</i>	<b>1 068</b>	867	902
<i>Solvents</i>	<b>814</b>	823	864
<i>Olefins &amp; Surfactants</i>	<b>3 275</b>	3 175	2 475
<i>Other</i>	<b>1 140</b>	1 142	1 247
Other businesses	<b>2 347</b>	1 915	1 280
<b>Total operations</b>	<b>17 559</b>	16 718	13 335

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****29 Other payables**

	Note	2012	2011	2010
		Rm	Rm	Rm
Employee related payables		3 319	3 162	2 950
Insurance related payables		347	271	196
Fuel related payables*		68	444	169
Other payables		1 617	362	734
		<b>5 351</b>	4 239	4 049

**Currency analysis**

Euro		938	573	503
US dollar		1 315	188	435
Rand		2 854	3 220	2 881
Other currencies		244	258	230
		<b>5 351</b>	4 239	4 049

**Business segmentation**

South African energy cluster		872	1 232	1 161
<i>Mining</i>		226	237	229
<i>Gas</i>		57	46	41
<i>Synfuels</i>		391	361	428
<i>Oil</i>		198	588	463
International energy cluster		162	107	113
<i>Synfuels International</i>		72	57	65
<i>Petroleum International</i>		90	50	48
Chemical cluster		2 565	1 219	1 479
<i>Polymers</i>		1 314	31	465
<i>Solvents</i>		170	188	127
<i>Olefins &amp; Surfactants</i>		600	585	423
<i>Other</i>		481	415	464
Other businesses		1 752	1 681	1 296
<b>Total operations</b>		<b>5 351</b>	4 239	4 049

\*

Relates to the over recovery by Sasol Oil on regulated fuel prices, which will be settled by future changes in the regulated fuel price and commitments to purchase oil from other oil companies.

**Fair value of other payables**

The carrying value approximates fair value because of the short period to maturity.



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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## Results of operations

	Note	2012	2011	2010
		Rm	Rm	Rm
Turnover	30	169 446	142 436	122 256
Cost of sales and services rendered	31	(111 042)	(90 467)	(79 183)
Other operating income	32	1 416	1 088	854
Translation gains/(losses)	33	243	(1 016)	(1 007)
Operating profit	34	36 758	29 950	23 937
Employee numbers and costs	35	(19 921)	(18 756)	(17 546)
Financial instruments expenses	36	(275)	(99)	(442)
Auditors' remuneration	37	(83)	(72)	(78)
Finance income	38	796	991	1 332
Share of profit of associates (net of tax)	39	479	292	217
Finance expenses	40	(2 030)	(1 817)	(2 114)
Taxation	41	(11 746)	(9 196)	(6 985)
Remeasurement items affecting operating profit	42	(1 921)	(532)	65
		Rand	Rand	Rand
Earnings per share	43	39,10	32,97	26,68
Dividend per share		17,50	13,00	10,50
		Rm	Rm	Rm
Other comprehensive income	44	3 280	(1 606)	(1 099)

## 30 Turnover

	2012	2011	2010
	Rm	Rm	Rm
Sale of products	167 893	141 018	120 820
Services rendered	1 027	867	889
Other trading income	526	551	547
	169 446	142 436	122 256
<i>Comprising</i>			
Within South Africa	83 692	69 504	61 597
Exported from South Africa	20 920	19 192	16 100
Outside South Africa	64 834	53 740	44 559
	169 446	142 436	122 256

Turnover generated within South Africa includes sales of products manufactured and sold, or services rendered, to customers inside South Africa. Exported from South Africa relates to sales of products manufactured in South Africa and sold elsewhere, while outside South Africa relates to goods manufactured outside South Africa, irrespective of where they are sold as well as services rendered outside South Africa.





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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

**30 Turnover (Continued)**

	2012	2011	2010
	Rm	Rm	Rm
<b>Business segmentation</b>			
South African energy cluster	74 291	60 672	53 493
<i>Mining</i>	2 256	2 029	1 696
<i>Gas</i>	3 967	3 170	2 986
<i>Synfuels</i>	1 268	1 208	879
<i>Oil</i>	66 800	54 265	47 932
International energy cluster	6 960	4 926	3 198
<i>Synfuels International</i>	5 182	3 715	2 282
<i>Petroleum International</i>	1 778	1 211	916
Chemical cluster	88 145	76 811	65 386
<i>Polymers</i>	19 952	16 985	14 236
<i>Solvents</i>	17 429	16 156	14 425
<i>Olefins &amp; Surfactants</i>	37 044	31 116	24 774
<i>Other chemical businesses</i>	13 720	12 554	11 951
Other businesses	50	27	179
<b>Total operations</b>	<b>169 446</b>	<b>142 436</b>	<b>122 256</b>

**31 Cost of sales and services rendered**

	2012	2011	2010
	Rm	Rm	Rm
Cost of sales of products	110 763	90 088	78 886
Cost of services rendered	279	379	297
	<b>111 042</b>	<b>90 467</b>	<b>79 183</b>
<b>Business segmentation</b>			
South African energy cluster	53 465	43 421	39 187
<i>Mining</i>	6 938	5 864	5 833
<i>Gas</i>	1 102	814	784
<i>Synfuels</i>	12 237	9 533	9 734
<i>Oil</i>	33 188	27 210	22 836
International energy cluster	4 233	2 112	1 371
<i>Synfuels International</i>	1 956	1 393	609
<i>Petroleum International</i>	2 277	719	762
Chemical cluster	50 594	42 932	36 819
<i>Polymers</i>	6 240	5 170	4 346
<i>Solvents</i>	5 176	5 002	4 538
<i>Olefins &amp; Surfactants</i>	29 522	23 677	18 920
<i>Other chemical businesses</i>	9 656	9 083	9 015
Other businesses	2 750	2 002	1 806

<b>Total operations</b>	<b>111 042</b>	90 467	79 183
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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 32 Other operating income

	2012	2011	2010
	Rm	Rm	Rm
Emission rights received	128	79	143
Gain on hedging activities	335	276	218
Bad debts recovered	15	2	1
Insurance proceeds	39	46	25
Other	899	685	467
	<b>1 416</b>	<b>1 088</b>	<b>854</b>

## 33 Translation gains/(losses)

	Note	2012	2011	2010
		Rm	Rm	Rm
Gains/(losses) on foreign exchange transactions				
realised		564	(1 331)	(334)
unrealised		(321)	315	(673)
		<b>243</b>	<b>(1 016)</b>	<b>(1 007)</b>
<i>Comprising</i>				
Forward exchange contracts		548	(422)	(314)
Trade receivables		1 035	(301)	(141)
(Loss)/gain on translation of foreign currency loans		(1 471)	44	(463)
Realisation of foreign currency translation reserve	47		2	
Other		131	(339)	(89)
		<b>243</b>	<b>(1 016)</b>	<b>(1 007)</b>

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****34 Operating profit**

	Note	2012	2011	2010
		Rm	Rm	Rm
<b><i>Operating profit includes</i></b>				
Amortisation of other intangible assets	5	(229)	(235)	(203)
Auditors' remuneration	37	(83)	(72)	(78)
Depreciation of property, plant and equipment	2	(9 422)	(7 165)	(6 509)
Effect of remeasurement items	42	(1 860)	(426)	46
Employee costs (including employee related share-based payment expenses)	35	(19 921)	(18 756)	(17 546)
Exploration expenditure		(276)	(285)	(482)
Operating lease charges				
buildings		(437)	(369)	(390)
plant and equipment		(735)	(643)	(625)
Research expenditure		(1 257)	(1 006)	(908)
Restructuring costs		(3)	(103)	(92)
Technical and other fees		(421)	(454)	(296)
Administration penalty on Sasol Polymers			(112)	
Write-down of inventories to net realisable value	12	(331)	(120)	(172)
Reversal of write-down of inventories to net realisable value	12		8	54

Included in operating profit are other expenses, which include share-based payment expenses (refer note 46), remeasurement items (refer note 42), the effect of crude oil hedging (refer note 36) and exploration expenditure (refer above).

**35 Employee numbers and costs**

The total number of permanent and non-permanent employees, excluding contractors and associates' employees, and including a proportionate share of employees within joint venture entities is analysed below:

	2012	2011	2010
	Number	Number	Number
Permanent employees	33 992	32 866	32 411
Non-permanent employees	924	842	643
	<b>34 916</b>	<b>33 708</b>	<b>33 054</b>

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****35 Employee numbers and costs (Continued)**

The number of employees, by principle location of employment, is analysed as follows:

	2012	2011	2010
	Number	Number	Number
<b>Business segmentation</b>			
South African energy cluster	15 494	14 909	15 091
<i>Mining</i>	7 800	7 425	7 453
<i>Gas</i>	291	273	269
<i>Synfuels</i>	5 554	5 376	5 362
<i>Oil</i>	1 849	1 835	2 007
International energy cluster	1 062	828	724
<i>Synfuels International</i>	604	514	449
<i>Petroleum International</i>	458	314	275
Chemical cluster	11 320	11 476	11 712
<i>Polymers</i>	2 045	2 013	2 166
<i>Solvents</i>	1 454	1 509	1 676
<i>Olefins &amp; Surfactants</i>	2 869	2 886	2 824
<i>Other chemical businesses</i>	4 952	5 068	5 046
Other businesses	7 040	6 495	5 527
<b>Total operations</b>	<b>34 916</b>	<b>33 708</b>	<b>33 054</b>

	Note	2012	2011	2010
		Rm	Rm	Rm
<b>Analysis of employee costs</b>				
Labour		19 230	17 250	16 603
wages and salaries		18 656	16 750	16 057
post employment benefits		574	500	546
Share-based payment expenses		691	1 506	943
Total employee cost recognised in income statement	34	19 921	18 756	17 546

**36 Financial instruments expenses**

	Note	2012	2011	2010
		Rm	Rm	Rm
<b>Financial instruments expenses recognised in the income statement</b>				
Net (loss)/gain on derivative instruments held for trading		(214)	118	(318)
revaluation of crude oil derivatives		(214)	118	(87)
revaluation of cross currency swaps				(231)

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Impairment of investments available-for-sale	42			(1)
Impairment of trade receivables				
raised during year	13	<b>(135)</b>	(293)	(138)
released during year	13	<b>74</b>	76	15
		<b>(275)</b>	(99)	(442)

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****37 Auditors' remuneration**

	2012	2011	2010
	Rm	Rm	Rm
Audit fees	76	65	72
KPMG	73	63	71
other external auditors	3	2	1
Other fees paid to auditors for advisory services	1	2	1
Tax advisory fees	2	2	2
Expenses	4	3	3
	<b>83</b>	<b>72</b>	<b>78</b>

**38 Finance income**

	2012	2011	2010
	Rm	Rm	Rm
Dividends received from investments available-for-sale	22	40	31
South Africa	1	3	5
outside South Africa	21	37	26
Interest received	766	943	1 288
South Africa	481	776	988
outside South Africa	285	167	300
Notional interest received	8	8	13
	<b>796</b>	<b>991</b>	<b>1 332</b>
Interest received on			
investments available-for-sale	1	1	
investments held-to-maturity	26	29	30
loans and receivables	203	174	273
cash and cash equivalents	536	739	985
	<b>766</b>	<b>943</b>	<b>1 288</b>

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

**39 Share of profit of associates (net of tax)**

	Note	2012	2011	2010
		Rm	Rm	Rm
Profit before tax		621	388	289
Taxation		(142)	(96)	(72)
<b>Share of profit of associates (net of tax)</b>		<b>479</b>	292	217
<b>Dividends received from associates</b>	7	<b>361</b>	397	53
<b>Business segmentation</b>				
<i>Synfuels</i>		5	5	4
<i>Polymers</i>		474	286	220
<i>Olefins &amp; Surfactants</i>		(2)	(1)	(1)
<i>Other chemical businesses</i>		2	2	(6)
<b>Total operations</b>		<b>479</b>	292	217

**40 Finance expenses**

	Note	2012	2011	2010
		Rm	Rm	Rm
Bank overdraft		29	19	7
Debt		558	506	899
Preference share dividends		822	677	636
Finance leases		26	75	72
Other		117	100	167
		<b>1 552</b>	1 377	1 781
Amortisation of loan costs		13	15	18
Notional interest	19	489	468	373
<b>Total finance expenses</b>		<b>2 054</b>	1 860	2 172
Amounts capitalised to assets under construction*	3	(24)	(43)	(58)
<b>Income statement charge</b>		<b>2 030</b>	1 817	2 114
<b>Total finance expenses comprise</b>				
South Africa		1 713	1 555	1 513
Outside South Africa		341	305	659
		<b>2 054</b>	1 860	2 172
Total finance expenses before amortisation of loan costs and notional interest		<b>1 552</b>	1 377	1 781



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Less interest accrued on debt	17	(886)	(479)	
Per the statement of cash flows		666	898	1 781

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\*

Finance expenses capitalised during the year relate to specific borrowings only, as the group is in a net interest received position.

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****41 Taxation**

	Note	2012	2011	2010
		Rm	Rm	Rm
South African normal tax		7 358	5 235	4 270
current year		7 529	5 249	4 431
prior years		(171)	(14)	(161)
Dividend withholding tax		16		
STC		1 032	771	606
Foreign tax		1 861	1 192	726
current year		1 912	1 212	735
prior years		(51)	(20)	(9)
Income tax	27	10 267	7 198	5 602
Deferred tax South Africa	22	1 711	1 491	1 105
current year		1 554	1 435	1 191
prior years		157	56	(86)
Deferred tax foreign	22	(232)	507	278
current year		(69)	816	552
prior years		8	(98)	(15)
recognition of deferred tax assets*		(171)	(211)	(259)
		<b>11 746</b>	9 196	6 985

\*

Included in the charge per the income statement is the recognition of an amount of R171 million (2011 R211 million; 2010 R259 million) relating to a deferred tax asset not previously recognised due to the uncertainty previously surrounding the utilisation thereof in future years.

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 41 Taxation (Continued)

	2012	2011	2010
	Rm	Rm	Rm
<b>Business segmentation</b>			
South African energy cluster	8 955	6 292	5 296
<i>Mining</i>	698	687	229
<i>Gas</i>	967	841	722
<i>Synfuels</i>	6 901	4 481	4 042
<i>Oil</i>	389	283	303
International energy cluster	806	498	(36)
<i>Synfuels International</i>	105	109	(345)
<i>Petroleum International</i>	701	389	309
Chemical cluster	1 062	1 778	968
<i>Polymers</i>	(360)	6	153
<i>Solvents</i>	443	451	291
<i>Olefins &amp; Surfactants</i>	448	665	192
<i>Other chemical businesses</i>	531	656	332
Other businesses	923	628	757
<b>Total operations</b>	<b>11 746</b>	<b>9 196</b>	<b>6 985</b>

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****41 Taxation (Continued)****Reconciliation of effective tax rate**

Total income tax expense differs from the amount computed by applying the South African normal tax rate to profit before tax. The reasons for these differences are:

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	%	%	%
South African normal tax rate	<b>28,0</b>	28,0	28,0
Increase in rate of tax due to STC	<b>2,9</b>	2,6	2,6
disallowed preference share dividend	<b>0,6</b>	0,6	0,8
disallowed expenditure	<b>2,4</b>	1,8	2,2
disallowed share-based expenses	<b>0,4</b>	1,4	1,1
disallowed expenditure on fines		0,1	
new tax losses recognised		0,1	
tax losses not recognised	<b>3,5</b>	1,1	0,7
other adjustments	<b>0,3</b>	1,1	1,3
	<b>38,1</b>	36,8	36,7
Decrease in rate of tax due to			
exempt income	<b>(1,7)</b>	(1,1)	(0,4)
different foreign tax rate	<b>(1,5)</b>	(1,5)	(2,5)
recognition of deferred tax assets	<b>(0,5)</b>	(0,7)	(1,1)
utilisation of tax losses	<b>(1,3)</b>	(1,5)	(1,0)
prior year adjustments	<b>(0,1)</b>	(0,3)	(1,2)
other adjustments	<b>(0,4)</b>	(0,4)	(0,6)
Effective tax rate	<b>32,6</b>	31,3	29,9

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 42 Remeasurement items affecting operating profit

	Note	2012	2011	2010
		Rm	Rm	Rm
Impairment of		(1 642)	(190)	(110)
property, plant and equipment	2	(572)	(49)	(47)
assets under construction	3	(879)	(2)	(61)
other intangible assets	5	(127)	(16)	(1)
investments in associate	7	(64)	(123)	
investments in securities	6			(1)
Reversal of impairment of		12	535	365
property, plant and equipment	2		529	348
assets under construction	3		2	2
other intangible assets	5	12	4	15
Profit on disposal of		499	29	5
property, plant and equipment		138	14	4
other intangible assets				(1)
investment in associate	56	7	6	7
investments in businesses	56	354	9	(5)
Scrapping of property, plant and equipment		(212)	(267)	(124)
Scrapping of assets under construction		(247)	(92)	(32)
Write off of unsuccessful exploration wells	3	(270)	(441)	(58)
		(1 860)	(426)	46
Tax effect thereon		(61)	(106)	19
		(1 921)	(532)	65
<b>Business segmentation</b>				
South African energy cluster		(324)	(223)	(69)
<i>Mining</i>		(61)	(3)	(1)
<i>Gas</i>		(11)	(6)	
<i>Synfuels</i>		(238)	(197)	(58)
<i>Oil</i>		(14)	(17)	(10)
International energy cluster		(1 643)	(568)	(112)
<i>Synfuels International</i>		(34)	(126)	(4)
<i>Petroleum International</i>		(1 609)	(442)	(108)
Chemical cluster		128	402	251
<i>Polymers</i>		(62)	(46)	(14)
<i>Solvents</i>		(83)	(63)	(58)
<i>Olefins &amp; Surfactants</i>		179	500	344
<i>Other chemical businesses</i>		94	11	(21)
Other businesses		(21)	(37)	(24)
<b>Total operations</b>		(1 860)	(426)	46

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****42 Remeasurement items affecting operating profit (Continued)**

	Gross 2012	Tax 2012	Non- controlling interest 2012	Net 2012
	Rm	Rm	Rm	Rm
Impairment of property, plant and equipment	(1 642)	31		(1 611)
assets under construction	(572)	15		(557)
other intangible assets	(879)			(879)
investment in associate	(127)	16		(111)
Reversal of impairment of other intangible assets	(64)			(64)
Profit on disposal of property, plant and equipment	12	(3)		9
investment in associate	499	(132)		367
investments in businesses	138	2		140
Scrapping of property, plant and equipment	7	(2)		5
Scrapping of assets under construction	354	(132)		222
Write off of unsuccessful exploration wells	(212)	39		(173)
	(247)	4		(243)
	(270)			(270)
	(1 860)	(61)		(1 921)

**Impairment/reversal of impairments**

The group's non-financial assets, other than inventories and deferred tax assets, are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash inflows independently, the recoverable amount is determined for the larger cash generating unit to which it belongs.

**Value-in-use calculations**

The recoverable amount of the assets reviewed for impairment is determined based on value-in-use calculations. Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value in use. Future cash flows are estimated based on financial budgets approved by management covering a three, five and ten year period and are extrapolated over the useful life of the assets to reflect the long-term plans for the group using the estimated growth rate for the specific business or project. The estimated future cash flows and discount rates used are post-tax, based on an assessment of the current risks applicable to the specific entity and country in which it operates. Discounting post-tax cash flows at a post-tax discount rate yields the same result as discounting pre-tax cash flows at a pre-tax discount rate.

Management determines the expected performance of the assets based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the increase in the geographic segment long-term Producer Price Index (PPI). Estimations are based on a number of key assumptions such as volume, price and product mix which will create a basis for future growth and gross margin. These assumptions are set in relation to historic figures and external reports

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****42 Remeasurement items affecting operating profit (Continued)**

on market growth. If necessary, these cash flows are then adjusted to take into account any changes in assumptions or operating conditions that have been identified subsequent to the preparation of the budgets.

The weighted average cost of capital rate (WACC) is derived from a pricing model based on credit risk and the cost of the debt. The variables used in the model are established on the basis of management judgement and current market conditions. Management judgement is also applied in estimating the future cash flows of the cash generating units. These values are sensitive to the cash flows projected for the periods for which detailed forecasts are not available and to the assumptions regarding the long-term sustainability of the cash flows thereafter.

**Main assumptions used for value-in-use calculations**

			2012	2011	
			Rm	Rm	
Average crude oil price (Brent) for the financial year	US\$	bbl	112,42	96,48	
Long-term average gas price excluding margins (real)	US\$	mmbtu	5,50	5,50	
			South Africa	North America	Europe
			%	%	%
Growth rate	long-term producer price index (PPI)	2012	4,80	1,50	1,50
Discount rate	weighted average cost of capital (WACC)	2012	12,95	8,00	8,00 - 8,70
Growth rate	long-term producer price index (PPI)	2011	4,80	1,50	1,50
Discount rate	weighted average cost of capital (WACC)	2011	12,95	8,00	8,00 - 8,70

**Sensitivity to changes in assumptions**

Management has considered the sensitivity of the values in use determined above 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 regards 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, relative to the individual aforementioned factors, would significantly affect the calculated value in use.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****42 Remeasurement items affecting operating profit (Continued)****Significant (impairments)/reversal of impairment of assets**

Business unit		Property, plant and equipment	Assets under construction	Other intangible assets	Investment in associate	Total
		2012	2012	2012	2012	2012
		Rm	Rm	Rm	Rm	Rm
Sasol Canada shale gas assets	Petroleum International	(519)	(445)			(964)
Exploration assets in Mozambique	Petroleum International		(434)			(434)
Investment in associate	Wesco Polymers				(61)	(61)
China Limited						
Emission rights	Olefins & Surfactants			(85)		(85)
Emission rights	Solvents			(24)		(24)
Emission rights	Other chemical businesses			11		11
Sasol Nitro Fertiliser business	Other chemical businesses	(34)				(34)
Emission rights	Other businesses			(16)		(16)
Other	Various	(19)		(1)	(3)	(23)
		(572)	(879)	(115)	(64)	(1 630)

***Impairment of Canadian shale gas assets***

In 2011, Sasol acquired shale gas assets (Farrell Creek and Cypress A) in Canada for a total purchase consideration of R14,2 billion. A total cash consideration of CAD546,5 million (R3 823 million) was paid at that time and the remainder of the purchase consideration will be settled through the capital carry obligation. Due to low gas market prices and higher-than-expected drilling and completion costs, an impairment review was performed based on the current project economics. In calculating the value in use, Sasol lowered its long term North American gas price estimate to take cognisance of the unpredictability relating to the current oversupply of gas and the resultant potential impact on the long term North American gas market. The results of the impairment review indicated that the value in use was lower than the carrying value of the investment resulting in an impairment of R964 million. Sasol will continue to review the valuation of these assets in light of changes in the North American gas prices.

***Impairment of exploration assets in Mozambique***

The upstream feasibility studies on the 2008 and 2009 Njika-1 and Njika-2 gas discoveries in Block 16 and 19 offshore Mozambique were completed in 2012. These feasibility studies included in-house technical work and an independent assessment by a third party consultant. The results of the feasibility studies indicated that an economic development of the Njika gas discoveries is highly unlikely and an impairment of R434 million was recognised in 2012.



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****42 Remeasurement items affecting operating profit (Continued)***Impairment of investments in associate*

Due to the slow and unbalanced global economic recovery, the demand for trading and distribution of plastics in the Middle East has declined resulting in lower sales volumes for Wesco China Limited in which Sasol holds a 40% interest. An impairment review was performed based on the current business model and the results thereof indicated that the value in use was lower than the carrying value resulting in an impairment of R61 million.

**43 Earnings and dividends per share**

Earnings per share is derived by dividing attributable earnings by the weighted average number of shares, after taking the share repurchase programme and the Sasol Inzalo share transaction into account. Appropriate adjustments are made in calculating diluted, headline and diluted headline earnings per share.

Diluted earnings per share reflect the potential dilution that could occur if all of the group's outstanding share options were exercised and the effects of all dilutive potential ordinary shares resulting from the Sasol Inzalo share transaction. The number of shares outstanding is adjusted to show the potential dilution if employee share options and Sasol Inzalo share rights are converted into ordinary shares and the ordinary shares that will be issued to settle the A and B preference shares in the Sasol Inzalo share transaction.

	Number of shares		
	2012	2011	2010
	million	million	million
Weighted average number of shares	603,2	600,4	597,6
Potential dilutive effect of outstanding share options	2,9	4,0	4,7
Potential dilutive effect of Sasol Inzalo transaction	10,1	10,1	13,2
Diluted weighted average number of shares	616,2	614,5	615,5

The diluted weighted average number of shares in issue does not include the effect of ordinary shares issuable upon the conversion of Sasol Inzalo share rights in respect of The Sasol Inzalo Employee Trust and The Sasol Inzalo Management Trust, as their effect is currently not dilutive.

	2012	2011	2010
	Rm	Rm	Rm
<b>Diluted earnings is determined as follows</b>			
Earnings attributable to owners of Sasol Limited	23 583	19 794	15 941
Finance expense on potentially dilutive shares (Sasol Inzalo share transaction)	421	393	395
<b>Diluted earnings</b>	<b>24 004</b>	20 187	16 336

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****43 Earnings and dividends per share (Continued)**

	2012	2011	2010
	Rand	Rand	Rand
<b>Profit attributable to shareholders</b>			
Basic earnings per share	<b>39,10</b>	32,97	26,68
Diluted earnings per share	<b>38,95</b>	32,85	26,54
Effect of share repurchase programme	<b>0,56</b>	0,48	0,39
<b>Dividends per share</b>			
Ordinary shares of no par value			
interim	<b>5,70</b>	3,10	2,80
final*	<b>11,80</b>	9,90	7,70
	<b>17,50</b>	13,00	10,50

\*

Declared subsequent to 30 June 2012 and has been presented for information purposes only. No accrual regarding the final dividend has been recognised.

**Potential dilutive effect of options issued in terms of the Sasol Share Incentive Scheme**

		2012	2011	2010
Number of options granted at year end	thousand	<b>6 516</b>	8 976	12 103
Average issue price of options	Rand	<b>199,34</b>	185,69	177,34
Value at issue price	Rm	<b>1 299</b>	1 667	2 147
Average closing share price during year on the JSE	Rand	<b>364,17</b>	335,49	289,81
Equivalent shares at average closing share price	thousand	<b>3 567</b>	4 968	7 406
Potential dilutive effect of outstanding share options	thousand	<b>2 949</b>	4 008	4 697

**Potential dilutive effect of shares to be issued to settle debt of the Sasol Inzalo share transaction**

		2012	2011	2010
Sasol Inzalo Groups Funding debt (A and B preference shares)	Rm	<b>1 243</b>	1 288	1 290
Sasol Inzalo Public Funding debt (A and B preference shares)	Rm	<b>2 226</b>	2 314	2 325
Closing share price on the JSE	Rand	<b>342,40</b>	355,98	274,60
Potential dilutive effect of the Sasol Inzalo share transaction	thousand shares	<b>10 133</b>	10 118	13 166
Potential dilutive weighted effect of Sasol Inzalo share transaction		<b>10 133</b>	10 118	13 166

thousand  
shares

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

**44 Other comprehensive income**

	2012	2011	2010
Note		Restated	Restated
		(Note 1)	(Note 1)
	Rm	Rm	Rm
<b>Components of other comprehensive income</b>			
Effect of translation of foreign operations	4 063	(2 026)	(842)
Effect of cash flow hedges	41	111	13
gains on effective portion of cash flow hedges	20	107	13
losses on cash flow hedges transferred to hedged items	21	4	
(Loss)/gain on fair value of investments	(3)		4
Actuarial gains and losses on post-retirement benefit obligations	(1 195)	440	(436)
Tax on other comprehensive income	22	374	(131)
		162	
<b>Other comprehensive income for year, net of tax</b>	<b>3 280</b>	<b>(1 606)</b>	<b>(1 099)</b>

Except for the actuarial gains and losses on post-retirement benefit obligations, the components of other comprehensive income can be reclassified subsequently to the income statement.

**Tax and non-controlling interest on other comprehensive income**

	Gross	Tax	Non-controlling interest	Net
	Rm	Rm	Rm	Rm
<b>2012</b>				
Effect of translation of foreign operations	4 063		(12)	4 051
Gain on effective portion of cash flow hedges	20	(13)	(2)	5
Loss on cash flow hedges transferred to hedged items	21			21
Gain on fair value of investments	(3)	13		10
Actuarial gains and losses on post-retirement benefit obligations	(1 195)	374	4	(817)
<b>Other comprehensive income</b>	<b>2 906</b>	<b>374</b>	<b>(10)</b>	<b>3 270</b>
<b>2011</b>				
Effect of translation of foreign operations	(2 026)		3	(2 023)
Gain on effective portion of cash flow hedges	107	(22)	(5)	80
Loss on cash flow hedges transferred to hedged items	4	(1)		3
Actuarial gains and losses on post-retirement benefit obligations	440	(108)		332
<b>Other comprehensive income</b>	<b>(1 475)</b>	<b>(131)</b>	<b>(2)</b>	<b>(1 608)</b>
<b>2010</b>				
Effect of translation of foreign operations	(842)			(842)
Gain on effective portion of cash flow hedges	13	9	7	29
Gain on fair value of investments	4	(1)		3

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Actuarial gains and losses on post-retirement benefit obligations	(436)	154		(282)
Other comprehensive income	(1 261)	162	7	(1 092)

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## Equity structure

	Note	Number of shares		
		2012	2011	2010
<b>Share capital</b>	<b>45</b>			
<b>Share-based payment reserve</b>	<b>46</b>			
<b>Foreign currency translation reserve</b>	<b>47</b>			
<b>Share repurchase programme</b>	<b>48</b>			
<b>45 Share capital</b>				
<b>Authorised</b>				
Sasol ordinary shares of no par value		1 127 690 590	1 127 690 590	1 127 690 590
Sasol preferred ordinary shares of no par value		28 385 646	28 385 646	28 385 646
Sasol BEE ordinary shares of no par value		18 923 764	18 923 764	18 923 764
		<b>1 175 000 000</b>	<b>1 175 000 000</b>	<b>1 175 000 000</b>
<b>Issued</b>				
Shares issued at beginning of year		670 976 162	667 673 462	665 880 862
Issued in terms of the Sasol Share Incentive Scheme		2 234 700	3 302 700	1 792 600
Shares issued at end of year		<b>673 210 862</b>	670 976 162	667 673 462
<b>Comprising</b>				
Sasol ordinary shares of no par value		644 825 216	642 590 516	639 287 816
Sasol preferred ordinary shares of no par value		25 547 081	25 547 081	25 547 081
Sasol BEE ordinary shares of no par value		2 838 565	2 838 565	2 838 565
		<b>673 210 862</b>	670 976 162	667 673 462
<b>Held in reserve</b>				
Allocated to the Sasol Share Incentive Scheme		6 605 600	11 066 300	14 551 900
Unissued shares		495 183 538	492 957 538	492 774 638
Sasol ordinary shares of no par value		476 259 774	474 033 774	473 850 874
Sasol preferred ordinary shares of no par value		2 838 565	2 838 565	2 838 565
Sasol BEE ordinary shares of no par value		16 085 199	16 085 199	16 085 199
		<b>501 789 138</b>	504 023 838	507 326 538

**Conditions attached to share classifications**

The Sasol ordinary shares issued have no conditions attached to them.

The Sasol preferred ordinary shares have voting rights attached to them and will be Sasol ordinary shares at the end of the term of the Sasol Inzalo share transaction. The Sasol preferred ordinary shares rank *pari passu* with the Sasol ordinary shares and differ only in the fact that they are not listed and trading is restricted.



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****45 Share capital (Continued)**

Further, the Sasol preferred ordinary shares carry a cumulative preferred dividend right where a dividend has been declared during the term of the Sasol Inzalo share transaction, with the dividends set out as follows:

R16,00 per annum for each of the three years until 30 June 2011;

R22,00 per annum for the next three years until 30 June 2014; and

R28,00 per annum for the last four years until 30 June 2018.

With effect from 1 April 2012, the Sasol preferred ordinary share dividend has been grossed up 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.

The Sasol BEE ordinary shares have voting rights attached to them and will be Sasol ordinary shares at the end of the term of the Sasol Inzalo share transaction. The Sasol BEE ordinary shares rank *pari passu* with the Sasol ordinary shares and differ only in the fact that they are listed on the BEE segment of the JSE main board and trading is restricted.

The Sasol BEE ordinary shares receive dividends per share simultaneously with, and equal to, the Sasol ordinary shares.

**46 Share-based payments**

	Note	2012	2011	2010
		Rm	Rm	Rm
During the year the following share-based payment expenses were recognised in the income statement regarding share-based payment arrangements that existed:				
<b>Equity settled recognised directly in equity</b>		<b>485</b>	1 428	880
Sasol Share Incentive Scheme	46.1	15	33	56
Sasol Inzalo share transaction	46.2	470	830	824
Ixia Coal transaction	46.3		565	
<b>Cash settled recognised in long-term provisions</b>				
Sasol Share Appreciation Rights Scheme		<b>82</b>	495	57
Share Appreciation Rights with no corporate performance targets	46.4.1	(52)	332	51
Share Appreciation Rights with corporate performance targets	46.4.2	134	163	6
Sasol Medium-term Incentive Scheme	46.5	124	148	6



**Share options and share rights available for allocation**

Previously in terms of the long-term and medium-term incentive schemes, 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

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****46 Share-based payments (Continued)**

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 be decreased to 69 million shares/rights, representing 10% of Sasol Limited's issued share capital immediately after the Sasol Inzalo share transaction.

	Number of share options / rights		
	2012	2011	2010
<b>Share options</b>			
Shares allotted		48 933 700	45 448 100
Share options granted		8 865 600	12 275 800
Unallocated share options		2 200 700	2 276 100
		60 000 000	60 000 000
<b>Share rights</b>			
Share appreciation rights granted	<b>20 624 900</b>	16 436 300	11 399 700
Medium-term incentive rights granted	<b>2 421 126</b>	1 317 811	105 626
Unallocated share rights	<b>45 953 974</b>	2 245 889	8 494 674
	<b>69 000 000</b>	20 000 000	20 000 000
<b>Total share options and share rights available for allocation</b>	<b>69 000 000</b>	80 000 000	80 000 000

**46.1 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.

The objective of the Sasol Share Incentive Scheme is to recognise the contributions of senior staff to the value added to the group's financial position and performance and to retain 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

6 years final third

The offer price of these options equals the closing market price of the underlying shares on the trading day immediately preceding the granting of the option. These options are settled by means of the issue of Sasol ordinary shares of no par value by Sasol Limited. The fair value of the equity settled expense is calculated at grant date.



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****46 Share-based payments (Continued)**

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 share 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.

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. Unimplemented share options will not be affected by the Sasol Share Appreciation Rights Scheme.

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 and at any other time during which they have access to price sensitive information.

	Number of shares		
	2012	2011	2010
<b><i>Vesting periods of options granted</i></b>			
Already vested	<b>5 920 200</b>	6 835 000	8 225 300
Within one year	<b>685 400</b>	1 297 200	1 893 900
One to two years		733 400	1 368 300
Two to three years			788 300
	<b>6 605 600</b>	8 865 600	12 275 800
		<b>Number</b>	<b>Weighted</b>
		<b>of shares</b>	<b>average</b>
			<b>option price</b>
			<b>Rand</b>
<b><i>Movements in the number of options granted</i></b>			
Balance at 30 June 2009		14 215 500	163,10
Options converted to shares		(1 792 600)	(114,18)
Options lapsed		(147 100)	(204,33)
Balance at 30 June 2010		12 275 800	169,75
Options converted to shares		(3 302 700)	(130,13)
Options lapsed		(107 500)	(173,57)
Balance at 30 June 2011		<b>8 865 600</b>	<b>119,17</b>
Options converted to shares		<b>(2 234 700)</b>	<b>(145,40)</b>
Options lapsed		<b>(25 300)</b>	<b>(183,06)</b>
<b>Balance at 30 June 2012</b>		<b>6 605 600</b>	<b>110,05</b>

2012      2011      2010

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	<b>Rand</b>	<b>Rand</b>	<b>Rand</b>
Average market price of options traded during year	<b>367,05</b>	342,50	295,70
Average fair value of share options vested during year	<b>71,72</b>	51,34	49,84

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 46 Share-based payments (Continued)

	2012	2011	2010
	Rm	Rm	Rm
Total intrinsic value of share options exercised during year	495	701	325
Share-based payment expense recognised*	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; 2010 R49 million).

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.

There was no income tax recognised as a consequence of Sasol Share Incentive Scheme.

Range of exercise prices	Number of shares	Weighted average option	Aggregate intrinsic value	Weighted average remaining life
		Rand	Rm	years
<i>Details of unimplemented share options granted up to 30 June 2012</i>				
R 60,01 R 90,00	314 000	88,19	80	0,17
R 90,01 R 120,00	918 000	110,45	213	1,13
R 120,01 R 150,00	205 000	133,68	43	1,53
R 150,01 R 180,00	191 300	159,02	35	1,80
R 180,01 R 210,00	800 800	194,88	118	2,03
R 210,01 R 240,00	3 473 400	225,81	405	2,67
R 240,01 R 270,00	524 600	251,43	48	3,25
R 270,01 R 300,00	178 500	274,72	12	2,93
	6 605 600	198,05	954	
<i>Details of unimplemented share options vested at 30 June 2012</i>				
R 30,01 R 60,00	10 000	55,05	3	
R 60,01 R 90,00	317 200	88,10	81	
R 90,01 R 120,00	918 000	109,51	214	
R 120,01 R 150,00	205 000	133,68	43	
R 150,01 R 180,00	191 300	157,86	35	
R 180,01 R 210,00	800 800	194,88	118	
R 210,01 R 240,00	2 992 900	224,33	353	
R 240,01 R 270,00	335 500	251,86	30	
R 270,01 R 300,00	149 500	274,67	10	
	5 920 200	192,50	887	



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****46 Share-based payments (Continued)****46.2 The Sasol Inzalo share transaction**

In May 2008, the shareholders approved the Sasol Inzalo share transaction, a broad-based black economic empowerment (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 BEE participants. The transaction was introduced to assist Sasol, as a major participant in the South African economy, in meeting its empowerment objectives.

**Components of the transaction**

	Note	Allocated	Value of shares issued
		%	Rm
The Sasol Inzalo Employee Trust and The Sasol Inzalo Management Trust	i	4,0	9 235
The Sasol Inzalo Foundation	ii	1,5	3 463
Selected Participants	iii	1,5	3 463
Black Public Invitations	iv	3,0	6 927
		<b>10,0</b>	<b>23 088</b>

	Note	Share-based payment expense recognised		
		2012	2011	2010
		Rm	Rm	Rm
The Sasol Inzalo Employee Trust and The Sasol Inzalo Management Trust <sup>(1)</sup>	i	470	830	824
The Sasol Inzalo Foundation <sup>(2)</sup>	ii			
Selected Participants	iii			
Black Public Invitations	iv			
		<b>470</b>	<b>830</b>	<b>824</b>

(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; 2010 R2 285 million).

(2) No share-based payment expense has been recognised for The Sasol Inzalo Foundation.



*i The Sasol Inzalo Employee Trust and The Sasol Inzalo Management Trust (the Trusts)*

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 Scheme participated in The Sasol Inzalo Employee Trust (Employee Scheme), while all senior black staff 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 Sasol ordinary shares at the end of ten years, vest according to unconditional entitlement as follows:

after three years: 30%

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**46 Share-based payments (Continued)**

thereafter: 10% per year until maturity

Participants in the Employee Scheme were granted share rights to 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 has been 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 will be 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 fair value of the equity settled share-based payment expense is calculated at grant date and expensed over the vesting period of the share rights.

The Sasol ordinary shares were issued to the Trusts, 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 pre-conditions regarding the right to receive only 50% of ordinary dividends paid on 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 ten in accordance with a pre-determined formula. The participant has the right to all ordinary dividends received by the 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 Trusts after the distribution to participants may be distributed to The Sasol Inzalo Foundation.

**ii The Sasol Inzalo Foundation**

On 3 June 2008, The Sasol Inzalo Foundation (the foundation), which was incorporated as a trust and in the process of 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 Sasol Inzalo Foundation is skills development and capacity building of black South Africans, predominantly in the fields of mathematics, science and technology.

The conditions of subscription for Sasol ordinary shares by The Sasol Inzalo Foundation includes the right to receive dividends equal to 5% of the ordinary dividends declared in respect of Sasol ordinary shares held by the Foundation. Sasol is entitled to repurchase a number of Sasol ordinary shares from the Foundation at a nominal value of R0,01 per share at the end of ten years in accordance with a pre-determined formula.

After Sasol has exercised its repurchase right, the Foundation will receive 100% of dividends declared on the Sasol ordinary shares owned by the Foundation.

**iii Selected Participants**

In 2008, selected BEE groups (Selected Participants) which included Sasol customers, Sasol suppliers, Sasol franchisees, women's groups, trade unions and other professional associations, through a funding company, which is consolidated as part of the Sasol group, subscribed in total for 9,5 million

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**46 Share-based payments (Continued)**

Sasol preferred ordinary shares at an issue price of R366,00 per share, with a nominal value of R0,01 per share. A portion of these shares have not yet been allocated to Selected Participants and 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; 2010 1,1 million) Sasol preferred ordinary shares were issued to the facilitation trust.

The Selected Participants contributed equity between 5% to 10% of the value of their underlying Sasol preferred ordinary shares allocation, with the balance of the contribution funded through preference share debt (refer note 17), including preference shares subscribed for by Sasol.

The fair value of the equity settled share-based payment expense relating to the share rights issued to the Selected Participants is calculated at grant date and is expensed immediately as all vesting conditions had been met at that date.

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 ten 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. 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 of Sasol's total issued share capital.

***iv Black Public Invitations***

The Sasol Inzalo Black Public Invitations aimed to provide as many black people (Black Public) as possible with an opportunity to acquire shares in Sasol. The Black Public owns 3% of Sasol's issued share capital, through their participation in the Funded and Cash Invitations described below.

The Black Public Invitations closed on 9 July 2008 and were included in the results for 2009. On 8 September 2008, the Black Public indirectly subscribed for 16 085 199 Sasol preferred ordinary shares and directly for 2 838 565 Sasol BEE ordinary shares.

The fair value of the equity settled share-based payment expense relating to the share rights issued to the Black Public calculated at grant date is expensed immediately as all vesting conditions would have been met at that date. At 30 June 2012, 56 250 (2011 56 447; 2010 56 452) Sasol preferred ordinary shares and 17 440 (2011 17 395; 2010 17 405) Sasol BEE ordinary shares were issued to a facilitation trust funded by Sasol.

***Funded Invitation***

The members of the Black Public participating in the Funded Invitation through a funding company, which is consolidated as part of the Sasol group, subscribed for 16,1 million Sasol preferred ordinary shares. The Black Public contributed equity between 5% to 10% of their underlying Sasol preferred ordinary shares allocation, with the balance of the contribution being funded through preference share debt, (refer note 17), including preference shares subscribed for by Sasol.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**46 Share-based payments (Continued)**

Participants in the Funded Invitation may not dispose of their shares for the first three years after inception. Thereafter, for the remainder of the transaction term, trading in the shares will be 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.

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's issued share capital, from the commencement of the fourth year of the transaction term of ten 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. 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 has, from inception, full voting and economic rights with regard to its interest in Sasol's issued share capital.

***Cash Invitation***

The Cash Invitation allowed members of the Black Public to invest directly in Sasol BEE ordinary shares. As at 30 June 2012, the Black Public held 2,8 million (2011 2,8 million; 2010 2,8 million) Sasol BEE ordinary shares. Participants in the Cash Invitation receive dividends per share simultaneously with, and equal to, Sasol ordinary shareholders. In addition, they are entitled to exercise full voting rights attached to their Sasol BEE ordinary shares.

The Sasol BEE ordinary shares could not be traded for the first two years of the transaction term of ten 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's main board. This trading facility provides many Sasol Inzalo shareholders access to a regulated

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****46 Share-based payments (Continued)**

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.

	Total	i) Employee and Management Trusts	ii) Sasol Inzalo Foundation	iii) Selected Participants	iv) Black Public Invitations
<b>at 30 June 2012</b>					
Shares and share rights granted	60 977 868	24 278 102	9 461 882	8 387 977	18 849 907
Shares and share rights available for allocation	2 101 346	953 584		1 073 905	73 857
	63 079 214	25 231 686	9 461 882	9 461 882	18 923 764
<b><i>Vesting periods of shares and share rights granted</i></b>					
Already vested	46 411 008	9 711 242	9 461 882	8 387 977	18 849 907
Within three years	7 283 430	7 283 430			
Three to five years	7 283 430	7 283 430			
Five to ten years					
	60 977 868	24 278 102	9 461 882	8 387 977	18 849 907
<b>at 30 June 2011</b>					
Shares and share rights granted	61 391 292	24 691 526	9 461 882	8 387 977	18 849 907
Shares and share rights available for allocation	1 687 922	540 160		1 073 905	73 857
	63 079 214	25 231 686	9 461 882	9 461 882	18 923 764
<b><i>Vesting periods of shares and share rights granted</i></b>					
Already vested	36 699 766		9 461 882	8 387 977	18 849 907
Within three years	7 407 458	7 407 458			
Three to five years	4 938 305	4 938 305			
Five to ten years	12 345 763	12 345 763			

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61 391 292 24 691 526 9 461 882 8 387 977 18 849 907

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****46 Share-based payments (Continued)**

	Total	i) Employee and Management Trusts	ii) Sasol Inzalo Foundation	iii) Selected Participants	iv) Black Public Invitations
<b>at 30 June 2010</b>					
Shares and share rights granted	61 211 846	24 512 080	9 461 882	8 387 977	18 849 907
Shares and share rights available for allocation	1 867 368	719 606		1 073 905	73 857
	63 079 214	25 231 686	9 461 882	9 461 882	18 923 764
<b>Vesting periods of shares and share rights granted</b>					
Already vested	36 699 766		9 461 882	8 387 977	18 849 907
Within three years	7 353 624	7 353 624			
Three to five years	4 902 416	4 902 416			
Five to ten years	12 256 040	12 256 040			
	61 211 846	24 512 080	9 461 882	8 387 977	18 849 907

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 and Management Trusts 2012	Selected Participants 2012	Black Public Invitation Funded 2012	Black Public Invitation Cash 2012
Valuation model	Monte Carlo	Black-Scholes	Black-Scholes	*
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 and Management Trusts 2011	Selected Participants 2011	Black Public Invitation Funded 2011	Black Public Invitation Cash 2011
Valuation model	Monte Carlo	Black-Scholes	Black-Scholes	*

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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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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****46 Share-based payments (Continued)**

	<b>Employee and Management Trusts 2010</b>	<b>Selected Participants 2010</b>	<b>Black Public Invitation Funded 2010</b>	<b>Black Public Invitation Cash 2010</b>
Valuation model	Monte Carlo	Black-Scholes	Black-Scholes	*
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 ordinary share price.

The expected dividend yield of the share rights granted is determined using the historical dividend yield of the Sasol ordinary shares.

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

**46 Share-based payments (Continued)**

The valuation of the share-based payment expense requires a significant degree of judgement to be applied by management.

	Number of shares/ share rights	Weighted average value	Aggregate intrinsic value	Weighted average remaining life
		Rand	Rm	years
<b><i>Movements in the number of shares and share rights granted</i></b>				
<b>i) Sasol Inzalo Employee and Management Trusts</b>				
Balance at 30 June 2009	21 633 050	366,00	(2 309)	9,0
Shares and share rights granted	2 921 059	366,00	(267)	
Shares and share rights forfeited	(42 029)		(12)	
Balance at 30 June 2010	24 512 080	366,00	(2 588)	8,0
Shares and share rights granted	878 312	366,00	(9)	
Shares and share rights forfeited	(698 866)		(249)	
Balance at 30 June 2011	<b>24 691 526</b>	<b>366,00</b>	<b>(2 846)</b>	<b>7,0</b>
Shares and share rights granted	<b>1 053 634</b>	<b>366,00</b>	<b>(44)</b>	
Shares and share rights forfeited	<b>(1 467 058)</b>		<b>(476)</b>	
<b>Balance at 30 June 2012</b>	<b>24 278 102</b>	<b>366,00</b>	<b>(3 366)</b>	<b>6,0</b>
<b>ii) Sasol Inzalo Foundation</b>				
Balance at 30 June 2009	9 461 882	366,00	(865)	9,0
Shares and share rights granted				
Balance at 30 June 2010	9 461 882	366,00	(865)	8,0
Shares and share rights granted and forfeited				
Balance at 30 June 2011	<b>9 461 882</b>	<b>366,00</b>	<b>(865)</b>	<b>7,0</b>
Shares and share rights granted and forfeited				
<b>Balance at 30 June 2012</b>	<b>9 461 882</b>	<b>366,00</b>	<b>(865)</b>	<b>6,0</b>
<b>iii) Selected Participants</b>				
Balance at 30 June 2009	8 387 977	366,00	(767)	9,0
Shares and share rights granted				
Balance at 30 June 2010	8 387 977	366,00	(767)	8,0
Shares and share rights granted and forfeited				
Balance at 30 June 2011	<b>8 387 977</b>	<b>366,00</b>	<b>(767)</b>	<b>7,0</b>
<b>Shares and share rights granted and forfeited</b>				
<b>Balance at 30 June 2012</b>	<b>8 387 977</b>	<b>366,00</b>	<b>(767)</b>	<b>6,0</b>

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<b>iv) Black Public Invitations</b>				
Balance at 30 June 2009	18 850 413	366,00	(1 723)	9,0
Shares and share rights granted				
Shares and share rights forfeited	(506)			
Balance at 30 June 2010	18 849 907	366,00	(1 723)	8,0
Shares and share rights granted and forfeited				
Balance at 30 June 2011	<b>18 849 907</b>	<b>366,00</b>	<b>(1 723)</b>	<b>7,0</b>
Shares and share rights granted and forfeited				
Balance at 30 June 2012	<b>18 849 907</b>	<b>366,00</b>	<b>(1 723)</b>	<b>6,0</b>

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****46 Share-based payments (Continued)**

	i) Employee and Management Trusts 2012	ii) Sasol Inzalo Foundation 2012	iii) Selected Participants 2012	iv) Black Public Invitations Funded 2012	iv) Black Public Invitations Cash 2012
	Rand	Rand	Rand	Rand	Rand
<b>at 30 June 2012</b>					
Average price at which shares/share rights were granted during year	366*				
Average fair value of shares/share rights issued during year	48,15				

	i) Employee and Management Trusts 2011	ii) Sasol Inzalo Foundation 2011	iii) Selected Participants 2011	iv) Black Public Invitations Funded 2011	iv) Black Public Invitations Cash 2011
	Rand	Rand	Rand	Rand	Rand
<b>at 30 June 2011</b>					
Average price at which shares/share rights were granted during year	366*				
Average fair value of shares/share rights issued during year	66,13				

	i) Employee and Management Trusts 2010	ii) Sasol Inzalo Foundation 2010	iii) Selected Participants 2010	iv) Black Public Invitations Funded 2010	iv) Black Public Invitations Cash 2010
	Rand	Rand	Rand	Rand	Rand
<b>at 30 June 2010</b>					
Average price at which shares/share rights were granted during year	366*				
Average fair value of rights issued during year	71,89				

\*

Underlying value at 60 day volume weighted average price on 18 March 2008, although the shares were issued at a nominal value of R0,01 per share.

#### **46.3 The Ixia Coal transaction**

On 29 September 2010, the remaining conditions precedent for the conclusion of the Ixia Coal transaction were met, which resulted in the Ixia Coal transaction becoming effective. The Ixia Coal transaction is a broad-based Black Economic Empowerment (BEE) transaction, in line with Sasol Mining's empowerment strategy and its commitment to comply with the objectives of the Mineral and Petroleum Resources Development Act in South Africa as well as the Mining Charter. The primary focus of the Ixia Coal transaction was to establish a black women controlled operational mining company with operating capacity, operating assets and growth assets, through a joint venture in which

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****46 Share-based payments (Continued)**

disadvantaged rural black women who originate from South African provinces, where Sasol Mining has operations or coal reserves, could participate.

The members of Ixia Coal (Pty) Ltd. (Ixia Coal), 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 shareholding of 51% and 49% in Ixia Coal. The balance of the contribution was funded through preference share debt (refer note 17), including preference shares subscribed for by Sasol, issued by the funding company.

The parties are entitled to receive a dividend 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. The transaction results in WipCoal owning effectively 10,2% of the equity in Sasol Mining.

The fair value of the equity settled share-based payment expenses relating to the Ixia Coal transaction was calculated at grant date and was expensed immediately as all vesting conditions had been met at that date.

	Value of the transaction 2011	Share based payment expense recognised 2011
	Rm	Rm
The Ixia Coal transaction	1 484	565

The share-based payment expense was calculated using an option pricing model reflective of the underlying characteristics of the transaction. It is calculated using the following assumptions at grant date:

	2011
Valuation model	Monte Carlo*
Risk-free interest rate (%)	7,21
Expected volatility (%)	31,98

\*

As Sasol Mining is not publicly traded, the fair values were calculated using the Monte Carlo simulation model.

The risk-free rate for periods within the contractual term of the transaction is based on the South African money market rates and swap rates in effect at the time of the valuation of the transaction. As Sasol Mining is not publicly traded, the expected volatility of Sasol Mining over the period of the transaction was determined using the historical daily share price of a similar company listed on the JSE.

The valuation of the share-based payment expense requires a significant degree of judgement to be applied by management.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**46 Share-based payments (Continued)**

**46.4 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 are similar to that of the Sasol Share Incentive Scheme. The Share Appreciation Rights Scheme allows certain senior employees to earn a long-term incentive amount calculated with reference to the increase in the Sasol ordinary share price between the offer date of share appreciation rights to vesting and exercise of such rights. With effect from September 2009, certain qualifying senior management receive only share appreciation rights that contain corporate performance targets (refer 46.4.2). These qualifying employees will retain the share appreciation rights with no corporate performance targets that have been granted to them previously .

**46.4.1 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 Sasol Limited share price between the offer date of share appreciation rights to 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  
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 liability 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 twelve months to exercise these rights

It is group policy that employees should not deal in Sasol Limited securities (and this is extended to the Sasol Share Appreciation Rights) for the periods from 1 January for half year end and 1 July for

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****46 Share-based payments (Continued)**

year end until 2 days after publication of the results and at any other time during which they have access to price sensitive information.

**Number of share appreciation rights**

	2012	2011	2010
<b><i>Vesting periods of rights granted</i></b>			
Already vested	<b>3 881 300</b>	2 614 300	1 202 600
Within one year	<b>1 611 700</b>	1 850 000	1 740 500
One to two years	<b>1 736 200</b>	1 676 200	1 917 600
Two to three years	<b>1 356 100</b>	1 843 600	1 728 200
Three to four years	<b>916 100</b>	1 421 500	1 927 500
Four to five years	<b>67 100</b>	943 000	1 425 700
More than five years		67 100	984 800
	<b>9 568 500</b>	10 415 700	10 926 900

	Number of share appreciation rights	Weighted average share price
	Rand	
<b><i>Movements in the number of rights granted</i></b>		
Balance at 30 June 2009	8 193 300	287,24
Rights granted	3 044 200	296,54
Rights exercised	(40 700)	(268,68)
Rights forfeited	(900)	(299,90)
Rights lapsed	(269 000)	(324,81)
Balance at 30 June 2010	10 926 900	288,97
Rights granted	208 100	298,65
Rights exercised	(384 900)	(367,92)
Rights forfeited	(334 400)	(311,06)
Balance at 30 June 2011	<b>10 415 700</b>	<b>285,54</b>
Rights granted		
Rights exercised	<b>(815 200)</b>	<b>(380,22)</b>
Rights forfeited	<b>(32 000)</b>	<b>(225,04)</b>
Rights lapsed		
<b>Balance at 30 June 2012</b>	<b>9 568 500</b>	<b>277,68</b>



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	2012	2011	2010
	Rand	Rand	Rand
Average price at which share appreciation rights were granted during year		298,65	296,54
Average market price of share appreciation rights traded during year	<b>380,22</b>	367,92	303,37
Average fair value of share appreciation rights vested during year	<b>66,52</b>	90,89	47,23
Average fair value of share appreciation rights issued during year		121,63	75,20

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 46 Share-based payments (Continued)

	2012	2011	2010
	Rm	Rm	Rm
Average intrinsic value of share appreciation rights exercised during year	66	31	1
Total intrinsic value of share appreciation rights vested	143	127	67
Share-based payment expense recognised*	(52)	332	51

\*

The 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; 2010 R327 million).

	2012	2011	2010
<i>The share-based payment expense is calculated using the binomial tree model based on the following assumptions at 30 June</i>			
Risk free interest rate (%)	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	2,4,6 years	2,4,6 years	2,4,6 years

The risk-free rate for periods within the contractual term of the rights is based on the South African government bonds in effect at the time of the valuation of the grant.

The expected volatility in the value of the rights granted is determined using the historical volatility of the Sasol 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 the share-based payment expense requires a significant degree of judgement to be applied by management.

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 46 Share-based payments (Continued)

## Range of exercise prices

	Number of share appreciation rights	Weighted average price per right	Aggregate intrinsic value	Weighted average remaining life
		Rand	Rm	years
<i>Details of unimplemented rights granted up to 30 June 2012</i>				
R210,01 R240,00	232 000	222,50	28	3,68
R240,01 R270,00	1 186 800	257,24	101	5,17
R270,01 R300,00	4 849 400	294,75	232	5,69
R300,01 R330,00	73 600	327,20	1	4,28
R330,01 R360,00	2 621 700	351,02		5,13
R390,01 R420,00	234 000	407,50		4,70
R420,01 R450,00	187 900	444,00		4,82
R450,01 R480,00	148 200	475,10		4,93
R480,01 R510,00	34 900	496,75		4,90
	<b>9 568 500</b>	<b>313,23</b>	<b>362</b>	
<i>Details of unimplemented rights vested at 30 June 2012</i>				
R210,01 R240,00	141 400	222,50	17	
R240,01 R270,00	396 200	257,36	34	
R270,01 R300,00	1 902 600	294,64	91	
R300,01 R330,00	42 000	327,20	1	
R330,01 R360,00	997 000	350,30		
R390,01 R420,00	156 700	407,50		
R420,01 R450,00	122 800	444,00		
R450,01 R480,00	99 800	475,10		
R480,01 R510,00	22 800	496,75		
	<b>3 881 300</b>	<b>317,97</b>	<b>143</b>	

## 46.4.2 Share Appreciation Rights with corporate performance targets

During September 2009, the group introduced the Sasol Medium-term Incentive Scheme (refer note 46.5). Senior management, who participate in the Sasol Medium-term Incentive Scheme also receive share appreciation rights that contain corporate performance targets. The corporate performance targets are share price performance versus the JSE all share index, Sasol earnings growth and Sasol production volumes growth. The corporate performance targets determine how many shares will vest. Qualifying employees will 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.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****46 Share-based payments (Continued)**

Rights are granted for a period of nine years and vest as follows:

2 years 1st third  
4 years 2nd third  
6 years final third

The vesting period of these rights are the same as the share appreciation rights with no corporate performance targets.

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 liability 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 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 twelve months to exercise these rights

It is group policy that employees should not deal in Sasol Limited securities (and this is extended to the Sasol Share Appreciation Rights) for the periods from 1 January for half year end and 1 July for year end until 2 days after publication of the results and at any other time during which they have access to price sensitive information.

	<b>Number of share appreciation rights</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b><i>Vesting periods of rights granted</i></b>			
Already vested	<b>210 000</b>	89 900	
Within one year	<b>1 790 000</b>	140 900	
One to two years	<b>1 652 100</b>	1 878 400	157 600
Two to three years	<b>1 788 500</b>	140 900	
Three to four years	<b>1 648 900</b>	1 878 400	157 600
Four to five years	<b>1 669 400</b>	137 300	
More than five years	<b>2 297 500</b>	1 754 800	157 600
	<b>11 056 400</b>	6 020 600	472 800

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 46 Share-based payments (Continued)

	Number of share appreciation rights	Weighted average share price
	Rand	
<i>Movements in the number of rights granted</i>		
Balance at 30 June 2010	472 800	296,49
Rights granted	5 687 600	312,92
Rights exercised	(5 200)	(340,98)
Rights forfeited	(107 200)	(298,04)
Rights lapsed	(27 400)	(279,48)
Balance at 30 June 2011	6 020 600	325,77
Rights granted	<b>5 425 700</b>	<b>342,27</b>
Rights exercised	<b>(256 300)</b>	<b>(387,30)</b>
Rights forfeited	<b>(123 100)</b>	<b>(322,86)</b>
Rights lapsed	<b>(10 500)</b>	<b>(331,45)</b>
<b>Balance at 30 June 2012</b>	<b>11 056 400</b>	<b>332,47</b>

for the year ended 30 June	2012	2011	2010
	Rand	Rand	Rand
Average price at which share appreciation rights were granted during year	<b>342,27</b>	312,92	296,49
Average market price of share appreciation rights traded during year	<b>387,30</b>	340,98	
Average fair value of share appreciation rights vested during year	<b>49,86</b>	104,79	51,91
Average fair value of share appreciation rights issued during year	<b>61,00</b>	127,28	68,47

for the year ended 30 June	2012	2011	2010
	Rm	Rm	Rm
Average intrinsic value of share appreciation rights exercised during year	<b>22</b>		
Total intrinsic value of share appreciation rights vested	<b>8</b>	5	
Share-based payment expense recognised*	<b>134</b>	163	6

\*

The 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; 2010 R25 million).

2012                      2011                      2010

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*The share-based payment expense is calculated using the binomial tree model based on the following assumptions at 30 June:*

Risk free interest rate (%)	<b>6,09</b>	<b>7,15</b>	7,56	8,15	7,87	8,22
Expected volatility (%)	<b>24,13</b>		25,58		28,69	
Expected dividend yield (%)	<b>5,11</b>		3,22		3,35	
Expected forfeiture rate (%)	<b>5,00</b>		5,00		5,00	
Vesting period	<b>2,4,6</b>	<b>years</b>	2,4,6	years	2,4,6	years

The risk-free rate for periods within the contractual term of the rights is based on the South African government bonds in effect at the time of the valuation of the grant.

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****46 Share-based payments (Continued)**

The expected volatility in the value of the rights granted is determined using the historical volatility of the Sasol 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 the share-based payment expense requires a significant degree of judgement to be applied by management.

**Range of exercise prices**

	Number of share appreciation rights	Weighted average price per right	Aggregate intrinsic value	Weighted average remaining life
		Rand	Rm	years
<i>Details of unimplemented rights granted up to 30 June 2012</i>				
R270,01 R300,00	4 084 400	298,44	180	7,12
R300,01 R330,00	445 100	322,60	9	7,40
R330,01 R360,00	5 027 000	336,76	29	8,17
R360,01 R390,00	1 499 900	373,46		8,41
	11 056 400	327,01	218	
<i>Details of unimplemented rights vested at 30 June 2012</i>				
R270,01 R300,00	170 200	296,94	8	
R300,01 R330,00	11 400	322,60		
R330,01 R360,00	28 400	334,53		
	210 000	303,42	8	

**46.5 The Sasol Medium-term Incentive Scheme**

During September 2009, the group introduced the Sasol Medium-term Incentive Scheme (MTI). The objective of the MTI Scheme is to provide qualifying employees which participate in the Share Appreciation Rights Scheme with corporate performance targets (refer note 46.4.2) the opportunity of receiving incentive payments based on the value of Sasol ordinary shares in Sasol Limited. The MTI Scheme allows certain senior employees to earn a medium-term incentive amount in addition to the Share Appreciation Rights Scheme, which is linked to certain corporate performance targets. These corporate performance targets are based on the share price performance versus the JSE all share 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. The MTI is also intended to complement existing incentive arrangements, to retain and motivate key employees and to attract new key employees.

**Vesting conditions**

Rights are granted for a period of three years and vest at the end of the third year. The MTIs are automatically encashed at the end of the third year.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****46 Share-based payments (Continued)**

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 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.

No shares are issued in 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 liability is calculated at each reporting date.

	Number of rights		
	2012	2011	2010
<b><i>Vesting periods of rights granted</i></b>			
Already vested			
Within one year	<b>82 511</b>		
One to two years	<b>1 152 037</b>	90 779	
Two to three years	<b>1 186 578</b>	1 227 032	
Three to four years			105 626
More than four years			
	<b>2 421 126</b>	1 317 811	105 626

	Number of rights
<b><i>Movements in the number of rights granted</i></b>	
Rights granted	105 626
Balance at 30 June 2010	105 626
Rights granted	1 272 855
Rights exercised	(21 748)
Rights forfeited	(21 912)
Rights lapsed	(17 010)
Balance at 30 June 2011	1 317 811
Rights granted	<b>1 220 755</b>
Rights exercised	(77 048)
Rights forfeited	(28 571)
Rights lapsed	(11 821)
<b>Balance at 30 June 2012</b>	<b>2 421 126</b>

	2012	2011	2010
	Rand	Rand	Rand
Average price at which MTIs were granted during year			
Average fair value of MTIs issued during year	<b>250,51</b>	380,18	202,57



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Average intrinsic value of MTIs exercised during the year	<b>354,99</b>	357,39
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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****46 Share-based payments (Continued)**

	2012	2011	2011
	Rm	Rm	Rm
Total intrinsic value of MTIs vested	27	7	
Share-based payment expense recognised*	124	148	6

\*

The unrecognised share-based payment expense related to 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; 2010 R20 million).

	2012	2011	2011
<i>The share-based payment expense is calculated using the Monte Carlo simulation model based on the following assumptions at 30 June</i>			
Risk free interest rate (%)	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	3 years	3 years	3 years

The risk-free rate for periods within the contractual term of the rights is based on the South African government bonds in effect at the time of the valuation of the grant.

The expected volatility in the value of the rights granted is determined using the historical volatility of the Sasol 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 the share-based payment expense requires a significant degree of judgement to be applied by management.

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 47 Foreign currency translation reserve

	Note	2012	2011	2010
		Rm	Rm	Rm
<i>Translation of foreign operations</i>				
Property, plant and equipment		1 899	(1 372)	(652)
cost	2	4 500	(1 939)	(2 873)
accumulated depreciation	2	(2 601)	567	2 221
Assets under construction	3	850	(72)	(84)
Goodwill	4	40	9	(67)
Intangible assets		48	(8)	(69)
cost	5	113	4	(173)
accumulated amortisation	5	(65)	(12)	104
Investments in securities	6	10	8	(25)
Investments in associates		676	(365)	(9)
Long-term receivables		63	10	(51)
Assets held for sale		6	(1)	(5)
Inventories		903	(130)	(521)
Trade receivables		888	(192)	(609)
Other receivables and prepaid expenses		(1)	(29)	(30)
Short-term financial assets				(1)
Cash and cash equivalents		649	(421)	(124)
Non-controlling interest		(11)	5	
Long-term debt	17	(106)	386	55
Long-term provisions	19	(190)	38	131
Long-term financial liabilities				1
Post-retirement benefit obligations		(143)	(145)	263
Long-term deferred income		(23)	17	40
Deferred tax	22	(173)	74	52
Liabilities in disposal groups held for sale				2
Short-term debt	23	(17)	52	5
Short-term financial liabilities		(1)	2	4
Short-term provisions	25	(36)	4	40
Tax payable	27	(18)	21	21
Trade payables and accrued expenses		(673)	68	355
Other payables		(378)	(137)	1 037
		4 262	(2 178)	(241)
Arising from net investment in foreign operations		(211)	153	(601)
Movement for year		4 051	(2 025)	(842)
Realisation of foreign currency translation reserve	33		2	
Disposal of businesses	56		(4)	
Balance at beginning of year		(1 914)	113	955
<b>Balance at end of year</b>		<b>2 137</b>	<b>(1 914)</b>	<b>113</b>

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 47 Foreign currency translation reserve (Continued)

	2012	2011	2010
	Rm	Rm	Rm
<b>Business segmentation</b>			
South African energy cluster	16	(4)	(3)
<i>Oil</i>	16	(4)	(3)
International energy cluster	695	(2 377)	(1 050)
<i>Synfuels International</i>	(452)	(2 081)	(1 070)
<i>Petroleum International</i>	1 147	(296)	20
Chemical cluster	966	218	1 094
<i>Polymers</i>	(658)	(516)	105
<i>Solvents</i>	783	605	554
<i>Olefins &amp; Surfactants</i>	389	(329)	(213)
<i>Other chemicals Wax</i>	1 058	982	986
<i>Other chemical businesses</i>	(606)	(524)	(338)
Other businesses	460	249	72
<i>Financing</i>	420	209	38
<i>Other businesses</i>	40	40	34
<b>Total operations</b>	<b>2 137</b>	<b>(1 914)</b>	<b>113</b>

## 48 Share repurchase programme

	Number of shares		
	2012	2011	2010
Held by the wholly owned subsidiary, Sasol Investment Company (Pty) Ltd.			
Balance at beginning of year	8 809 886	8 809 886	8 809 886
Shares cancelled			
Shares repurchased			
<b>Balance at end of year</b>	<b>8 809 886</b>	<b>8 809 886</b>	<b>8 809 886</b>
Percentage of issued share capital (excluding Sasol Inzalo share transaction)	1,44%	1,45%	1,46%

for the year ended 30 June	2012	2011	2010
	Rand	Rand	Rand
Average cumulative purchase price	299,77	299,77	299,77

Average purchase price during year

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 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



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****48 Share repurchase programme (Continued)**

rights. Since the inception of the programme in 2007, 40 309 886 Sasol ordinary shares, representing 6,39% of the issued share capital of the company, excluding the Sasol Inzalo share transaction, had been repurchased for R12,1 billion at a cumulative average price of R299,77 per share. 31 500 000 Sasol ordinary shares of the repurchased shares were cancelled on 4 December 2008, for a total value of R7,9 billion, and restored to authorised share capital.

At the company's annual general meeting on 27 November 2009, shareholders renewed the directors' authority to repurchase up to 4% of the issued ordinary shares of the company subject to the provisions of the South African Companies Act and the requirements of the JSE Limited. No purchases have been made under this authority. At the annual general meeting held on 26 November 2010, shareholders granted the authority to the Sasol directors to repurchase up to 10% of Sasol's issued share capital (excluding the preferred ordinary and Sasol BEE ordinary shares). No purchases have been made under this authority. 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 for a further maximum of 15 months. No shares were repurchased during the year.

**Liquidity and capital resources**

	Note	2012	2011	2010
		Rm	Rm	Rm
<b>Cash generated by operating activities</b>	49	<b>47 901</b>	38 639	27 338
<b>Cash flow from operations</b>	50	<b>50 172</b>	41 018	30 762
<b>Increase in working capital</b>	51	<b>(2 271)</b>	(2 379)	(3 424)
<b>Finance income received</b>	52	<b>1 149</b>	1 380	1 372
<b>Dividends paid</b>	53	<b>(9 600)</b>	(6 614)	(5 360)
<b>Non-current assets sold</b>	54	<b>257</b>	168	208
<b>Acquisitions</b>	55	<b>(24)</b>	3 823	
<b>Disposals</b>	56	<b>713</b>	22	

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****49 Cash generated by operating activities**

	Note	2012	2011	2010
		Rm	Rm	Rm
Cash flow from operations	50	<b>50 172</b>	41 018	30 762
Increase in working capital	51	<b>(2 271)</b>	(2 379)	(3 424)
		<b>47 901</b>	38 639	27 338

**50 Cash flow from operations**

	Note	2012	2011	2010
		Rm	Rm	Rm
Operating profit		<b>36 758</b>	29 950	23 937
Adjusted for				
amortisation of intangible assets	34	<b>229</b>	235	203
equity settled share-based payment expense	46	<b>485</b>	1 428	880
deferred income		<b>(214)</b>	719	(387)
depreciation of property, plant and equipment	34	<b>9 422</b>	7 165	6 509
effect of remeasurement items	42	<b>1 860</b>	426	(46)
movement in impairment of trade receivables		<b>47</b>	137	70
movement in long-term prepaid expenses		<b>(45)</b>	15	(61)
movement in long-term provisions				
income statement charge	19	<b>1 279</b>	1 230	1 173
utilisation	19	<b>(493)</b>	(486)	(904)
movement in short-term provisions		<b>508</b>	(163)	(274)
movement in post-retirement benefit				
assets		<b>(18)</b>	(74)	(76)
obligations		<b>355</b>	414	319
translation effect of foreign currency loans		<b>(458)</b>	(145)	(94)
translation of net investment in foreign operations		<b>211</b>	153	(601)
write-down of inventories to net realisable value	34	<b>331</b>	112	118
other non cash movements		<b>(85)</b>	(98)	(4)
		<b>50 172</b>	41 018	30 762

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****50 Cash flow from operations (Continued)**

	2012	2011	2010
	Rm	Rm	Rm
<b>Business segmentation</b>			
South African energy cluster	<b>34 811</b>	26 015	22 166
<i>Mining</i>	<b>3 328</b>	2 616	1 727
<i>Gas</i>	<b>3 257</b>	2 875	2 793
<i>Synfuels</i>	<b>25 865</b>	17 691	15 754
<i>Oil</i>	<b>2 363</b>	2 895	1 917
<i>Other</i>	<b>(2)</b>	(62)	(25)
International energy cluster	<b>4 165</b>	2 840	515
<i>Synfuels International</i>	<b>2 515</b>	1 681	(349)
<i>Petroleum International</i>	<b>1 650</b>	1 159	864
Chemical cluster	<b>8 977</b>	11 607	7 937
<i>Polymers</i>	<b>1 384</b>	2 766	2 056
<i>Solvents</i>	<b>1 820</b>	2 429	1 894
<i>Olefins &amp; Surfactants</i>	<b>3 816</b>	4 446	2 746
<i>Other chemical businesses</i>	<b>1 957</b>	1 966	1 241
Other businesses	<b>2 219</b>	556	144
<b>Total operations</b>	<b>50 172</b>	41 018	30 762

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 51 Increase in working capital

	Note	2012	2011	2010
		Rm	Rm	Rm
<b><i>Increase in inventories</i></b>				
Per the statement of financial position		(2 156)	(2 040)	(1 883)
Write-down of inventories to net realisable value		(331)	(112)	(118)
Transfer (to)/ from other assets		3	(2)	13
Reclassification from / (to) held for sale		13	(14)	
Disposal of businesses		(124)		
Translation of foreign operations	47	903	(130)	(521)
Translation of foreign entities		203	(153)	
		<b>(1 489)</b>	<b>(2 451)</b>	<b>(2 509)</b>
<b><i>Increase in trade receivables</i></b>				
Per the statement of financial position		(1 531)	(3 004)	(3 448)
Movement in impairment		(47)	(137)	(70)
Transfer to other assets		2		
Disposal of businesses		(72)		
Translation of foreign operations	47	888	(192)	(609)
Translation of foreign entities		248	(148)	
		<b>(512)</b>	<b>(3 481)</b>	<b>(4 127)</b>
<b><i>(Increase) / decrease in other receivables and prepaid expenses</i></b>				
Per the statement of financial position		(1 318)	(80)	447
Movement in short-term portion of long-term receivables		54	(145)	(243)
Transfer from other assets		857		
Disposal of businesses		(2)		
Effect of cash flow hedging			1	
Translation of foreign operations	47	(1)	(29)	(30)
Translation of foreign entities		40	(17)	
		<b>(370)</b>	<b>(270)</b>	<b>174</b>
<b><i>Increase in trade payables and accrued expenses</i></b>				
Per the statement of financial position		841	3 383	414
Disposal of businesses		1		
Translation of foreign operations	47	(673)	68	355
Translation of foreign entities		(80)	80	
		<b>89</b>	<b>3 531</b>	<b>769</b>
<b><i>Increase in other payables</i></b>				
Per the statement of financial position		1 112	190	747
Disposal of businesses		2		
Reclassification to short-term provisions		(5)		
Reclassification to long-term provisions				54

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Effect of cash flow hedging			(2)	(18)
Translation of foreign operations	47	(378)	(137)	1 037
Translation of foreign entities		(99)	309	
		<b>632</b>	360	1 820

*Movement in financial assets and liabilities*

Long-term financial assets		(173)	(19)	13
Short-term financial assets		(402)	29	459
Long-term financial liabilities		(60)	36	(54)
Short-term financial liabilities		14	(114)	31
		<b>(621)</b>	(68)	449

*Increase in working capital* (2 271) (2 379) (3 424)

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 52 Finance income received

	Note	2012	2011	2010
		Rm	Rm	Rm
Interest received	38	766	943	1 288
Dividends received from investments	38	22	40	31
Dividends received from associates	7	361	397	53
		1 149	1 380	1 372

## 53 Dividends paid

Final dividend prior year	(6 089)	(4 713)	(3 653)
Interim dividend current year	(3 511)	(1 901)	(1 707)
	(9 600)	(6 614)	(5 360)
Forecast cash flow on final dividend current year	7 239	6 053	4 682
Forecast STC charge on final dividend current year		589	452

The forecast cash flow on the final dividend is calculated based on the net number of Sasol ordinary shares in issue at 30 June 2012 of 644,8 million. The actual dividend payment will be determined on the record date of 12 October 2012.

## 54 Non-current assets sold

	2012	2011	2010
	Rm	Rm	Rm
Property, plant and equipment	190	42	49
Assets under construction	4	27	7
Other intangible assets	63	99	152
	257	168	208

## 55 Acquisitions

	Note	2012	2011	2010
		Rm	Rm	Rm
Property, plant and equipment	2		709	
Assets under construction	3	24	3 114	
<b>Total consideration per the statement of cash flows</b>		<b>24</b>	<b>3 823</b>	

*Comprising*

Sasol Synfuels International Uzbekistan GTL	24	
Sasol Petroleum International Canadian shale gas assets		3 823
<b>Total consideration</b>	<b>24</b>	<b>3 823</b>

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**55 Acquisitions (Continued)**

**Acquisitions in 2012**

During 2012, Sasol acquired an additional 11,2% interest in the Uzbekistan GTL project for a purchase consideration of R24 million, thereby increasing Sasol's participating interest in this project to 44,5%.

**Acquisitions in 2011**

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 assets, 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 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.

**Acquisitions in 2010**

There were no acquisitions during 2010.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****56 Disposals**

	Note	2012	2011	2010
		Rm	Rm	Rm
Property, plant and equipment cost		314	18	517
accumulated depreciation		(178)	(8)	(516)
Investments in securities		2		
Investments in associates		29		
Long-term receivables and prepaid expenses		5		
Assets held for sale		37		66
Inventories		99		
Trade receivables		72		
Other receivables and prepaid expenses		2		
Long-term provisions		(4)		(9)
Post-retirement benefit obligations		(22)		
Short-term provisions		(1)		
Trade payables and accrued expenses		(1)		
Other payables		(2)		
Liabilities in disposal groups held for sale				(60)
Tax payable	27		1	
		352	11	(2)
Total consideration		713	22	
		361	11	2
Realisation of accumulated translation effects			4	
Profit on disposal	42	361	15	2
<b>Total consideration comprising</b>				
Petroleum International Exploration assets		96		
Olefins & Surfactants Witten plant		550		
Sasol Nitro Fertiliser businesses		31	16	
Sasol Wax Paramelt RMC BV		7	6	7
Other businesses Thin Film Solar Technology		29		
Other				(7)
<b>Total consideration</b>		713	22	

**Disposals in 2012***Petroleum International Exploration licences*

In 2012, Sasol Petroleum International (SPI) disposed of 10% of its equity interest in an exploration asset in Papua New Guinea for a total consideration of R60 million. In addition, in 2010, SPI entered into negotiations with buyers interested in acquiring exploration assets in Nigeria. The sale of these assets were concluded in 2012 for a total consideration of R36 million.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**56 Disposals (Continued)**

*Olefins & Surfactants Witten plant*

During 2012, as part of the Sasol Olefins & Surfactants (O&S), 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 Fertiliser businesses*

In July 2010, Sasol Nitro concluded a settlement agreement with the South African Competition Commission to dispose of the bulk blending and liquid fertiliser blending facilities in Durban, Bellville, Endicott and Kimberley. During 2012, the facilities in Durban, Bellville, Endicott and Kimberley were sold for a total consideration of R31 million.

*Sasol Wax Paramelt RMC BV*

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.

*Other businesses Thin Film Solar Technology*

During 2012, Sasol disposed of its 40% investment in Thin Film Solar Technology for a consideration of R29 million.

**Disposals in 2011**

On 5 July 2010, Sasol Nitro concluded a settlement agreement with the South African Competition Commission. In terms of this settlement, Sasol Nitro has restructured its fertiliser business. The settlement agreement included, amongst others, the divesting of the regional blending capacity. In March 2011, the sale of the Potchefstroom blending facility was concluded, resulting in a profit of R6 million.

In 2011, the group also disposed of other smaller investments realising a profit of R10 million.

**Disposals in 2010**

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.

In 2010, the group also disposed of other smaller investments realising a loss of R7 million.

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## Other disclosures

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## 57.1. Guarantees

	Note	Guarantees 2012	Liability included on statement of financial position 2012	Guarantees 2011	Liability included on statement of financial position 2011
		Rm	Rm	Rm	Rm
In respect of EGTL	i	4 010	1 921	3 344	1 496
In respect of GTL ventures	ii	1 950		1 576	
Other performance guarantees	iii	782	231	817	211
In respect of the shale gas ventures	iv	6 243		11 737	
In respect of natural oil and gas	v	2 160	1 660	2 479	2 299
In respect of letter of credit	vi	1 541		2 674	
In favour of BEE partners	vii	319	8	400	12
In respect of German propylene pipeline facility	viii	72		643	399
Guarantee in favour of Sasol Inzalo share transaction	ix	3 927	3 927	3 587	3 587
In respect of Natref debt	x	1 047	1 047	1 066	1 066
In respect of crude oil purchases	xi	980	980	813	813
In respect of development of retail convenience centres	xii	700	700	700	700
In respect of environmental obligations	xiii	756	711	554	362
Other guarantees and claims	xiv	812	9	605	
		<b>25 299</b>	<b>11 194</b>	<b>30 995</b>	<b>10 945</b>

i. Sasol Limited has issued the following significant guarantees for the obligations of its associate Escravos GTL in Nigeria, including inter alia:

A performance guarantee has been issued in respect of the construction of Escravos GTL for the duration of the investment in the associate to an amount of US\$250 million (R2 041 million).

A guarantee has been issued for Sasol's portion of its commitments in respect of the fiscal arrangements relating to the Escravos GTL project to an amount of US\$166 million





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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**57 Guarantees and contingent liabilities (Continued)**

(R1 353 million). An amount of R1 353 million has been recognised as a provision in this regard.

A provision has been recognised in respect of a performance guarantee related to the construction of Escravos GTL plant for an amount of US\$23 million (R188 million).

A guarantee has been issued in respect of the catalyst performance to an amount of €28 million (R289 million).

**ii.** Sasol Limited has issued the following significant guarantees for the obligations of various of its subsidiaries in respect of the GTL Ventures. These guarantees relate to the construction and funding of ORYX GTL Limited in Qatar, including inter alia:

A guarantee for the take-or-pay obligations of a wholly owned subsidiary has been issued under the gas sale and purchase agreement (GSPA) entered into between ORYX GTL Limited, Qatar Petroleum and ExxonMobil Middle East Gas Marketing Limited, by virtue of this subsidiary's 49% shareholding in ORYX GTL Limited. Sasol's exposure is limited to the amount of US\$179 million (R1 462 million). In terms of the GSPA, ORYX GTL Limited is contractually committed to purchase minimum volumes of gas from Qatar Petroleum and ExxonMobil Middle East Gas Marketing Limited on a take-or-pay basis. Should ORYX GTL terminate the GSPA prematurely, Sasol Limited's wholly owned subsidiary will be obliged to take or pay for its 49% share of the contracted gas requirements. The term of the GSPA is 25 years from the date of commencement of operations. The project was commissioned in April 2007.

Sasol Limited issued a performance guarantee for the obligations of its subsidiaries in respect of and for the duration of the investment in Sasol Chevron Holdings Limited, limited to an amount of US\$60 million (R490 million). Sasol Chevron Holdings Limited is a joint venture between a wholly owned subsidiary of Sasol Limited and Chevron Corporation.

All guarantees listed above are issued in the normal course of business.

**iii.** Various performance guarantees issued by subsidiaries. Provisions have been recognised in relation to certain performance guarantees that were issued as part of the licensing of Sasol's GTL technology and catalyst performance in respect of ORYX GTL. The events that gave rise to these provisions are not expected to have a material effect on the economics of the group's GTL ventures. Included are performance guarantees for the development of the coal blocks in India and a performance guarantee for the Uzbekistan GTL project.

**iv.** Guarantees of R6 243 million have been issued to Talisman Energy Inc, in respect of the development of the qualifying costs related to the Farrell Creek and Cypress A shale gas assets in Canada.

**v.** Guarantees have been issued to various financial institutions in respect of the obligations of its subsidiaries (Sasol Petroleum International (Pty) Ltd. (SPI) and Republic of Mozambique Pipeline Investment Company (Pty) Ltd. (Rompc)) for the natural gas project. The guarantee in respect of Rompc's obligations to the financial institutions has been reduced to 50% of the outstanding obligation upon selling a 25% interest each in Rompc to Companhia de Moçambicana de Gasoduto, S.A.R.L (CMG) and South African Gas Development Company (Pty) Ltd. (iGas). The

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**57 Guarantees and contingent liabilities (Continued)**

liability on the statement of financial position of R1 648 million represents the gross amount owing by SPI and Rompco to the financial institutions at 30 June 2012.

**vi.** Various guarantees issued in respect of letters of credit issued by subsidiaries.

**vii.** In terms of the sale of 25% in Sasol Oil (Pty) Ltd. to Tshwarisano LFB Investment (Pty) Ltd. (Tshwarisano), facilitation for the financing requirements of Tshwarisano has been provided. The undiscounted exposure at 30 June 2012 amounted to R319 million. A liability for this guarantee at 30 June 2012, amounting to R8 million, has been recognised.

**viii.** Guarantees issued to various financial institutions in respect of the German propylene pipeline facility.

**ix.** As part of the Sasol Inzalo share transaction, the C Preference shares issued by the Sasol Inzalo Groups Funding (Pty) Ltd. and Sasol Inzalo Public Funding (Pty) Ltd. to the financing institutions are secured against a guarantee of R3 927 million.

**x.** Guarantees issued in favour of various financial institutions in respect of the debt facilities of R1 047 million for the Natref crude oil refinery. The outstanding debt on the statement of financial position was R1 047 million at 30 June 2012.

**xi.** Sasol Limited issued a guarantee for Sasol Oil International Limited's (SOIL) term crude oil contract with Saudi Aramco to cover two month's crude oil commitments.

**xii.** Guarantees issued to various financial institutions in respect of debt facilities for the establishment of the retail convenience centre network of R700 million. The outstanding debt on the statement of financial position was R700 million at 30 June 2012.

**xiii.** Guarantees and sureties issued in respect of environmental obligations of R756 million.

**xiv.** Included in other guarantees are guarantees for customs and excise of R232 million and R341 million in respect of feedstock purchases.

**57.2 Product warranties**

The group provides product warranties with respect to certain products sold to customers in the ordinary course of business. These warranties typically provide that products sold will conform to specifications. The group generally does not establish a liability for product warranty based on a percentage of turnover or other formula. The group accrues a warranty liability on a transaction-specific basis depending on the individual facts and circumstances related to each sale. Both the liability and the annual expense related to product warranties are immaterial to the consolidated financial statements.

**57.3 Other contingencies**

**Subsidiaries**

Sasol Limited has guaranteed the fulfilment of various subsidiaries' obligations in terms of contractual agreements.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**57 Guarantees and contingent liabilities (Continued)**

The group has guaranteed the borrowing facilities and banking arrangements of certain of its subsidiaries. Further details of major banking facilities and debt arrangements at 30 June 2012 are provided in note 17.

**Mineral rights**

As a result of the promulgation of legislation in South Africa, the common law (mineral rights) and associated statutory competencies of Sasol Mining have been converted to interim statutory rights (Old Order Rights). Sasol Mining is entitled to convert these Old Order Rights to statutory mining and prospecting rights (New Order Rights) after complying with certain statutory requirements. As at 30 June 2012, all applications to acquire prospecting and mining rights were granted by the Department of Minerals Resources (DMR). These rights cover all the prospecting rights in the Free State and Waterberg as well as the prospecting and mining rights in Secunda. No value has been attributed to these rights in the annual financial statements.

**Legal costs**

Legal costs expected to be incurred in connection with loss contingencies are expensed as incurred.

**57.4 Litigation**

***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

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**57 Guarantees and contingent liabilities (Continued)**

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.

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.



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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**57 Guarantees and contingent liabilities (Continued)**

***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.

***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

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**57 Guarantees and contingent liabilities (Continued)**

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 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. 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.



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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**57 Guarantees and contingent liabilities (Continued)**

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 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.

**57.5 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

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**57 Guarantees and contingent liabilities (Continued)**

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.

**57.6 Environmental matters**

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 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.

**South Africa**

In South Africa, the environmental regulatory legal framework is still evolving, as is the enforcement process. We work with government authorities in striving to find a balance between economic development and, social and environmental considerations. Recent changes in government resulted in the alignment of departments governing environmental matters. South Africa is considered as a developing country in terms of the Kyoto Protocol under the United Nations Framework Convention on Climate Change and is committed to emission reduction pledges under the voluntary Copenhagen accord which is now incorporated in the National Climate Change Response White Paper.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**57 Guarantees and contingent liabilities (Continued)**

**Europe**

Our European facilities are subject to extensive environmental regulation in the various countries in which we operate. For example: The European Union Chemicals Regulation for the registration, evaluation and authorisation of chemicals (REACH) (1907/2006/EC) is intended to harmonise existing European and national regulations to provide a better protection of human health and our environment against the harmful effects of hazardous substances and preparations. Sasol has registered a significant amount of chemical products and will ensure that we continue to comply with the ongoing requirements of REACH.

The countries within which we operate in Europe have all ratified the Kyoto Protocol and we have developed a greenhouse gas (GHG) strategy to comply with applicable GHG restrictions and to manage emission reductions cost effectively.

**United States**

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.

Environmental compliance expenditures for our interest in Sasol NA, Sasol Wax and Merisol's manufacturing sites for the next five years are estimated to range from US\$2 million to US\$6 million per year.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****58 Commitments under leases***Operating leases Minimum future lease payments*

The group leases buildings under long-term non-cancellable operating lease agreements and also rents offices and other equipment under operating leases that are cancellable at various short-term notice periods by either party.

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
<b><i>Buildings and offices</i></b>			
Within one year	<b>292</b>	242	252
One to two years	<b>271</b>	224	212
Two to three years	<b>244</b>	206	176
Three to four years	<b>211</b>	187	158
Four to five years	<b>156</b>	198	139
More than five years	<b>606</b>	596	812
	<b>1 780</b>	1 653	1 749
<b><i>Equipment</i></b>			
Within one year	<b>606</b>	410	444
One to two years	<b>489</b>	304	298
Two to three years	<b>376</b>	235	232
Three to four years	<b>314</b>	211	211
Four to five years	<b>264</b>	169	198
More than five years	<b>879</b>	746	845
	<b>2 928</b>	2 075	2 228
<p>Included in operating leases for equipment is the rental of a pipeline for the transportation of gas products. The rental payments are determined based on the quantity of gas transported. The lease may be extended by either for a further three year period prior to the expiry of the current lease term of 17 years.</p>			
<b><i>Water reticulation for Sasol Synfuels</i></b>			
Within one year	<b>105</b>	107	87
One to two years	<b>130</b>	115	106
Two to three years	<b>142</b>	124	115
Three to four years	<b>151</b>	132	124
Four to five years	<b>157</b>	140	132
More than five years	<b>2 983</b>	2 885	2 618
	<b>3 668</b>	3 503	3 182
<b><i>Total minimum future lease payments</i></b>	<b>8 376</b>	7 231	7 159

The water reticulation commitments of Sasol Synfuels relate to a long-term water supply agreement. The rental payments are determined based on the quantity of water consumed over the 20 year period of the lease.



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****58 Commitments under leases (Continued)**

These leasing arrangements do not impose any significant restrictions on the group or its subsidiaries.

	2012	2011	2010
	Rm	Rm	Rm
<b>Business segmentation minimum future operating lease payments</b>			
South African energy cluster	5 320	5 289	4 908
<i>Mining</i>	7		1
<i>Gas</i>	1 212	1 339	1 412
<i>Synfuels</i>	3 668	3 504	3 188
<i>Oil</i>	433	446	307
International energy cluster	949	590	720
<i>Synfuels International</i>	305	335	431
<i>Petroleum International</i>	644	255	289
Chemical cluster	1 796	1 107	1 227
<i>Polymers</i>	296	184	198
<i>Solvents</i>	498	288	316
<i>Olefins &amp; Surfactants</i>	726	359	404
<i>Other chemical businesses</i>	276	276	309
Other businesses	311	245	304
<b>Total operations</b>	<b>8 376</b>	<b>7 231</b>	<b>7 159</b>

***Contingent rentals***

The group has contingent rentals in respect of operating leases that are linked to market related data such as the rand/US dollar exchange rate and inflation.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****58 Commitments under leases (Continued)***Minimum future lease payments - finance leases*

The group leases buildings and other equipment under long-term non-cancellable finance lease agreements. These lease agreements contain terms of renewal and escalation clauses but excludes purchase options.

	2012	2011	2010
	Rm	Rm	Rm
<i>Minimum future lease payments - finance leases</i>			
Within one year	190	204	161
One to two years	129	155	203
Two to three years	101	143	149
Three to four years	84	117	136
Four to five years	81	98	110
More than five years	714	856	807
Less amounts representing finance charges	(510)	(685)	(658)
	<b>789</b>	<b>888</b>	<b>908</b>

*Contingent rentals*

The group has no contingent rentals in respect of finance leases.

**59 Related party transactions**

A related party is an entity or person where the Sasol group can exercise influence or significant influence or which is controlled by the Sasol group. In particular, this relates to joint ventures and associates. Disclosure in respect of joint ventures is provided in note 62 and of associates in note 7.

Group companies, in the ordinary course of business, entered into various purchase and sale transactions with associates and joint ventures. The effect of these transactions is included in the financial performance and results of the group. Terms and conditions are determined on an arm's length basis. Amounts owing (after eliminating intercompany balances) to related parties are disclosed in the respective notes to the financial statements for those statement of financial position items. No impairment of receivables related to the amount of outstanding balances is required.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****59 Related party transactions (Continued)****Material related party transactions**

The following table shows the material transactions that are included in the financial statements using the equity method for associates and proportionate consolidation for joint ventures.

	2012	2011	2010
	Rm	Rm	Rm
<b>Sales and services rendered from subsidiaries to related parties</b>			
joint ventures	954	672	518
associates	1 651	1 053	1 004
	<b>2 605</b>	1 725	1 522
<b>Purchases by subsidiaries from related parties</b>			
joint ventures	1 930	1 582	1 267
associates	59	53	55
	<b>1 989</b>	1 635	1 322

Included in the above amounts are a number of transactions with related parties which are individually insignificant.

**Identity of related parties with whom material transactions have occurred**

Except for the group's interests in joint ventures and associates, there are no other related parties with whom material individual transactions have taken place.

**Directors and senior management**

Remuneration and benefits paid and short-term incentives approved for the executive directors' and former executive director for the 2012 financial year were as follows:

Executive directors	Salary	Retirement funding	Other benefits	Annual incentives <sup>(1)</sup>	Total 2012 <sup>(2)</sup>	Total 2011 <sup>(3)</sup>
	R'000	R'000	R'000	R'000	R'000	R'000
DE Constable <sup>(4)</sup>	9 264	155	11 081	11 381	31 881	n/a
LPA Davies <sup>(5)</sup>	1 828	160	115	1 805	3 908	24 456
VN Fakude	5 097	1 051	361	5 049	11 558	10 944
KC Ramon	3 679	1 519	1 056	5 011	11 265	10 778
<b>Total</b>	<b>19 868</b>	<b>2 885</b>	<b>12 613</b>	<b>23 246</b>	<b>58 612</b>	<b>46 178</b>



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- (1) Incentives approved on the group results for the 2012 financial year and payable in the following year. Incentives are calculated as a percentage of total guaranteed package as at 30 June 2012. The difference between the total amount approved as at 7 September 2012 and the total amount accrued as at 30 June 2012 represents an over provision of R0,3 million. The over provision for 2011 (R0,3 million) was reversed in 2012.
- (2) Total remuneration for the financial year excludes gains derived from the long-term incentive schemes, details of which are disclosed in note 46.
- (3) Includes incentives approved on the group results for the 2011 financial year and paid in 2012.

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****59 Related party transactions (Continued)**

- (4) Appointed as chief executive officer and executive director on 1 July 2011. Incentive to be paid in USD, reflected at the exchange rate of 12 September 2012 being the date of processing of incentive (R8,47/USD1).
- (5) Retired as a director of Sasol Limited on 30 June 2011. Retirement from the Sasol Group on 12 September 2011. Incentive calculated on period in service in 2012.

Remuneration and benefits paid and short-term incentives approved in respect of 2012 for prescribed officers were as follows:

Prescribed officers	Salary	Retirement funding	Other benefits	Annual incentives <sup>(1)</sup>	Total 2012 <sup>(1)</sup>	Total 2011 <sup>(2)</sup>
	R'000	R'000	R'000	R'000	R'000	R'000
DE Constable <sup>(3)</sup>	n/a	n/a	n/a	n/a	n/a	2 804
A de Klerk <sup>(4)</sup>	n/a	n/a	n/a	n/a	n/a	6 512
AM de Ruyter	3 671	1 435	286	3 486	<b>8 878</b>	8 082
NL Joubert <sup>(5)</sup>	n/a	n/a	n/a	n/a	n/a	9 196
VD Kahla <sup>(6)</sup>	3 576	472	1 362	2 489	<b>7 899</b>	3 876
BE Klingenberg	3 367	828	302	2 587	<b>7 084</b>	6 744
M Radebe <sup>(7)</sup>	2 476	498	357	1 953	<b>5 284</b>	3 394
CF Rademan	3 240	623	693	2 838	<b>7 394</b>	6 657
GJ Strauss	4 654	961	148	3 811	<b>9 574</b>	10 420
<b>Total</b>	<b>20 984</b>	<b>4 817</b>	<b>3 148</b>	<b>17 164</b>	<b>46 113</b>	<b>57 685</b>

- (1) Incentives approved on the group results for the 2012 financial year and payable in the following year. Incentives are calculated as a percentage of the total guaranteed package as at 30 June 2012. The difference between the total amount approved as at 7 September 2012 and the total amount accrued as at 30 June 2012 represents an over provision of R2,4 million. The over provision for 2011 (R0,5 million) was reversed in 2012.
- (2) Includes incentives on the group results for the 2011 financial year and paid in 2012.
- (3) Appointed as chief executive officer and executive director of Sasol Limited, effective 1 July 2011.
- (4) Retired as a GEC member with effect from 30 April 2011.
- (5) Resigned as GEC member with effect from 30 June 2011. Appointed as Country President: Sasol Canada with effect from 1 July 2011.
- (6) Appointed as a GEC member with effect from 1 January 2011.

(7)

Appointed as a GEC member with effect from 1 November 2010.

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****59 Related party transactions (Continued)**

Non-executive directors' remuneration for the year was as follows:

Non-executive directors'	Board meeting fees	Lead director fees	Committee fees	Share incentive trustee fees	Total 2012	Total 2011
	R'000	R'000	R'000	R'000	R'000	R'000
TH Nyasulu (Chairman)	3 726		433	67	4 226	3 950
JE Schrempp (Lead independent director)	1 079	378	286	67	1 810	1 513
C Beggs	420		459		879	714
BP Connellan <sup>(1)</sup>	n/a	n/a	n/a	n/a	n/a	541
HG Dijkgraaf <sup>(2)</sup>	1 097		777	67	1 941	1 663
MSV Gantsho	420		283		703	681
A Jain <sup>(2)(3)</sup>	n/a	n/a	n/a	n/a	n/a	372
GA Lewin <sup>(2)(4)</sup>	n/a	n/a	n/a	n/a	n/a	758
IN Mkhize	420		216	134	770	713
ZM Mkhize	245				245	
JN Njeke	420		175		595	572
S Westwell <sup>(2)(5)</sup>	92				92	
TA Wixley <sup>(6)</sup>	n/a	n/a	n/a	n/a	n/a	332
<b>Total</b>	<b>7 919</b>	<b>378</b>	<b>2 629</b>	<b>335</b>	<b>11 261</b>	<b>11 809</b>

- (1) Retired as director of Sasol Limited on 31 December 2010.
- (2) Board and committee fees paid in US dollars.
- (3) Retired as a director of Sasol Limited on 26 November 2010.
- (4) Resigned as a director of Sasol Limited on 1 April 2011.
- (5) Appointed as a director of Sasol Limited on 1 June 2012.
- (6) Retired as a director of Sasol Limited on 31 December 2010.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****59 Related party transactions (Continued)**

The aggregate beneficial shareholding by the directors of the company and the prescribed officers/group executive committee and their associates in the issued ordinary share capital of the company are disclosed as follows:

Beneficial shareholding <sup>(4)</sup>	2012			2011		
	Number of shares	Number of share options <sup>(2)</sup>	Total beneficial shareholding	Number of shares	Number of share options <sup>(2)</sup>	Total beneficial shareholding
	Direct	Indirect <sup>(1)</sup>		Direct	Indirect <sup>(1)</sup>	
<b>Executive directors</b>						
LPA Davies <sup>(3)</sup>	96 800		499 200	136 800	235	353 400
VN Fakude <sup>(4)</sup>	1 500		46 900	1 500		41 200
KC Ramon	21 500	41 556	54 400	21 500	41 556	54 400
<b>Non-executive directors</b>						
IN Mkhize	1 313	18 626	19 939	1 313	18 626	19 939
TH Nyasulu		1 450	1 450			
<b>Total</b>	<b>121 113</b>	<b>61 632</b>	<b>600 500</b>	<b>161 113</b>	<b>60 417</b>	<b>449 000</b>

(1) Includes units held in the Sasol Share Savings Trust and shares held in Sasol Inzalo Public Limited.

(2) Includes share options which have vested or which vest within sixty days of 30 June 2012.

(3) Retired as a director of Sasol Limited on 30 June 2011. The options were awarded when he was still an executive director.

(4) Other than those reflected in the notes above, there have been no changes to the direct and indirect beneficial interest of the directors in office during the financial year ended 30 June 2012, and their associates, between 30 June 2012 and 28 September 2012.

Beneficial shareholding	2012			2011		
	Number of shares	Number of share options <sup>(2)</sup>	Total beneficial shareholding	Number of shares	Number of share options <sup>(2)</sup>	Total beneficial shareholding
	Direct	Indirect <sup>(1)</sup>		Direct	Indirect <sup>(1)</sup>	
<b>Prescribed officers<sup>(3)</sup></b>						
AM de Ruyter	5 900		23 200	5 900		21 600
VD Kahla						
NL Joubert <sup>(4)</sup>	n/a	n/a	n/a	1 400		8 200
BE Klingenberg	15 800		11 300	700		23 900
M Radebe		3 659	13 000		3 575	10 000
CF Rademan	350		3 700	350		350

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GJ Strauss	4 300	190	88 000	92 490	4 300	175	60 800	65 275
<b>Total</b>	<b>26 350</b>	<b>3 849</b>	<b>139 200</b>	<b>169 399</b>	<b>12 650</b>	<b>3 750</b>	<b>124 500</b>	<b>140 900</b>

- 
- (1) Includes units held in the Sasol Share Savings Trust and shares held through Sasol Inzalo Public Limited.
- (2) Includes share options which have vested or which vest within sixty days of 30 June 2012.

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****59 Related party transactions (Continued)**

(3) Excluding the executive directors disclosed separately in the table above.

(4) Resigned as member of the GEC on 30 June 2011.

**60 Inflation reporting**

The financial statements have not been restated to a current cost basis as the group does not operate in a hyperinflationary economy.

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	%	%	%
Average Consumer Price Index South Africa	<b>5,9</b>	3,9	5,7
Average Producer Price Index South Africa	<b>8,6</b>	6,8	1,4

**61 Subsequent events**

There were no events that occurred subsequent to 30 June 2012.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****62 Interest in joint ventures**

In accordance with the group's accounting policy, the results of joint ventures are proportionately consolidated on a line-by-line basis. The information provided below includes intercompany transactions and balances.

	Sasol GTL	Sasol Canada	Polymers*	Merisol	Spring Lights Gas	Other**	2012 Total	2011 Total	2010 Total
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>Statement of financial position</b>									
External non-current assets	4 026	10 638	4 706	269	38	943	<b>20 620</b>	14 326	10 749
property, plant and equipment	3 815	5 715	4 506	219		795	<b>15 050</b>	9 508	9 952
assets under construction	172	4 897	75	23		87	<b>5 254</b>	4 544	498
other non-current assets	39	26	125	27	38	61	<b>316</b>	274	299
Intercompany non-current assets									1
External current assets	1 547	2 500	2 985	466	66	852	<b>8 416</b>	6 774	3 743
Intercompany current assets	105	3	27	1		75	<b>211</b>	993	632
<b>Total assets</b>	<b>5 678</b>	<b>13 141</b>	<b>7 718</b>	<b>736</b>	<b>104</b>	<b>1 870</b>	<b>29 247</b>	<b>22 093</b>	<b>15 125</b>
Shareholders' equity	4 931	12 088	2 597	515	80	886	<b>21 097</b>	15 943	9 055
Long-term debt (interest bearing)	44	3	480			362	<b>889</b>	1 779	2 241
Intercompany long-term debt						54	<b>54</b>	931	1 224
Long-term provisions	160	80	38	9		14	<b>301</b>	225	113
Other non-current liabilities	141	2	168	81		34	<b>426</b>	328	299
Interest bearing current liabilities		26	1 738	56		42	<b>1 862</b>	495	798
Non-interest bearing current liabilities	335	914	1 313	45	7	378	<b>2 992</b>	2 101	1 263
Intercompany current liabilities	67	28	1 384	30	17	100	<b>1 626</b>	291	132
<b>Total equity and liabilities</b>	<b>5 678</b>	<b>13 141</b>	<b>7 718</b>	<b>736</b>	<b>104</b>	<b>1 870</b>	<b>29 247</b>	<b>22 093</b>	<b>15 125</b>
<b>Income statement</b>									
<b>Turnover</b>	<b>4 900</b>	<b>331</b>	<b>5 364</b>	<b>931</b>	<b>305</b>	<b>1 673</b>	<b>13 504</b>	<b>9 966</b>	<b>7 478</b>
<b>Operating profit</b>	<b>2 753</b>	<b>(2 365)</b>	<b>1 825</b>	<b>135</b>	<b>145</b>	<b>108</b>	<b>2 601</b>	<b>3 435</b>	<b>2 718</b>
Other (expenses)/income	14	14	(139)		3	(39)	<b>(147)</b>	(153)	(265)
<b>Net profit/(loss) before tax</b>	<b>2 767</b>	<b>(2 351)</b>	<b>1 686</b>	<b>135</b>	<b>148</b>	<b>69</b>	<b>2 454</b>	<b>3 282</b>	<b>2 453</b>
Taxation	(24)	(5)	(54)	(27)	(52)	(14)	<b>(176)</b>	(151)	(133)
<b>Attributable profit</b>	<b>2 743</b>	<b>(2 356)</b>	<b>1 632</b>	<b>108</b>	<b>96</b>	<b>55</b>	<b>2 278</b>	<b>3 131</b>	<b>2 320</b>
<b>Statement of cash flows</b>									
Cash flow from operations	3 124	(52)	2 120	164	152	195	<b>5 703</b>	4 251	3 417
Movement in working capital	(206)	89	1 102	(67)	(10)	142	<b>1 050</b>	(23)	(851)
Taxation paid	(1)		(43)	(34)	(49)	(17)	<b>(144)</b>	(102)	(56)
Other expenses			(160)	(1)		(46)	<b>(207)</b>	(187)	(303)
Cash available from operations	2 917	37	3 019	62	93	274	<b>6 402</b>	3 939	2 207
Dividends paid	(3 086)		(1 399)	(50)	(115)	(87)	<b>(4 737)</b>	(2 634)	(285)



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Cash retained from operations	(169)	37	1 620	12	(22)	187	<b>1 665</b>	1 305	1 922
Cash flow from investing activities	(188)	(6 849)	(93)	(10)	(1)	(122)	<b>(7 263)</b>	(5 533)	(560)
Cash flow from financing activities	157	5 986	(625)	(89)		240	<b>5 669</b>	7 169	(1 577)
<b>Decrease/(increase) in cash requirements</b>	(200)	(826)	902	(87)	(23)	305	<b>71</b>	2 941	(215)

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\*

Comprising Arya Sasol Polymer Company and Petlin.

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Includes Sasol Dyno Nobel, Sasol Fibres, Sasol Huntsman, Sasol Lurgi, Sasol Oil Petromoc, Sasol Yihai and Sasol Uzbekistan.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**62 Interest in joint ventures (Continued)**

At 30 June 2012, the group's share of the total capital commitments of joint ventures amounted to R2 686 million (2011 R4 202 million; 2010 R444 million). R2 177 million (2011 R3 879 million) relates to the Sasol Canada business.

The GTL businesses results are associated with the GTL venture in Qatar and the evaluation of other projects in accordance with the group's strategy. The Sasol Canada businesses results are associated with the shale gas assets in Canada in accordance with the group's strategy to grow Sasol's upstream asset base.

**63 Financial risk management and financial instruments**

**Introduction**

The group is exposed in varying degrees to a variety of financial instrument related risks. The group executive committee (GEC) has the overall responsibility for the establishment and oversight of the group's risk management framework. The GEC established the risk and safety, health and environment committee, which is responsible for providing the board with the assurance that significant business risks are systematically identified, assessed and reduced to acceptable levels. A comprehensive risk management process has been developed to continuously monitor and control these risks. The Sasol group has a central treasury function that manages the financial risks relating to the group's operations. The group business committee, a sub-committee of the GEC consisting of the managing directors of the business units and functional core representatives, meets regularly to review and, if appropriate, approve the implementation of optimal strategies for the effective management of financial risks. The committee reports on a regular basis to the GEC on its activities.

**Capital risk management**

The group's objectives when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) are to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk, to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to provide sustainable returns for shareholders and benefits to the stakeholders.

The group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The group monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity. The gearing level takes into account the group's substantial capital investment and susceptibility to external market factors such as crude oil prices, exchange rates and commodity chemical prices. In 2009, the targeted gearing ratio was lowered to 20% - 40% from the previous range of 30% - 50%. The group's gearing level for 2012 of 2,7% (2011 1,4%; 2010 1,0%) remained low as a result of improved operating results. The gearing ratio is expected to return to the targeted range as the capital expansion programme progresses in the medium- to long-term horizon.

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**63 Financial risk management and financial instruments (Continued)**

**Financing risk**

Financing risk refers to the risk that financing of the group's capital requirements and refinancing of existing borrowings could become more difficult or more costly in the future. This risk can be decreased by achieving the targeted gearing ratio, ensuring that maturity dates are evenly distributed over time, and that total short-term borrowings do not exceed liquidity levels. The group's goals for long-term borrowings include an average time to maturity of at least 2 years, and an even spread of maturities.

**Credit rating**

To achieve and keep an efficient capital structure, the group aims to maintain a stable long-term credit rating.

**Risk profile**

Risk management and measurement relating to each of these risks is discussed under the headings below (subcategorised into credit risk, liquidity risk, and market risk) which entails an analysis of the types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the statement of financial position. The group's objective in using derivative instruments is for hedging purposes to reduce the uncertainty over future cash flows arising from foreign currency, interest rate and commodity price risk exposures.

**a) Credit risk**

Credit risk, or the risk of financial loss due to counterparties not meeting their contractual obligations, is managed by the application of credit approvals, limits and monitoring procedures. Where appropriate, the group obtains security in the form of guarantees to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary credit management committees. The central treasury function provides credit risk management for the group-wide exposure in respect of a diversified group of banks and other financial institutions. These are evaluated regularly for financial robustness especially in the current global economic environment. Management has evaluated treasury counterparty risk and does not expect any treasury counterparties to fail in meeting their obligations.

Trade and other receivables consist of a large number of customers spread across diverse industries and geographical areas. The exposure to credit risk is influenced by the individual characteristics, the industry and geographical area of the counterparty with whom we have transacted. Trade and other receivables are carefully monitored for impairment. An allowance for impairment of trade receivables is made where there is an identified loss event, which based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Details of the credit quality of trade receivables and the associated provision for impairment is disclosed in note 13.

No single customer represents more than 10% of the group's total turnover or more than 10% of total trade receivables for the years ended 30 June 2012, 2011 and 2010. Approximately 50% (2011 49%; 2010 51%) of the group's total turnover is generated from sales within South Africa, while about 23% (2011 23%; 2010 22%) relates to European sales. Approximately 48% (2011 47%;

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**Sasol Limited Group**

**Notes to the Financial Statements (Continued)**

**63 Financial risk management and financial instruments (Continued)**

2010 51%) of the amount owing in respect of trade receivables is from counterparties in South Africa, while European receivables amount to about 24% (2011 28%; 2010 24%).

Credit risk exposure in respect of long-term receivables and trade receivables is further analysed in notes 9 and 13, respectively. The carrying value represents the maximum credit risk exposure.

The group has provided guarantees for the financial obligations of subsidiaries, joint-ventures and third parties. The outstanding guarantees at 30 June 2012 are provided in note 57.1.

**b) Liquidity risk**

Liquidity risk is the risk that an entity in the group will be unable to meet its obligations as they become due. The group manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows, making use of a central treasury function to manage pooled business unit cash investments and borrowing requirements. Currently the group is maintaining a positive cash position, conserving the group's cash resources through renewed focus on working capital improvement and capital reprioritisation. The group meets its financing requirements through a mixture of cash generated from its operations and, short- and long-term borrowings. Adequate banking facilities and reserve borrowing capacities are maintained (refer note 17). The Sasol group is in compliance with all of the financial covenants per its loan agreements, none of which is expected to present a material restriction on funding or its investment policy in the near future. The group has sufficient undrawn borrowing facilities (refer note 17), which could be utilised to settle obligations.

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 63 Financial risk management and financial instruments (Continued)

The maturity profile of the contractual cash flows of financial instruments at 30 June were as follows:

Note	Contractual cash flows*	Within one year	One to two years	Two to three years	Three to four years	Four to five years	More than five years
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>2012</b>							
<b>Financial assets</b>							
<b>Loans and receivables</b>							
	<b>42 862</b>	41 489	327	232	141	226	447
Long-term receivables	9 <b>1 451</b>	78	327	232	141	226	447
Trade receivables	13 <b>21 157</b>	21 157					
Other receivables	14 <b>2 194</b>	2 194					
Cash restricted for use	16 <b>5 314</b>	5 314					
Cash	16 <b>12 746</b>	12 746					
<b>Investments available-for-sale</b>							
Investments in securities	6 <b>206</b>						206
<b>Investments held for trading</b>							
Investments in securities	6 <b>34</b>						34
<b>Investments held-to-maturity</b>							
Investments in securities	6 <b>472</b>						472
<b>Non-derivative instruments</b>							
	<b>43 574</b>	41 489	327	232	141	226	1 159
<b>Derivative instruments</b>							
Forward exchange contracts	<b>17 139</b>	12 020	4 441	678			
Commodity derivatives	<b>26</b>	26					
	<b>60 739</b>	53 535	4 768	910	141	226	1 159
<b>Financial liabilities</b>							
<b>Non-derivative instruments</b>							
	<b>(33 174)</b>	(19 897)	(1 494)	(1 812)	(870)	(683)	(8 418)
Long-term debt	<b>(16 395)</b>	(3 118)	(1 494)	(1 812)	(870)	(683)	(8 418)
Short-term debt	23 <b>(15)</b>	(15)					
Trade payables and accrued expenses	28 <b>(14 510)</b>	(14 510)					
Other payables	29 <b>(2 032)</b>	(2 032)					
Bank overdraft	16 <b>(222)</b>	(222)					
Financial guarantees <sup>1</sup>	<b>(554)</b>	(554)					
	<b>(33 728)</b>	(20 451)	(1 494)	(1 812)	(870)	(683)	(8 418)
<b>Derivative instruments</b>							
Forward exchange contracts	<b>(16 678)</b>	(11 741)	(4 275)	(662)			
Interest rate derivatives	<b>(21)</b>	(19)			(2)		
	<b>(50 427)</b>	(32 211)	(5 769)	(2 474)	(872)	(683)	(8 418)



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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 63 Financial risk management and financial instruments (Continued)

	Contractual cash flows*	Within one year	One to two years	Two to three years	Three to four years	Four to five years	More than five years
Note							
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>2011</b>							
<b>Financial assets</b>							
<b>Loans and receivables</b>							
Long-term receivables	9	40 859	39 401	48	348	341	381
Trade receivables	13	1 482	24	48	348	341	340
Other receivables	14	20 398	20 398				
Cash restricted for use	16	960	960				
Cash	16	3 303	3 303				
		14 716	14 716				
<b>Investments available-for-sale</b>							
Investments in securities	6	189					189
<b>Investments held for trading</b>							
Investments in securities	6	30					30
<b>Investments held-to-maturity</b>							
Investments in securities	6	445					445
<b>Non-derivative instruments</b>							
		41 523	39 401	48	348	341	340
<b>Derivative instruments</b>							
Forward exchange contracts		15 167	7 796	3 963	2 765	643	
Cross currency swaps							
		56 690	47 197	4 011	3 113	984	340
							1 045
<b>Financial liabilities</b>							
<b>Non-derivative instruments</b>							
Long-term debt		(31 893)	(16 931)	(1 389)	(1 581)	(1 579)	(1 113)
Short-term debt	23	(16 534)	(1 572)	(1 389)	(1 581)	(1 579)	(1 113)
Trade payables and accrued expenses	28	(109)	(109)				
Other payables	29	(13 964)	(13 964)				
Bank overdraft	16	(1 077)	(1 077)				
Financial guarantees <sup>(1)</sup>		(209)	(209)				
		(634)	(634)				
		(32 527)	(17 565)	(1 389)	(1 581)	(1 579)	(1 113)
<b>Derivative instruments</b>							
Forward exchange contracts		(9 300)					
Cross currency swaps		(15 320)	(7 892)	(3 967)	(2 800)	(661)	
Interest rate derivatives							(6)
Commodity derivatives		(22)	(16)				

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(47 869) (25 473) (5 356) (4 381) (2 240) (1 113) (9 306)

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\*

The amount disclosed is the contractual cash flows excluding finance expenses. Where a derivative is linked to an index, the amount payable or receivable has been based on the estimated forward exchange rates at the settlement date. Foreign exchange contracts and cross currency swaps are settled on a gross basis, while all other derivatives are net settled. For gross settled derivatives, the cash outflow has been included in financial liabilities, while the cash inflow is included in financial assets.

(1)

Issued financial guarantees contracts are all repayable on demand, however the likelihood of default is considered remote. Refer to note 57.1.

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****63 Financial risk management and financial instruments (Continued)****Cash flow hedges**

In certain cases, the group classifies its forward foreign currency contracts hedging highly probable forecast transactions as cash flow hedges. Where this designation is documented, changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the income statement (or hedged item on the statement of financial position) in accordance with the group's accounting policy.

The expected future timing of the recycling of derivatives used for hedging on the income statement at 30 June were as follows:

	Carrying value	Within one year	One to two years	Two to three years	Three to four years	Four to five years	More than five years
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>2012</b>							
<i>Derivative instruments cash flow hedges</i>							
Financial assets	4	1	1				2
Financial liabilities	23	9		1	1	1	11
<b>2011</b>							
<i>Derivative instruments cash flow hedges</i>							
Financial assets	5	1	2				2
Financial liabilities	53	14	6	2	2	2	27

**c) Market risk**

Market risk is the risk arising from possible market price movements and their impact on the future cash flows of the business. The market price movements that the group is exposed to include foreign currency exchange rates, interest rates and oil and natural gas prices (commodity price risk). The group has developed policies aimed at managing the volatility inherent in these exposures which are discussed in the risks below.

**1) Foreign currency risk**

The group's transactions are predominantly entered into in the respective functional currency of the individual operations. However, the group's operations utilise various foreign currencies on sales, purchases and borrowings and consequently, are exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. These operations are exposed to foreign currency risk in connection with contracted payments in currencies not in their individual functional currency. The translation of foreign operations to the presentation currency of the group is not taken into account when considering foreign currency risk. Foreign currency risks are managed through the group's financing policies and the selective use of forward exchange contracts, cross currency swaps and cross currency options.

Changes in the foreign exchange rates also affect the group's income in connection with the translation of the income statements of foreign subsidiaries in South African Rand. Sasol does not

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****63 Financial risk management and financial instruments (Continued)**

hedge such exposure. The translation exposures arising from income statements of foreign subsidiaries are included in the analysis mentioned below.

Forward exchange contracts are utilised primarily to reduce foreign currency exposure arising from imports into South Africa. Forward cover is required on both capital expenditure and imports (payables) in excess of US\$50 000. This is an established policy of our group based on anticipated long-term trends and is designed to hedge our exposure in South Africa to exchange rate-based volatility in cash flows on both operating and capital expenditure. This policy enables us to more accurately forecast our cash flows for purchases for both capital items and operating materials thereby improving our management of both working capital and debt.

The GEC sets intervention levels to specifically assess large forward cover amounts for long periods into the future, which have the potential to materially affect Sasol's financial position. These limits are reviewed from time to time. The group also makes use of customer foreign currency accounts, where needed.

The following significant exchange rates were applied during the year:

	<b>Average rate</b>		<b>Closing rate</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Rand/Euro	<b>10,42</b>	9,54	<b>10,34</b>	9,82
Rand/US dollar	<b>7,78</b>	7,01	<b>8,17</b>	6,77
Rand/Pound sterling	<b>12,33</b>	11,14	<b>12,83</b>	10,87

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****63 Financial risk management and financial instruments (Continued)**

The exposure of the group's financial assets and liabilities to currency risk is as follows:

	2012					
	Total	Euro	US dollar	Pound sterling	Rand	Other
	Rm	Rm	Rm	Rm	Rm	Rm
Long-term receivables	693		494			199
Trade receivables	5 825	1 470	3 645	95	8	608
Other receivables	1 120	153	897	8		62
Cash restricted for use	1 458	105	158	3		1 192
Cash	7 548	3 474	3 535	100	214	225
<b>Exposure on external asset balances</b>	<b>16 644</b>	<b>5 202</b>	<b>8 729</b>	<b>206</b>	<b>222</b>	<b>2 286</b>
Forward exchange contracts	(2 425)		(2 217)	(84)		(124)
<b>Net exposure on assets</b>	<b>14 219</b>	<b>5 202</b>	<b>6 512</b>	<b>122</b>	<b>222</b>	<b>2 162</b>
Long-term debt	(2 501)	(2 423)	(77)			(1)
Short-term debt	(15)		(15)			
Trade payables and accrued expenses	(1 581)	(299)	(930)	(76)	(16)	(260)
Other payables	(850)	(32)	(746)	(28)	(7)	(37)
Bank overdraft	(115)		(53)		(56)	(6)
<b>Exposure on external liability balances</b>	<b>(5 062)</b>	<b>(2 754)</b>	<b>(1 821)</b>	<b>(104)</b>	<b>(79)</b>	<b>(304)</b>
Foreign exchange contracts <sup>(1)</sup>	14 216	1 097	2 507	136		10 476
<b>Net exposure on liabilities</b>	<b>9 154</b>	<b>(1 657)</b>	<b>686</b>	<b>32</b>	<b>(79)</b>	<b>10 172</b>
<b>Exposure on external balances</b>	<b>23 373</b>	<b>3 545</b>	<b>7 198</b>	<b>154</b>	<b>143</b>	<b>12 333</b>
Net exposure on balances between group companies	687	2 470	(1 685)	170	(431)	163
<b>Total exposure</b>	<b>24 060</b>	<b>6 015</b>	<b>5 513</b>	<b>324</b>	<b>(288)</b>	<b>12 496</b>

(1)

Included in other is forward exchange contracts amounting to R10 308 million (2011 R9 933 million) entered into to mitigate the foreign currency risk in respect of the capital carry obligation as well as the group's portion of capital commitments related to the Canadian shale gas assets.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****63 Financial risk management and financial instruments (Continued)**

	2011					
	Total	Euro	US dollar	Pound sterling	Rand	Other <sup>(1)</sup>
	Rm	Rm	Rm	Rm	Rm	Rm
Long-term receivables	1 097	967				130
Trade receivables	4 292	705	3 085	174	10	318
Other receivables	61	4	20	7		30
Cash restricted for use	529	326	15	4		184
Cash	3 211	63	2 512	65	196	375
<b>Exposure on external asset balances</b>	9 190	2 065	5 632	250	206	1 037
Forward exchange contracts	(877)	(4)	(722)	(74)		(77)
<b>Net exposure on assets</b>	8 313	2 061	4 910	176	206	960
Long-term debt	(1 944)	(1 869)	(75)			
Short-term debt	(34)		(34)			
Trade payables and accrued expenses	(2 251)	(270)	(1 762)	(36)	(12)	(171)
Other payables	(125)	(1)	(64)	(22)	(9)	(29)
Bank overdraft	(17)		(15)			(2)
<b>Exposure on external liability balances</b>	(4 371)	(2 140)	(1 950)	(58)	(21)	(202)
Foreign exchange contracts <sup>1</sup>	13 317	1 823	1 480	51		9 963
<b>Net exposure on liabilities</b>	8 946	(317)	(470)	(7)	(21)	9 761
<b>Exposure on external balances</b>	17 259	1 744	4 440	169	185	10 721
Net exposure on balances between group companies	2 947	1 463	1 499	94	(220)	111
<b>Total exposure</b>	20 206	3 207	5 939	263	(35)	10 832

(1)

Included in other is forward exchange contracts amounting to R10 308 million (2011 R9 933 million) entered into to mitigate the foreign currency risk in respect of the capital carry obligation as well as the group's portion of capital commitments related to the Canadian shale gas assets.

Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****63 Financial risk management and financial instruments (Continued)****Sensitivity analysis**

A 10 percent strengthening of the rand on the group's exposure to foreign currency risk at 30 June would have decreased/(increased) either the equity or the income statement by the amounts below before the effect of tax. This analysis assumes that all other variables, in particular interest rates, remain constant and has been performed on the same basis for 2011.

	2012		2011	
	Equity	Income statement	Equity	Income statement
	Rm	Rm	Rm	Rm
Euro	354	388	139	265
US dollar	720	739	518	591
Pound sterling	15	20	29	26
Rand	14	9	(4)	(5)
Other currencies	1 233	204	95	1,081

A 10 percent weakening in the rand against the above currencies at 30 June would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

**Forward exchange contracts and cross currency swaps**

All forward exchange contracts are supported by underlying commitments or transactions, including those which have not been contracted for.

The fair value (losses)/gains calculated below were determined by recalculating the daily forward rates for each currency using a forward rate interpolator model. The net market value of all forward exchange contracts at year end is calculated by comparing the forward exchange contracted rates to the equivalent year end market foreign exchange rates. The present value of these net market values are then calculated using the appropriate currency specific discount curve.

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 63 Financial risk management and financial instruments (Continued)

The following forward exchange contracts and cross currency swaps were held at 30 June:

	Contract foreign currency amount 2012	Contract amount Rand equivalent 2012	Average rate of exchange 2012 (calculated)	Estimated fair value (losses)/ gains 2012	Contract foreign currency amount 2011	Contract amount Rand equivalent 2011	Average rate of exchange 2011 (calculated)	Estimated fair value (losses)/ gains 2011
	million	Rm	Rm	million	Rm		Rm	
<b>Forward exchange contracts</b>								
<i>Transactions including commitments which have been contracted for</i>								
<b>Derivative instruments cash flow hedges</b>								
<b>Imports capital</b>								
Euro	10	102	10,62	(2)	64	646	10,10	(5)
US dollar		4	8,49			2	6,92	
Pound sterling		1	13,41					
		107		(2)		648		(5)
<b>Imports goods</b>								
Euro		4	10,26			2	9,80	
US dollar					1	6	6,53	
		4				8		
<b>Other payables (liabilities)</b>								
Euro		1	10,34					
US dollar		2	8,28			2	6,77	
Other currencies US dollar equivalent	6	9	1,37		3	23	6,76	
		12				25		
<b>Derivative instruments held for trading</b>								
<b>Imports capital</b>								
Euro	5	49	10,57	(1)	20	205	10,09	(13)
US dollar	5	41	8,18	1	1	4	6,77	
Pound sterling								
Other currencies US dollar equivalent	4	30	7,76	2				
		120		2		209		(13)
<b>Imports goods</b>								
Euro	12	131	10,58	(2)	8	78	9,99	(1)
US dollar	9	76	8,30	(1)	86	589	6,86	(8)
Pound sterling	1	6	12,82		3	35	10,99	
Other currencies US dollar equivalent	2	20	8,47		1	5	6,73	
		233		(3)		707		(9)
<b>Exports</b>								

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Euro			10,34		1	5	9,79	
US dollar	40	322	8,16		97	667	6,84	6
Pound sterling	6	79	12,83		7	76	11,15	2
Other currencies US dollar equivalent	3	28	8,26		12	79	6,79	1
		429				827		9
<b>Other payables (liabilities)</b>								
Euro	1	13	10,67		7	73	9,82	(1)
US dollar	2	14	8,52		20	138	6,82	(2)
Pound sterling		1	13,13					
Other currencies US dollar equivalent	1 264	10 295	8,15	470	1 466	10 858	7,41	(126)
		10 323		470		11 069		(129)

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 63 Financial risk management and financial instruments (Continued)

	Contract foreign currency amount 2012	Contract Rand equivalent 2012	Average rate of exchange 2012 (calculated)	Estimated fair value (losses)/ gains 2012	Contract foreign currency amount 2011	Contract Rand equivalent 2011	Average rate of exchange 2011 (calculated)	Estimated fair value (losses)/ gains 2011
	million	Rm	Rm	million	Rm		Rm	
<b>Other receivables (assets)</b>								
Euro		6	10,73	6	3	34	9,82	8
US dollar		16	8,33	16	11	80	6,89	7
Pound sterling			13,12			0		
Other currencies equivalent		26	8,17	24		30	7,41	26
		48		46		144		41
<b>Forward exchange contracts</b>								
<i>Transactions including commitments which have not been contracted for</i>								
<b>Derivative instruments cash flow hedges</b>								
<b>Imports</b>								
Euro		43	473	10,92	(14)	57	569	9,94
US dollar		11	88	8,19	2	2	15	6,77
Pound sterling			1	13,29			1	10,87
Other currencies US dollar equivalent		1	4	8,13				
			566		(12)		585	(23)
<b>Other payables (liabilities)</b>								
Euro		3	36	10,44	(1)	2	17	9,78
US dollar						2	10	6,74
Pound sterling							4	11,64
			36		(1)		31	1
<b>Other receivables (assets)</b>								
US dollar							2	6,77
<b>Derivative instruments held for trading</b>								



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**Imports**

Euro	<b>1</b>	<b>14</b>	<b>10,68</b>		26	271	10,47	(13)
US dollar	<b>168</b>	<b>1 417</b>	<b>8,44</b>	<b>(45)</b>	105	719	6,83	(11)
Pound sterling	<b>5</b>	<b>59</b>	<b>12,47</b>	<b>2</b>		1	11,01	
Other currencies US dollar equivalent					2	10	6,77	
		<b>1 490</b>		<b>(43)</b>		1 001		(24)

**Exports**

Euro					1	7	6,77	
US dollar	<b>223</b>	<b>1 840</b>	<b>8,24</b>	<b>14</b>				
Pound sterling		<b>5</b>	<b>12,88</b>					
Other currencies US dollar equivalent	<b>12</b>	<b>96</b>	<b>8,16</b>	<b>(1)</b>				
		<b>1 941</b>		<b>13</b>		7		

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 63 Financial risk management and financial instruments (Continued)

	Contract foreign currency amount 2012	Contract amount Rand equivalent 2012	Average rate of exchange 2012 (calculated)	Estimated fair value (losses)/ gains 2012	Contract foreign currency amount 2011	Contract amount Rand equivalent 2011	Average rate of exchange 2011 (calculated)	Estimated fair value losses gains 2011
	million	Rm	Rm	million	Rm		Rm	
<b>Other payables (liabilities)</b>								
Euro	30	319	10,72	(7)	7	65	9,82	
US dollar	112	915	8,18	2	5	36	6,77 (1)	
Pound Sterling	5	69	13,16		1	11	10,87	
Other currencies equivalent US dollar	6	54	9,03	(2)		1	6,77	
		1 357		(7)		113	(1)	
<b>Other receivables (assets)</b>								
US dollar	9	70	7,91	(2)				

The maturity profile of contract amounts of forward exchange contracts and cross currency swaps at 30 June were as follows:

	Contract amount	Within one year	One to two years	Two to three years	Three to four
	Rm	Rm	Rm	Rm	Rm
<b>2012</b>					
<b>Forward exchange contracts</b>					
<i>Transactions including commitments which have been contracted for</i>					
<b>Imports capital</b>					
Euro	151	151			
US dollar	45	10	35		
Pound sterling	1	1			
Other currencies US dollar equivalent	30	30			
	227	192	35		
<b>Imports goods</b>					
Euro	135	135			
US dollar	76	76			
Pound sterling	6	6			
Other currencies US dollar equivalent	20	20			
	237	237			
<b>Exports</b>					
US dollar	322	322			
Pound sterling	79	79			
Other currencies US dollar equivalent	28	28			

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**Other payables (liabilities)**

Euro	14	14		
US dollar	16	16		
Pound sterling	1	1		
Other currencies US dollar equivalent	10 304	5 475	4 168	661
	10 335	5 506	4 168	661

**Other receivables (assets)**

Euro	6	6		
US dollar	16	16		
Other currencies US dollar equivalent	26	13	13	
	48	35	13	

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 63 Financial risk management and financial instruments (Continued)

	Contract amount	Within one year	One to two years	Two to three years	Three to four
	Rm	Rm	Rm	Rm	Rm
<b>Transactions including commitments which have not been contracted for</b>					
<b>Imports</b>					
Euro	487	454	33		
US dollar	1 505	1 470	35		
Pound sterling	60	60			
Other currencies US dollar equivalent	4	4			
	2 056	1 988	68		
<b>Exports</b>					
US dollar	1 840	1 840			
Pound sterling	5	5			
Other currencies US dollar equivalent	96	96			
	1 941	1 941			
<b>Other payables (liabilities)</b>					
Euro	354	351	3		
US dollar	916	914	2		
Pound sterling	69	69			
Other currencies US dollar equivalent	54	54			
	1 393	1 388	5		
<b>Other receivables (assets)</b>					
US dollar	70	70			
	70	70			

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 63 Financial risk management and financial instruments (Continued)

	Contract amount	Within one year	One to two years	Two to three years	Three to four
	Rm	Rm	Rm	Rm	Rm
<b>2011</b>					
<b>Forward exchange contracts</b>					
<i>Transactions including commitments which have not been contracted for</i>					
<b>Imports capital</b>					
Euro	851	851			
US dollar	6	6			
	<b>857</b>	<b>857</b>			
<b>Imports goods</b>					
Euro	80	80			
US dollar	595	595			
Pound sterling	35	35			
Other currencies US dollar equivalent	5	5			
	<b>715</b>	<b>715</b>			
<b>Exports</b>					
Euro	5	5			
US dollar	667	667			
Pound sterling	76	76			
Other currencies US dollar equivalent	79	79			
	<b>827</b>	<b>827</b>			
<b>Other payables (liabilities)</b>					
Euro	73	72	1		
US dollar	140	140			
Other currencies US dollar equivalent	10 881	3 592	3 829	2 800	660
	<b>11 094</b>	<b>3 804</b>	<b>3 830</b>	<b>2 800</b>	<b>660</b>
<b>Other receivables (assets)</b>					
Euro	34	33	1		
US dollar	80	80			
Other currencies US dollar equivalent	30	13	9	7	1
	<b>144</b>	<b>126</b>	<b>10</b>	<b>7</b>	<b>1</b>
<i>Transactions including commitments which have not been contracted for</i>					
<b>Imports</b>					
Euro	840	756	84		
US dollar	734	685	49		
Pound sterling	2	2			
Other currencies US dollar equivalent	10	10			

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<b>Exports</b>			
US dollar	7	7	
<b>Other payables (liabilities)</b>			
Euro	82	78	4
US dollar	46	46	
Pound sterling	15	15	
Other currencies US dollar equivalent	1	1	
	144	140	4
<b>Other receivables (assets)</b>			
US dollar	2	2	

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Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****63 Financial risk management and financial instruments (Continued)****2) Interest rate risk**

Fluctuations in interest rates impact on the value of short-term investments and financing activities, giving rise to interest rate risk. Exposure to interest rate risk is particularly with reference to changes in South African, European and US interest rates.

The group's policy is to borrow funds at floating rates of interest as this is considered to give somewhat of a natural hedge against commodity price movements, given the correlation with economic growth (and industrial activity) which in turn shows a high correlation with commodity price fluctuation. In certain circumstances, the group uses interest rate swap contracts to manage its exposure to interest rate movements.

The debt of the group is structured on a combination of floating and fixed interest rates. The benefits of fixing or capping interest rates on the group's various financing activities are considered on a case-by-case and project-by-project basis, taking the specific and overall risk profile into consideration. For further details on long-term debt refer note 17 and note 9 for long-term receivables.

In respect of financial assets, the group's policy is to invest cash at floating rates of interest and cash reserves are to be maintained in short-term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was:

	<u>Carrying value</u>	
	<u>2012</u>	<u>2011</u>
	<u>Rm</u>	<u>Rm</u>
<b>Variable rate instruments</b>		
Financial assets	<b>17 109</b>	17 024
Financial liabilities	<b>(10 773)</b>	(10 815)
	<b>6 336</b>	6 209
<b>Fixed rate instruments</b>		
Financial assets	<b>1 171</b>	1 855
Financial liabilities	<b>(4 823)</b>	(4 707)
	<b>(3 652)</b>	(2 852)
Interest profile (variable: fixed rate as a percentage of total interest bearing)	<b>82:18</b>	81:19
<b>Cash flow sensitivity for variable rate instruments</b>		

Financial instruments affected by interest rate risk include borrowings, deposits, derivative financial instruments, trade receivables and trade payables. A change of one percent in the prevailing interest rate in that region at the reporting date would have increased/(decreased) the income statement by the amounts shown below before the effect of tax. The sensitivity analysis has been prepared on the basis





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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 63 Financial risk management and financial instruments (Continued)

that all other variables, in particular foreign currency rates, remain constant and has been performed on the same basis for 2011.

## Income statement 1% increase

	South Africa	Europe	USA	Other
	Rm	Rm	Rm	Rm
<b>30 June 2012</b>	<b>(31)</b>	<b>(8)</b>	<b>(37)</b>	<b>48</b>
30 June 2011	(4)	(5)	22	49

## Income statement 1% decrease

	South Africa	Europe	USA	Other
	Rm	Rm	Rm	Rm
<b>30 June 2012</b>	<b>31</b>	<b>8</b>		
30 June 2011	4	5		

A one percent decrease in these interest rates at 30 June would have the equal but opposite effect, with the exception of US dollar, where interest could not be decreased by 1% as they are currently below 0,5%.

The following interest rate derivative contracts were in place at 30 June:

	Contract amount Rand equivalent	Average fixed rate	Expiry	Estimated fair value losses	Contract amount Rand equivalent	Average fixed rate	Expiry	Estimated fair value losses
	2012	2012	2012	2012	2011	2011	2011	2011
	Rm	%		Rm	Rm	%		Rm
<b>Interest rate derivatives</b>								
<b>Derivative instruments cash flow hedges</b>								
<i>Pay fixed rate receive floating rate</i>								
Euro					638	3,6	31/12/2017	(8)
Rand	430	8,1	14/12/2012	(5)	556	5,6	15/12/2012	(11)
	430			(5)	1 194			(19)
<b>Derivative instruments held for trading</b>								

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*Pay fixed rate receive floating  
rate*

Euro	104	2,4	25/05/2016	(4)
Euro	244	3,6	31/12/2018	(12)
	348			(16)

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The maturity profile of gross contract amounts of interest rate derivatives at 30 June were as follows:

	Contract amount	Within one year	One to two years	Two to three years	Three to four years	Four to five years	More than five years
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
<b>Interest rate derivatives</b>							
<b>2012</b>							
<b>Derivative instruments cash flow hedges</b>							
<b>Pay fixed rate receive floating rate</b>							
Rand	430	430					
<b>Derivative instruments held for trading</b>							
<b>Pay fixed rate receive floating rate</b>							
Euro	103	17	17	17	52		
Euro	244	244					
	347	261	17	17	52		
<b>2011</b>							
<b>Pay fixed rate receive floating rate</b>							
Euro	638	300	39	52	61	54	132
Rand	556	126	430				
	1 194	426	469	52	61	54	132

**3) Commodity price risk**

The group makes use of derivative instruments, including commodity swaps, options and futures contracts of short duration as a means of mitigating price and timing risks on crude oil purchases and sales. In effecting these transactions, the business units concerned operate within procedures and policies designed to ensure that risks, including those relating to the default of counterparties, are minimised.

In 2011, the group entered into a zero cost collar for approximately 30% of Sasol Synfuels' production and 30% of Sasol Petroleum International's West African output for the final quarter of 2011. The zero cost collar expired on 15 June 2011. The hedge provided downside protection should the monthly average dated Brent crude oil price have decreased below US\$85 per barrel on the hedged portion of production. Conversely, Sasol will have incurred opportunity losses on the hedged portion of production should the monthly average oil price have exceeded a volume weighted average of US\$172,77 per barrel. Together with the group's other risk mitigation initiatives, such as cost containment, cash conservation and capital prioritisation, the group's hedging strategy is considered in conjunction with these initiatives. The situation is monitored regularly to assess the appropriateness of oil price hedging to improve the stability and predictability of cash flows as part of Sasol's risk management activities. For the 2012 financial year, Sasol 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 this time. The situation is monitored regularly to assess when a suitable time might be to enter into an appropriate hedge again in the future



Table of Contents**Sasol Limited Group****Notes to the Financial Statements (Continued)****63 Financial risk management and financial instruments (Continued)**

Dated Brent crude prices applied during the year:

	<b>Dated Brent crude</b>	
	<b>2012</b>	<b>2011</b>
	<b>US\$</b>	<b>US\$</b>
High	<b>128,14</b>	126,64
Average	<b>112,42</b>	96,48
Low	<b>88,69</b>	70,61

The following commodity derivative contracts were in place at 30 June:

	<b>Contract amount</b>	<b>Within one year</b>	<b>Contract amount</b>	<b>Within one year</b>
	<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>	<b>Rm</b>
<b>Commodity derivatives</b>				
<b>Futures</b>				
Crude oil	<b>26</b>	<b>26</b>		
<b>Sensitivity analysis</b>				

We continue to remain more cautious on the short-term outlook and believe that we could see prices stabilising in the medium-term. Our view is that in the next five years, crude oil prices will settle below US\$110/b, however, in the longer term, we expect the crude oil price to increase. For forecasting purposes, we estimate that for every US\$1/b increase in the annual average crude oil price, group operating profit for the year will increase by approximately US\$72 million (R580 million) during 2013. This estimate is off a base of US\$100/b crude oil price and a rand/US dollar exchange rate of R8,01. It should be noted that in the volatile environment that we are currently experiencing, these sensitivities could be materially different depending on the crude oil price, exchange rates, product prices and volumes

A 10 percent increase of the commodity prices at 30 June would have increased the fair value of commodity derivatives recognised in other operating costs in the income statement by the amounts shown below, before the effect of tax. This analysis assumes that all other variables remain constant and should not be considered predictive of future performances. The calculation has been performed on the same basis for 2011.

	<b>2012</b>	<b>2011</b>
	<b>Rm</b>	<b>Rm</b>
Crude oil	<b>3</b>	

A 10 percent decrease in the commodity prices at 30 June would have the equal but opposite effect on the fair value amounts shown above, on the basis that all other variables remain constant.

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## Sasol Limited Group

## Notes to the Financial Statements (Continued)

## 63 Financial risk management and financial instruments (Continued)

## 4) Classification of financial assets and financial liabilities

## Accounting classifications and fair values

The table below sets out the group's classification of financial assets and financial liabilities, and their fair values

	Note	2012		2011	
		Fair value <sup>(1)</sup>	Carrying value	Fair value <sup>(1)</sup>	Carrying value
		Rm	Rm	Rm	Rm
<b>Financial assets</b>					
<i>Financial assets measured at amortised cost</i>					
<i>Loans and receivables</i>					
Long-term receivables	9	1 451	1 451	1 482	1 482
Trade receivables	13	21 157	21 157	20 398	20 398
Other receivables	14	2 194	2 194	960	960
Cash restricted for use	16	5 314	5 314	3 303	3 303
Cash	16	12 746	12 746	14 716	14 716
<i>Investments held-to-maturity</i>					
Investments in securities	6	472	472	445	445
<b>Financial assets measured at fair value</b>					
<i>Investments available-for-sale</i>					
Investments in securities <sup>(3)</sup>	6	206	206	189	189
Investments held for trading <sup>(3)</sup>	6	34	34	30	30
<i>Derivative instruments<sup>(2)</sup></i>					
Cash flow hedges		4	4	5	5
Held for trading		616	616	38	38
		44 194	44 194	41 566	41 566
<b>Financial liabilities</b>					
<i>Financial liabilities measured at amortised cost</i>					
Long-term debt	17	(16 455)	(15 885)	(16 737)	(15 849)
Short-term debt	23	(15)	(15)	(109)	(109)
Trade payables and accrued expenses	28	(14 510)	(14 510)	(13 964)	(13 964)
Other payables	29	(2 032)	(2 032)	(1 077)	(1 077)
Bank overdraft	16	(222)	(222)	(209)	(209)
Financial guarantees		(19)	(19)	(24)	(24)
<i>Derivative instruments<sup>(2)</sup></i>					
Cash flow hedges		(23)	(23)	(52)	(52)
Held for trading		(131)	(131)	(159)	(159)
		(33 407)	(32 837)	(32 331)	(31 443)

(1) Carrying value has been used where it closely approximates fair values. Fair value estimates are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. Where available, the most suitable measure for fair value is the quoted

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market price. In the absence of market prices which are not always available, the fair value was calculated on the basis of valuation techniques using current market parameters.

- (2) The fair value of financial assets measured at fair value are calculated using valuation techniques based on observable inputs, either directly (ie as prices) or indirectly (ie derived from prices). This includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- (3) The fair value of the unlisted equity investments cannot be determined as there is no observable market price information available on these investments. The fair value of these instruments is measured at cost less impairment losses. Refer to note 6.

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**SUPPLEMENTAL OIL AND GAS INFORMATION (Unaudited)**

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 932, "Extractive Industries - Oil and Gas", and regulations of the US Securities and Exchange Commission, this section provides supplemental information about natural oil and gas exploration and production operations that are managed by Sasol Petroleum International (SPI). Supplemental information is also provided about our coal mining operations and the conversion of coal reserves to synthetic oil, as managed by Sasol Mining and Sasol Synfuels, respectively.

Tables 1 through to 3 provide historical information pertaining to costs incurred for property acquisitions, exploration and development; capitalised costs and results of operations. Tables 4 through to 6 present information on the estimated net proved reserve quantities; standardised measure of estimated discounted future net cash flows related to proved reserves and changes therein.

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Table of Contents**TABLE 1 COSTS INCURRED IN OIL AND GAS PROPERTY ACQUISITION, EXPLORATION, AND DEVELOPMENT ACTIVITIES**

	Synthetic oil South Africa	Natural oil and gas		Other areas
		Mozambique	Canada	
	(Rand in millions)			
<b>Year ended 30 June 2010</b>				
Acquisition of unproved properties		56,2		28,9
Exploration	465,0	157,5		106,7
Development	3 834,0	507,5		87,9
<b>Total costs incurred</b>	<b>4 299,0</b>	<b>721,2</b>		<b>223,5</b>
<b>Year ended 30 June 2011</b>				
Acquisition of proved properties			868,4	
Acquisition of unproved properties		3,5	2 960,6	
Exploration	150,2	379,8		366,2
Development	4 389,3	496,0	1 270,1	167,0
<b>Total costs incurred</b>	<b>4 539,5</b>	<b>879,3</b>	<b>5 099,1</b>	<b>533,2</b>
<b>Year ended 30 June 2012</b>				
Acquisition of proved properties	<b>9,0</b>			
Acquisition of unproved properties		<b>4,3</b>		<b>12,7</b>
Exploration	<b>55,0</b>	<b>452,9</b>		<b>460,3</b>
Development	<b>4 428,3</b>	<b>341,3</b>	<b>6 870,8</b>	<b>125,0</b>
<b>Total costs incurred</b>	<b>4 492,3</b>	<b>798,5</b>	<b>6 870,8</b>	<b>598,0</b>

Table of Contents**TABLE 2 CAPITALISED COSTS RELATING TO OIL AND GAS PRODUCING ACTIVITIES**

	Synthetic oil	Natural oil and gas		Other areas
	South Africa	Mozambique	Canada	
<b>(Rand in millions)</b>				
<b>Year ended 30 June 2010</b>				
Proved properties	31 993,0	4 183,0		1 264,1
Producing wells and equipment	31 848,0	3 337,5		1 232,7
Non-producing wells and equipment	145,0	845,5		31,4
Unproved properties				
Uncompleted and non-producing wells and equipment	210,0	1 027,4		331,2
Capitalised costs	32 204,0	5 210,4		1 595,3
Accumulated depreciation	(11 427,0)	(936,1)		(710,1)
Net book value	20 777,0	4 274,3		885,2
<b>Year ended 30 June 2011</b>				
Proved properties	38 413,7	4 695,9	2 148,8	1 265,1
Producing wells and equipment	38 053,7	3 342,0	802,1	1 265,1
Non-producing wells and equipment	360,0	1 353,9	1 346,7	
Unproved properties			2 974,9	
Uncompleted and non-producing wells and equipment	205,5	1 141,6		330,3
Capitalised costs	38 619,2	5 837,5	5 123,7	1 595,4
Accumulated depreciation	(12 477,7)	(1 089,3)	(27,7)	(843,9)
Net book value	26 141,5	4 748,2	5 096,0	751,5
<b>Year ended 30 June 2012</b>				
Proved properties	<b>47 764,7</b>	<b>5 062,2</b>	<b>9 068,4</b>	<b>1 653,8</b>
Producing wells and equipment	<b>46 746,7</b>	<b>4 925,7</b>	<b>7 626,7</b>	<b>1 581,0</b>
Non-producing wells and equipment	<b>1 018,0</b>	<b>136,5</b>	<b>1 441,7</b>	<b>72,8</b>
Unproved properties			<b>3 455,0</b>	
Uncompleted and non-producing wells and equipment		<b>1 458,0</b>		<b>430,5</b>
Capitalised costs	<b>47 764,7</b>	<b>6 520,2</b>	<b>12 523,4</b>	<b>2 084,3</b>
Accumulated depreciation	<b>(14 538,4)</b>	<b>(1 771,5)</b>	<b>(1 920,4)</b>	<b>(1 189,8)</b>
Net book value	<b>33 226,3</b>	<b>4 748,7</b>	<b>10 603,0</b>	<b>894,5</b>

Table of Contents**TABLE 3 RESULTS OF OPERATIONS FOR OIL AND GAS PRODUCING ACTIVITIES**

	Synthetic oil South Africa	Natural oil and gas		Other areas
		Mozambique	Canada	
	(Rand in millions)			
<b>Year ended 30 June 2010</b>				
Sales to unaffiliated parties		48,3		867,5
Transfers to affiliated parties	29 672,0	769,2		
Total revenues	29 672,0	817,5		867,5
Production costs	(13 053,0)	(176,5)		(221,4)
Foreign currency translation (losses)/gains	(136,0)	3,5		(1,4)
Exploration expenses	(382,0)	(108,1)		(127,1)
Valuation provision				(49,9)
Depreciation	(1 247,0)	(151,5)		(225,6)
Operating profit	14 854,0	384,9		242,1
Tax	(4 662,0)	(164,9)		(179,4)
Results of operations	10 192,0	220,0		62,7
<b>Year ended 30 June 2011</b>				
Sales to unaffiliated parties		107,0	69,5	1 034,7
Transfers to affiliated parties	34 117,8	945,9		
Total revenues	34 117,8	1 052,9	69,5	1 034,7
Production costs	(14 287,7)	(225,1)	(22,7)	(152,4)
Foreign currency translation (losses)/gains	(80,8)	61,7		(10,7)
Exploration expenses	(109,2)	(269,1)		(335,2)
Valuation provision				(1,3)
Depreciation	(1 667,5)	(154,9)	(27,6)	(224,5)
Operating profit	17 972,6	465,5	19,2	310,6
Tax	(5 473,5)	(188,8)	(8,5)	(263,4)
Results of operations	12 499,1	276,7	10,7	47,2
<b>Year ended 30 June 2012</b>				
Sales to unaffiliated parties		154,9	330,5	1292,5
Transfers to affiliated parties	43 815,0	1 333,5		
Total revenues	43 815,0	1 488,4	330,5	1 292,5
Production costs	(15 988,8)	(283,5)	(156,8)	(230,4)
Foreign currency translation (losses)/gains	(3,6)	(122,1)	(2,5)	3,2
Exploration expenses	(19,0)	(140,7)		(405,8)
Valuation provision		(433,7)	(963,8)	
Net gain on farm down of licences				58,9
Depreciation	(2 407,7)	(249,7)	(1 323,2)	(166,6)
Operating profit	25 395,9	258,7	(2 115,8)	551,8
Tax	(7 958,8)			