SASOL LTD
Form 20-F
November 21, 2007

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As filed with the Securities and Exchange Commission on 21 November 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

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

OR

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the year ended 30 June 2007**

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 Organization)

1 Sturdee Avenue, Rosebank 2196
South Africa

(Address of Principal Executive Offices)

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

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

*

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

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

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

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

612,776,556 ordinary shares of no par value

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

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

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

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

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

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 o Item 18 ý

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

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PRESENTATION OF INFORMATION

We are incorporated in the Republic of South Africa as a public company under South African Company law. Our consolidated financial statements included in our corporate filings in South Africa were prepared in accordance with International Financial Reporting Standards (IFRS), as approved by the International Accounting Standards Board for the financial years ended 30 June 2003, 2004, 2005, 2006 and 2007.

For purposes of this annual report on Form 20-F, we have prepared our consolidated financial statements in accordance with IFRS and net income and shareholders' equity have been reconciled to accounting principles as generally accepted in the United States of America (US GAAP). Our consolidated financial statements for each of the financial years ended 30 June 2003, 2004, 2005, 2006 and 2007 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;

"euro" 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;

"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 R6.92 per US dollar, which was the noon buying rate for customs purposes of the rand as reported by the Federal Reserve Bank of New York on 28 September 2007.

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) and cubic feet (cf) 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 is used to refer to our oil and gas production.

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

All references to the "group", "us", "we", "our", "the company", or "Sasol" in this Form 20-F are to Sasol Limited, its group of subsidiaries and its interests in associates and joint ventures. 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) Limited" refers to (Proprietary) Limited, a form of corporation in South Africa which restricts the right of transfer of its shares, limits the number of members and prohibits the public offering of its shares.

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, the securitues 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 Producer Price Index and Consumer Price Index, respectively, which are a measure 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, which is also in accordance with IFRS, 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, it forms the accounting basis for segmental reporting that is disclosed to the investing and reporting public.

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 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-liquid (GTL) projects in Qatar and Nigeria, the Arya Sasol Polymer Project, the potential development of two coal-to-liquid (CTL) projects in China and other investments), acquisitions of new businesses or the disposition of existing businesses;
- statements regarding our estimated oil, gas and coal reserves;
- statements regarding the probable future outcome of the litigation and the future development in legal and regulatory matters, including initiatives for the economic empowerment of historically disadvantaged South Africans;
- statements regarding future fluctuations in refining margins and crude oil, natural gas and petroleum product prices;
- statements regarding the demand and cyclicality of petrochemical product prices;
- statements regarding changes in the manufacturers' fuel pricing mechanism in South Africa and their effects on fuel prices, our operating results and profitability;
- statements regarding future fluctuations in exchange and interest rates;
- statements regarding 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;
- 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 this Form 20-F. 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;
- 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 China;
- the ability to benefit from our capital expenditure 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, petroleum and chemical products and changes in foreign currency exchange rates;
- the ability to gain access to sufficient competitively priced gas and coal reserves;
- 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 risks of the foregoing.

The foregoing list of important factors is not exhaustive; when relying on forward-looking statements to make investment decisions, you should carefully consider the foregoing factors and other uncertainties and events. Such 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.

ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES

We are a public company incorporated under the Company law of South Africa. All 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, substantially all 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.

A foreign judgement is not directly enforceable in South Africa, but constitutes a cause of action which will be enforced by South African courts provided that:

- the court which pronounced the judgement has jurisdiction to entertain the case according to the principles recognised by South African law with reference to the jurisdiction of foreign courts;
- the judgement is final and conclusive, that is, it cannot be altered by the court which pronounced it;
- the judgement has not been prescribed;
- the recognition and enforcement of the judgement by South African courts would not be contrary to public policy, including observance of the rules of natural justice which require that the documents initiating the proceeding were properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal;
- the judgement was not obtained by fraudulent means;
- the judgement does not involve the enforcement of a penal or revenue law; and
- the enforcement of the judgement is not otherwise precluded by the provisions of the Protection of Businesses Act 99 of 1978, as amended, of the Republic of South Africa.

It is the policy of South African courts to award compensation for the loss or damage actually sustained by the person to whom the compensation is awarded. Although the award of punitive damages is generally unknown to the South African legal system that does not mean that such awards are necessarily contrary to public policy. Whether a judgement was contrary to public policy depends on the facts of each case. Exorbitant, unconscionable, or excessive awards will generally be contrary to public policy. South African courts cannot enter into the merits of a foreign judgement and cannot act as a court of appeal or review over the foreign court. South African courts will usually implement their own procedural laws and, where an action based on an international contract is brought before a South African court, the capacity of the parties to the contract will usually be determined in accordance with South African law. It is doubtful whether an original action based on United States federal securities law can be brought before South African courts. A plaintiff who is not resident in South Africa may be required to provide security for costs in the event of proceedings being initiated in South Africa. Furthermore the Rules of the High Court of South Africa require that documents executed outside South Africa must be authenticated for the purpose of use in South Africa.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

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 IFRS financial data set forth below for the years ended as at 30 June 2007 and 2006 and for each of the years in the three-year period ended 30 June 2007 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 2005, 2004 and 2003 have been derived from the group's previously published audited consolidated financial statements not included in this document.

The financial data at 30 June 2007 and 2006 and for each of the years in the three-year period ended 30 June 2007 should be read in conjunction with, and are qualified in their 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 approved by the International Accounting Standards Board, and net income and shareholders' equity have been reconciled to accounting principles generally accepted in the United States of America (US GAAP), which differs in some respects from IFRS. For a discussion of the principal differences between IFRS and US GAAP, see "Item 5.A "Principal Differences Between IFRS and US GAAP" and Note 67 to our consolidated financial statements.

	Year ended					
	30 June 2003 restated	30 June 2004 restated	30 June 2005 restated	30 June 2006 restated	30 June 2007	30 June[1] 2007
	(Rand in millions)					(US$ in millions)
	(except per share information and weighted average shares in issue)					
Income Statement data:						
IFRS						
Turnover	64,555	60,151	69,239	82,395	98,127	14,180
Operating profit	11,767	9,168	14,386	17,212	25,621	3,702
Earnings attributable to shareholders[3]	7,674	5,795	9,449	10,406	17,030	2,461
US GAAP						
Turnover	63,769	58.808	67,427	80,466	95,831	13,848
Operating profit	11,011	8,739	14,865	17,911	24,135	3,488
Earnings attributable to shareholders[3]	7,344	5,358	9,719	11,299	16,765	2,423
Per share information (Rand and US$):						
IFRS						
Basic earnings per share	12.59	9.50	15.39	16.78	27.35	3.95
Diluted earnings per share[5]	12.39	9.40	15.22	16.51	27.02	3.90
Dividends per share[2]	450	450	540	710	900	130
US GAAP						
Basic earnings per share	12.06	8.78	15.83	18.22	26.93	3.89
Diluted earnings per share	11.85	8.70	15.65	17.93	26.60	3.84
Weighted average shares in issue (in millions):						
Average shares outstanding basic	609.3	610.0	613.8	620.0	622.6	622.6
Average shares outstanding diluted[5]	619.6	616.2	620.9	630.2	630.3	630.3
Balance Sheet data:						
IFRS						
Total assets[4]	69,619	73,346	88,178	103,158	119,065	17,206
Total shareholders' equity	33,818	35,400	44,006	52,984	63,269	9,143
Share capital	2,783	2,892	3,203	3,634	3,628	524
US GAAP						
Total assets[4]	67,905	68,765	80,428	93,888	110,134	15,915
Total shareholders' equity	32,793	33,669	40,945	50,668	60,764	8,781
Share capital	2,842	2,976	3,356	4,414	4,594	664

(1) Translations into US dollars in this table are for convenience only and are computed at the noon buying rate of the Federal Reserve Bank of New York on 28 September 2007 of R6.92 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 balance sheet date and is presented for information purposes only. No provision for this final dividend has been recognised.

(3) The income statement has been restated for the effect of the reclassification of Sasol Olefins and Surfactants (O&S) as a continuing operation.

(4)

The comparative periods have been restated for the effects of a change in accounting policy and the reclassification of assets under construction from property, plant and equipment and other intangible assets.

(5)

The diluted weighted average number of shares has been restated to include the effect of the fair value of the services to be received in the future from participation in the Sasol Share Incentive Scheme (see Item 18 Financial Statements note 4.1).

Exchange rate information

The following table sets forth certain information as published by the Federal Reserve Bank of New York with respect to the noon buying rate of US dollars in terms of rand for the years shown:

Rand per US dollar for the year ended 30 June or the respective month	Average[1]	High	Low
2003	9.04	10.90	7.18
2004	6.88	7.80	6.17
2005	6.21	6.92	5.62
2006	6.41	7.43	5.99
2007	7.20	7.88	6.74
2008[2]	7.10	7.50	6.81
April 2007	7.09	7.30	6.90
May 2007	7.02	7.23	6.86
June 2007	7.16	7.36	7.02
July 2007	6.97	7.15	6.81
August 2007	7.22	7.50	7.02
September 2007[2]	7.10	7.25	6.88

(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) Through 28 September 2007.

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 our principal operating currency. 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. Also, a significant part of our turnover is determined by the US dollar, as petroleum prices in general and the price of most petroleum and chemical products in South Africa are based on global commodity and benchmark prices which are quoted in US dollars. Hence, a large part of our group turnover is denominated in US dollars or influenced by the underlying global commodity and benchmark prices which are quoted in US dollars. Furthermore, a significant part of our capital expenditure is also US dollar-denominated, as it is directed to investments outside South Africa or constitutes equipment or plant imported into South Africa. In our South African operations the majority of our costs are rand based and in our European operations a large part of our costs are Euro based. Accordingly, fluctuations in the exchange rates between the rand and US dollar, the rand and the Euro and the Euro and the US dollar may have a material effect on our business, operating results, cash flows and financial condition.

During 2007, the rand/US dollar exchange rate averaged R7.20 and fluctuated between the high of R7.88 and the low of R6.74. This compares to an average exchange rate of R6.41 during the 2006 financial year, which fluctuated between the high of R7.43 and the low of R5.99. The rand exchange

rate is impacted by various international and South African economic and political factors. Subsequent to 30 June 2007, the rand has on average strengthened marginally against the US dollar and Euro.

In addition, 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. 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, 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.

During 2007 the dated brent crude oil price averaged US$63.95/b and fluctuated between the high of US$78.70/b and the low of US$50.67/b. This compares to an average dated brent crude oil price of US$62.45/b during the 2006 financial year.

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) Limited (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.

Fluctuations in the price of crude oil and petroleum products can have a material adverse effect on our business, operating results, cash flows and financial condition.

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. During the course of the 2007 financial year, we have again hedged a portion of our synthetic fuel production against falling oil prices in respect of the 2008 financial year. 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 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 and supply exceeding demand growth. Low periods in the business cycle are then characterised by decreasing prices and excess capacity, which can depress operating margins and may result in operating losses. We believe that some areas within the chemicals industry currently show overcapacity with the possibility of further capacity additions in the next few years. We cannot assure you that future growth in demand will be sufficient to absorb current overcapacity or future capacity additions without downward pressure on prices of chemical products. Such pressure may have a material adverse effect on our business, operating results, cash flows and financial condition.

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

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

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

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

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

- 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 novel 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 by patents registered by our competitors.

In addition to the technological challenges, a large number of our expansion projects are integrated across a number of Sasol businesses. Problems 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 in the process of developing one in Nigeria. In addition, we are considering opportunities for further GTL and coal-to-liquids (CTL) investments in other areas of the world. The development of these projects, both solely or through joint ventures, 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 process 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 GTL and CTL fuels will in time develop to become an efficient and widely used alternative and/or supplement to conventional liquid fuels. 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;

fluctuations in the exchange rate of the US dollar 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, etc;

technology and catalyst performance;

conditions in the countries in which we invest, 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.

Significant variations in any one or more of the above factors which are beyond our control, or any other relevant factor, may adversely affect the profitability or even the viability of our GTL and CTL investments. Most of the above assumptions are also applicable to other growth strategies followed by Sasol. Should we not be successful in the implementation of our GTL and CTL projects, we may be required to write off significant amounts already incurred and we may need to redirect our strategy for

future growth. 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.

There are risks relating to 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 4B 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 chemical businesses in Europe, the USA and South East Asia and an equity interest in a GTL project in Qatar.

Specific aspects of country 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, Southeast 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. 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)

Result of investigation of possible reforms to the fiscal regime applicable to windfall profits in South Africa's liquid fuel energy sector

In February 2006, the South African Minister of Finance announced the appointment of a task team to investigate the issue of windfall profits in the liquid fuels industry, in particular the synthetic fuels industry, and whether a windfall tax should be imposed on such profits.

On 6 August 2007, the Minister announced that the National Treasury would not pursue a windfall tax on the South African liquid fuels industry and that it will explore a levy on refined products to contribute to the construction of excess capacity in relation to the proposed new multi-product pipeline in South Africa.

(c)

Fluctuations in inflation and interest rates

Over recent years, the South African economy has had relatively low and stable levels of inflation and interest rates. Should increases in these rates occur, our costs could increase and our operating margins could be affected. High interest rates could also adversely impact on our ability to ensure cost-effective debt financing in South Africa.

(d)

Transportation, water and electricity 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. These are particularly relevant in South Africa where economic growth has exceeded expectations.

(e)

Unionised labour

The majority of our employees worldwide belong to trade unions. These employees comprise mainly general workers, artisans and technical operators. Although we have had minor labour disruptions in South Africa during 2007 we have not experienced significant labour disruptions in recent years. We have constructive relations with our employees and their unions, but we cannot assure you that significant labour disruptions will not occur in the future.

(f)

Exchange control regulations

South African law provides for exchange control regulations which restrict the export of capital from the Common Monetary Area, which includes South Africa, subject to South African Reserve Bank dispensation.

These regulations apply to transactions involving South African residents, including both natural persons and legal entities. 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.D Exchange controls" and "Item 5.B Liquidity and capital resources".

(g)

Human Immunodeficiency Virus (HIV)/Acquired Immune Deficiency Syndrome (AIDS) in sub-Saharan Africa

Managing AIDS remains a priority for Sasol and for South Africa as a whole. Accurate data regarding the actual prevalence of AIDS in South Africa is not available. To date, 7% of our tested South African employees have tested HIV-positive, which is well below South Africa's previously estimated actuarial prevalence rate of 19%. Based on an actuarial study, which excludes the positive impact of any prevention and management intervention program, we estimate that, while the percentage of infected employees may not rise significantly in the forthcoming years, there will be a significant increase in the number of AIDS-related fatalities. See "Item 6.D Employees".

Our integrated Sasol HIV/AIDS Response Programme (SHARP) remains focused on reducing the rate of HIV infection throughout our South African operations and extending the quality of life of infected employees by providing managed healthcare.

As a result of our collaborative approach, we have had one of the highest uptakes of voluntary counselling and testing (VCT) in South Africa. By 30 June 2006, 82% of our employees in South Africa had undergone VCT. This is significantly higher than the typical 50% to 60% uptake rates achieved by most corporate VCT programmes.

We incur costs relating to the medical treatment and loss of infected personnel, as well as the related loss of productivity. We also incur costs relating to the recruitment and training of new personnel. We are not in a position to accurately quantify these costs, specifically where costs are dependent on the rate of employee participation and changes in treatment costs.

Although Sasol does not expect HIV/AIDS currently to materially and adversely affect its operations and results, it is not possible to determine with certainty that costs incurred in managing HIV/AIDS and the impact of HIV/AIDS in general would remain at current levels and no assurance can be given in this regard.

(h)

Transformation issues

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

As a leading and patriotic South African-based company, we embrace and will engender or participate in initiatives to bring about meaningful transformation to assist in correcting the imbalances and injustices of the apartheid era. We consider these initiatives to be a strategic imperative and we acknowledge the risk of not vigorously pursuing them. It is not currently known what additional costs or implications will arise for us to comply with these transformation initiatives.

As part of an initiative of the government of South Africa to advance the participation of historically disadvantaged South Africans in the country's economy, in November 2000, we became party to an agreement with the government and the liquid fuels industry, the Charter for the South African Petroleum and Liquid Fuels Industry on Empowering Historically Disadvantaged South Africans in the Petroleum and Liquid Fuels Industry (the Liquid Fuels Charter). The Charter deals with the following key matters:

- participation in ownership and control in all facets of the industry by historically disadvantaged South Africans;
- addressing the skills gap in the industry;
- employment equity; and
- procurement from historically disadvantaged South Africans.

See "Item 4.B Business overview Sasol Oil" and " Empowerment of historically disadvantaged South Africans".

The Liquid Fuels Charter requires us, amongst other things, to ensure that historically disadvantaged South Africans hold at least 25% equity ownership of our liquid fuels business by the year 2010. We entered into a 25% equity transaction with Tshwarisano LFB Investment (Pty) Limited (Tshwarisano), on 1 July 2006 and we are now compliant with the equity ownership targets of the Liquid Fuels Charter. See "Item 8.B Significant changes".

The financing arrangements for the Tshwarisano transaction are set out in "Item 5.A Operating results Our operations are subject to various laws and regulations in the countries in which we operate" and "Item 8.B Significant changes".

In October 2002, the government and representatives of South African mining companies and mineworkers' unions reached broad agreement on a charter (the Mining Charter), designed to facilitate the participation of historically disadvantaged South Africans in the country's mining industry. The Charter's stated objectives include the:

- expansion of opportunities for persons disadvantaged by unfair discrimination under the previous political dispensation;
- expansion of the skills base of such persons;
- promotion of employment and advancement of the social and economic welfare of mining communities; and
- promotion of beneficiation of ore into higher value substances.

The Mining Charter, together with the scorecard to facilitate the interpretation of and compliance with the Mining Charter, requires mining companies to ensure that historically disadvantaged South Africans hold at least 15% ownership of mining assets or equity in South Africa within 5 calendar years

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(i.e. by 2009) and 26% ownership within 10 calendar years (i.e. by 2014) from the effective date of the Mineral and Petroleum Resources Development Act which was on 1 May 2004. The Charter further specifies that the mining industry is required to assist historically disadvantaged South Africans in securing finance to fund their equity participation up to an amount of R100 billion within the first 5 calendar years after the implementation of the aforementioned Act. Beyond this R100 billion commitment, the Mining Charter requires that participation of historically disadvantaged South Africans should be increased towards the 26% target on a willing buyer-willing seller basis.

See "Item 4.B Business overview Sasol Mining" and "Empowerment of historically disadvantaged South Africans".

Various principles of the Mining Charter have been incorporated in regulations promulgated by the Minister of Minerals and Energy under the new Mineral and Petroleum Resources Development Act with respect to the South African mining industry. We have commenced a process to apply for the conversion of our existing mining licenses under the new Mineral and Petroleum Resources Development Act. See below "New mining legislation may have an adverse effect on our mineral rights". When considering applications for the conversion of existing mining licenses under the Mineral and Petroleum Resources Development Act, the Minister of Minerals and Energy must take into account, among other factors, the applicant company's compliance with the Mining Charter. We have entered into a transaction with Eyesizwe Coal (Pty) Limited (Eyesizwe) for our mining export activities which is expected to be effective in 2008.

See "Item 4.B Business overview Sasol Mining" and "Empowerment of historically disadvantaged South Africans".

The Minister of Trade and Industry published the Codes of Good Practice for Broad-based Black Economic Empowerment 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. See "Item 8.B Significant changes".

It is not currently known what implications will arise for us to comply with the said Act and other requirements of both the Liquid Fuels and Mining Charters or the Codes of Good Practice for Broad-based BEE and we cannot assure you, in the short-term, that these implications will not have a material adverse effect on our shareholders or business operating results, cash flows and financial condition. Although we believe that the long-term benefits to the company and our country should outweigh any possible short-term adverse effects, we cannot assure you that these benefits will in fact materialise.

(i)

Engineering and construction contract costs

The increase worldwide in the demand for large engineering and construction projects has resulted in a shortage of engineering and construction resources and strains on these industries. These have impacted on some of our projects and have adversely affected construction timing schedules and costs. Whilst higher international crude oil prices may boost post-commissioning income streams and compensate for construction delays and higher capital costs, these strains in the engineering and construction industries are nevertheless a cause for concern and may impact on our project plans and growth ambitions. There is a risk that our plants that are constructed in the current buoyant market, will have to operate in a possible future market where product prices have declined.

(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:

external 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;

lack of capacity to deal with emergency response situations; and

the introduction of selective environmental and carbon taxes.

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 parliamentary democracies. However, institutions in these countries may not yet be as firmly established as they are in parliamentary democracies in South Africa, the United States and some European countries. Some of these countries are also transitioning to a market economy and, as a result, experience 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.

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

The Mineral and Petroleum Resources Development Act (MPRDA) came into effect on 1 May 2004. The fundamental principle of the Act is that mineral resources are the common heritage of all South Africans and collectively belong to all the people of South Africa. The Act provides that the right to prospect and mine, including the right to grant prospecting and mining rights on behalf of the nation, be administered by the government of South Africa which will have the right to exercise full and permanent custodianship over mineral resources.

The Act requires mining companies, including our subsidiary, Sasol Mining (Pty) Limited, to apply for conversion of their existing prospecting and mining permits (old order rights) to new order rights. A wide range of factors and principles must be taken into account by the Minister of Minerals and Energy when considering these applications. These factors include the applicant's access to financial resources and appropriate technical ability to conduct the proposed prospecting or mining operation, the environmental impact of the operation and, in the case of prospecting rights, considerations relating to fair competition. Other factors include considerations relevant to promoting employment and the social and economic welfare of all South Africans and showing compliance with the provisions of the Mining Charter for the empowerment of historically disadvantaged South Africans in the mining industry. See "Item 4.B Business overview Regulation of mining activities in South Africa" and " Empowerment of historically disadvantaged South Africans". The Act also provides that a mining right granted under the Act may be cancelled if the mineral to which such mining right relates is not mined optimally.

It is the declared intent of the South African government not to disrupt operations as a result of the introduction of the new legislation and we have taken, and continue to take, the appropriate actions in order to ensure conversion of our existing prospecting and mining rights. Thus far, the majority of the prospecting rights for which we have applied have been granted. We have also been granted mining rights in respect of four smaller areas within and adjacent to the Secunda mining complex, whilst we are still waiting for the conversion of mining rights in respect of the greater Secunda mining complex. We are in the process of preparing our application for conversion of our old order mining rights in the Free State Province, which will be submitted in due course. However, we cannot assure you that we will be successful in all our applications for conversion of the total extent of our existing old order rights and that our rights on existing coal mine reserves will not be affected, which could have a material adverse effect on our business, operating results, cash flows and financial condition.

In case of a breach of its obligations by an entity, the new order right can be suspended or cancelled by the Minister of Mineral and Energy if the entity, upon receiving a notice of breach from the Minister, fails to remedy such breach. The MPRDA also imposes additional responsibilities with respect to environmental management as well as environmental pollution, degradation or damage from mining or prospecting activities. We cannot assure you that these changes will not affect our operations and mining rights in future, which could impact negatively on our business and operating results.

Furthermore, royalties from mining activities will become payable to the state under provisions contained in the Mineral and Petroleum Resources Royalty Bill. This Bill was first published in March 2003 and has since been revised, with the final Bill being published on 11 October 2006. The Bill provides for a royalty rate of 1% on coal with an ash content of higher than 15% for South African energy consumption and 3% on coal with ash content lower than 15%. The royalty is revenue based, payable bi-annually in arrears, and will take effect from 1 May 2009. The royalty will be deductible for normal income tax purposes.

New legislation 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 became effective on 17 March 2006. This Act amends the existing Petroleum Products Act, enacting provisions regulating a wide range of matters including the licensing of persons involved in the manufacturing, wholesale and retail sale of petroleum products. As the Act and regulations to be promulgated, regulate matters pertaining to wholesale and retail sales of petroleum products, Sasol Oil, Natref and Sasol Synfuels have applied for licenses for existing manufacturing and wholesale activities. Pending a decision in respect of these applications, the companies are deemed to be the holders of licenses for those activities. As required by the Act and regulations, Sasol Oil's existing franchisees and dealers have applied for applicable retail licenses. We cannot assure you that these licenses will be granted and if they are granted that the conditions of the licenses will not have a material adverse impact on our business, operating results, cash flows and financial condition. New retail site development by Sasol Oil could be delayed given the requirements under the new regulations for site and retail licenses. See "Item 4.B Business overview Sasol Oil" and " Regulation of petroleum-related activities in South Africa".

The Petroleum Pipelines Act became effective on 1 November 2005. The Act regulates petroleum pipelines and storage and loading facility activities, including the construction and operation of petroleum pipelines and the delivery of certain commercial services in connection with these pipelines and facilities. The Petroleum Pipelines Act grants limited discretion to the National Energy Regulator of South Africa (NERSA) to adopt different pricing methodologies in connection with the setting of tariffs, which may prove advantageous for some competitors, because of different market and geographic positions. The regulations pertaining to tariff setting methodologies have not been issued yet, but the rules that may be made by the regulator under the Act may affect our advantage due to

the location in the economic heartland of the country of our Sasol Synfuels facilities at Secunda. It may also impact on our ability to recover crude oil pumping costs incurred to supply our Natref refinery fully from the market. See "Item 4.B Business overview Sasol Oil" and " Regulation of petroleum-related activities in South Africa".

We have applied for licenses under the Petroleum Pipelines Act and the rules issued by the NERSA for our depots and related infrastructure and await the issue of licenses. Notwithstanding continuous interaction and comments submitted in respect of regulations to be issued under these statutes, we cannot assure you that the enactment of new legislation or the amendment of existing laws and regulations will not have a material adverse effect on our business, operating results, cash flows and financial condition. Among the matters governed by the Petroleum Pipelines Act, of particular significance to our business are issues relating to the powers granted to NERSA with respect to the determination or approval of tariffs, the granting of construction, conversion and operating licenses and open access to pipelines and depots.

The South African government issued guidelines relating to new fuel specifications, portions of which came into effect in January 2006 and resulted in regulations being issued on 23 June 2006. These specifications relate to the phasing out of lead from the petroleum products we manufacture, a reduction in the sulfur content in certain of these products and a new national octane structure. The clean fuels introduction plans have been successfully completed and in order to meet these new specifications we have made significant capital investments at our manufacturing sites to modify our current petroleum production processes. It is as yet uncertain what the final market demand will be for the various new products.

The final guidelines regarding the importation and exportation of petroleum products were published on 30 November 2006. From the guidelines it can be concluded that there may be more flexibility afforded to oil companies and wholesalers, including airline companies, to directly import petroleum products. The risk of increased competition could have an adverse effect on the company.

The Department of Minerals and Energy is currently reviewing the methodology for determining the margins of the regulated retail price of fuel. The results are not yet known, but may impact the wholesale price of fuel, thereby having a material adverse effect on our business, operating results, cash flows and financial condition.

The Gas Act came into effect on 1 November 2005. The Act regulates matters relating to gas transmission, storage, distribution, liquefaction and re-gasification activities. Although we negotiated a ten year regulatory dispensation (7 years remaining until 2014) with the South African government covering the supply of Mozambican natural gas to the South African market, we cannot assure you that the enactment of the Gas Act and the appointment of the NERSA will not have a material adverse impact on our business, operating results, cash flows and financial condition. See "Item 4.B Business overview Sasol Gas" and " Regulation of gas related activities in South Africa".

The Consumer Protection Bill was issued for public comment on 23 June 2006 and intends to establish national norms and standards relating to consumer protection and prohibits certain unfair marketing and business practices and to promote responsible consumer behaviour. It remains uncertain what the impact on our business will be when the guidelines and the Consumer Protection legislation are passed. This could have a material adverse effect 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 maintaining existing operations.

In the past, we have been successful in recruiting and retaining such personnel. However, demand for personnel with the range of capabilities and experience required in our industry is high globally and success in attracting and retaining such employees is not guaranteed. The risk exists that our scientific, engineering and project execution skills base may be depleted over time because of, for example, natural attrition and a shortage of people being available in these disciplines.

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 products or processes and our competitive advantage

Our various products and processes, including most notably, our chemical, CTL and GTL products and processes have unique characteristics and structures and, as a result, are subject to patent protection, the extent of which varies from country to country. The expiry of a patent results in increased competition in the market for the previously patented products and processes. In addition, aggressive patenting by our competitors may result in an increased patent infringement risk.

A high percentage of our products can be regarded as commodity chemicals, some of which have unique characteristics and 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 application-type products. These patents may create pressure on our clients who market these application-type products which may adversely affect our sales to these clients. Patent-related pressures may adversely affect our business, operating results, cash flows and financial condition.

We believe that our proprietary technology, know-how and trade secrets, especially in the Fischer-Tropsch area, 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.

Similarly, operating and licensing technology in countries in which intellectual property laws are not well established and enforced may result in some transfer of our know-how and trade secrets to our competitors. This may adversely affect our business, operating results, cash flows and financial condition.

Increasing competition from 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 United States and Europe. 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 production costs, 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 withdrawal of particular products or closure of facilities. We cannot assure you that increasing competition by 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.

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

Our products are required to comply with legislation relating to the protection of the environment, health and safety of employees, the public and the end consumer, as well as meet customer needs. As these regulations may grow stricter, we may be required in some cases to incur additional expenditure in providing additional test data in order to register our products or to adjust the manufacturing processes for certain of our products, including liquid fuels and chemicals, or even withdraw some of them, in order to be in a position to comply with market needs or more stringent regulatory requirements. For example, compliance with the registration, evaluation and authorisation of chemicals (REACH) procedure implemented by the European Commission (EC) may have significant cost implications as we may be required, among other things, to provide risk assessments and apply for registration of our products. Similarly, public opinion is growing more sensitive to consumer health and safety and environmental protection matters, and, as a result, markets may apply pressure on us concerning certain of our products. Should we be required to take additional actions in order to comply with REACH requirements, then we may incur significant additional costs.

We may be required to withdraw from the market certain products which we consider uneconomical given these additional costs of compliance or otherwise due to public opinion considerations. These factors may have a material adverse effect on our business, operating results, cash flows and financial condition.

Our exploration, mining and production operations are required to conform to legislation relating to the protection of the environment, health and safety of the workforce and neighbouring communities. As these regulations may grow stricter, we may be required in some cases to incur additional expenditure in order to provide additional protection or to adjust specifications or manufacturing processes or transport and distribution arrangements for certain of our operations or products. Should we make changes or incur such costs this may have a material adverse effect on our business, operating results, cash flows and financial condition. More specifically:

- the National Environmental Management: Air Quality Act, in terms of which the Vaal Triangle area (in which our Sasolburg operations are located) has been declared a Priority Area for purposes of implementation of an emission reduction and management plan by the South African Department of Environmental Affairs and Tourism (DEAT). DEAT has also indicated its intent to make a similar proposal for the Highveld Area (in which Secunda is located). The Department is also in the process of setting ambient air quality and emission standards, which will form the basis for a review of atmospheric emission licenses for our operations in Sasolburg and Secunda. More stringent air quality standards may have significant cost implications for us; and

- the nature of some of our processes, like the gasification of coal to produce synthetic fuels and petrochemicals, result in relatively high emission of carbon dioxide, a greenhouse gas. Although certain countries in which we operate are exempt from greenhouse gas reduction targets, it is uncertain how any future developments in carbon dioxide restrictions will affect our group.

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, including, but not limited to, fire, explosion, 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.

According to the World Economic Forum's report on Global Risks 2007, the risk of future attacks has risen and a future terrorist attack is highly likely. In addition, according to the US National Intelligence Estimate report, the Iraq war has heightened risks, while the situations in Afghanistan, Somalia and Pakistan continue to cause concern.

Our facilities, located mainly in South Africa, the United States and various European countries, as well as in various African countries, the Middle East and Southeast Asia, are subject to the risk of experiencing deliberate acts of terror.

Our main Sasol Synfuel production facilities are concentrated in a relatively small area in Secunda. In addition, this facility is integrated in the form of our mining and gas businesses providing feedstock whilst the chemical and oil businesses rely on the facility for raw materials produced. Industry-related accidents and acts of terror may result in damages 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, acts of terror or accidents at our longstanding operations may cause, or may have caused, 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.

We obtain insurance cover over our assets and against property damage and business interruption. We also obtain insurance to limit certain of our liability exposures. In some cases we also have indemnity agreements with the previous owners of acquired businesses which limit certain of our exposures to environmental contamination. We are implementing a number of programs, including on-the job safety training, in order to increase safety, and we closely monitor our safety, health and environmental procedures. However, there can be no assurance that accidents or acts of terror will not occur in the future, that insurance will adequately cover the entire scope or extent of our losses or that we may not be found directly liable in connection with claims arising from these and other events.

In general, we cannot assure you that costs incurred as a result of the above or related factors will not have a material adverse effect on our business, operating results, cash flows and financial condition.

Failure to comply with safety, health and environmental and other laws may adversely affect our market position and our business, operating results, cash flows and financial condition

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, land use, air emissions, use of water, wastewater discharge, waste management and site remediation. These regulations often require us to obtain and operate in compliance with the conditions of permits, licenses and authorisations from the appropriate regulatory authorities. Compliance with these laws, regulations, permits, licenses 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, in all material respects, with applicable laws, regulations, permits, licenses and authorisations.

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 or other remedial actions, any of which could entail significant expenditures.

We are also continuing 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 comply with these safety, health and environmental licenses, 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 any other method as may be required by the regulations (not yet promulgated) under the Petroleum Products Act in respect of the rehabilitation of environmental impacts. However, this is not required in terms of the Petroleum Products Amendment Act and the regulations if a license applicant at the time of the commencement of the Petroleum Products Amendment Act, held or was in the process of developing a site, manufactured or wholesaled or retailed petroleum products. 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.

Whilst it is our policy that asbestos-containing materials will be phased out on a risk-based order of priority, there are currently certain asbestos-containing materials at our facilities. In addition, our manufacturing processes may utilise and result in the emission of substances with potential carcinogenic properties. We also manufacture products which may contain carcinogenic components. Although we implement occupational health and safety, product stewardship and other measures to eliminate or mitigate potential risks we cannot assure you that no liabilities may arise as a result of the use or exposure to these materials.

In addition to undertaking internal investigations we are also subject to review from time to time by government authorities on our compliance with, inter alia, tax, customs and excise duty, anti-trust laws and regulations impacting our operations. Our product pricing structures are also reviewed from time to time by regulatory authorities. Whilst it is our policy to conduct our operations in accordance with applicable laws and regulations and we have established control systems to monitor such compliance, no assurance can be given that these control systems will not fail or that some of our product pricing structures will not change in the future.

Failure to interpret correctly and comply with such laws and regulations and/or changes to our product pricing and cost structures may have a material adverse impact on our business, operating results, cash flows and financial condition.

In recent years global understanding and awareness regarding green house gases (GHG) have increased significantly. Potential CTL technology providers are experiencing an increasing number of questions regarding their CTL technology and how the CO_2 emitted will be addressed. We have initiated a focused and coordinated approach to understand and provide solutions to reduce CO_2 emissions from our CTL ventures. We cannot predict the effect of these solutions on our ability to implement our CTL projects, which could have a material adverse effect on our business, operating results, cash flows and financial condition.

Our coal, crude oil and natural gas reserve estimates may be materially different from reserves that we may actually recover

Our reported coal reserves are estimated quantities based on applicable reporting regulations that under present and anticipated conditions have the potential to be economically mined and processed. Our proved developed and undeveloped crude oil and natural gas reserves are estimates based on applicable reporting regulations. There are numerous uncertainties inherent in estimating quantities of reserves and in projecting potential future rates of coal, oil and natural gas production, including many factors beyond our control. In addition, reserve/reservoir engineering is a subjective process of estimating underground deposits of reserves that cannot be measured in an exact manner and the

accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgment. Estimates of different engineers may vary and results of our mining/drilling and production subsequent to the date of an estimate may justify revision of estimates.

Reserve estimates may require revision based on actual production experience and other factors. In addition, several factors including the market price of coal, oil and natural gas, reduced recovery rates or increased production costs due to inflation or other factors may render certain of our estimated proved and probable coal reserves and proved developed oil and natural gas reserves and undeveloped oil and natural gas resources uneconomical to exploit and may ultimately result in a restatement of reserves. This 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 as a result of our existing investments in Iran

There are possible risks posed by the potential imposition of US 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 relate to two sanctions programmes administered by the US government that we have considered: the Iranian Transactions Regulations (ITR) administered by the US Treasury Department Office of Foreign Assets Control (OFAC) and the Iran Sanctions Act (ISA) administered by the US Department of State.

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

We are taking measures to ensure that our US employees, investors and certain subsidiaries of the group to which the ITR applies will not violate the ITR as a result of their respective affiliations with the group. For instance, to that end, we are taking measures to:

ensure that no US persons are involved in our Iranian activities, either as directors and officers, or in other positions, including engineering, financial, administrative and legal;

ensure that funds dedicated to projects in Iran will be kept segregated from general group funds;

ensure that no funds of US investors will be utilised in the projects by using separate bank accounts for any funds directed to, or to be received from, these projects and monitoring the flow of funds to and from these projects; and

separate the results of these businesses into separate legal entities.

By undertaking these steps, we believe that any risks posed by the ITR to US persons and entities affiliated with the group will be mitigated. Nevertheless, we cannot predict OFAC's enforcement policy in this regard and it is possible that OFAC may take a different view of the measures described above. In such event, US persons or affiliates associated with the group may be subject to a range of civil and criminal penalties.

ISA was adopted by the US government in 1996 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. ISA was extended in 2001 and amended in 2006 by the Iran Freedom Support Act; it will continue in force through 2011. In addition, the House and the Senate have considered amendments to ISA in 2007 that could subject a broader range of business or investment activities to sanctions, although to date none of the proposed amendments to ISA have been enacted into law.

As amended, ISA grants the President of the United States discretion in imposing sanctions on companies found to be in violation of its provisions involving investment in the petroleum industry in Iran or involving exports, transfers or other provisions any person or company, regardless of nationality, that (i) makes an investment in Iran of US$20 million or more in any 12-month period that directly and significantly contributes to Iran's ability to develop its petroleum industries, or (ii) exports, transfers or otherwise provides to Iran any goods, services, technology or other items with the knowledge that such provision would contribute materially to the ability of Iran to acquire or develop chemical, biological or nuclear weapons (or related technologies), or destabilising numbers and types of advanced conventional weapons.

Should the US government determine that some or all of our activities in Iran are investments in the petroleum industry, as statutorily defined by ISA, the President of the United States may at his discretion impose, among other to determine which sanctions to apply, including restrictions on our ability to obtain credit from US financial institutions, restrictions on our ability to procure goods, services and technology from the United States or restrictions on our ability to make sales into the United States.

We cannot predict future interpretations of ISA or the implementation policy of the US government with respect to ISA. Although we believe that our polymers project is not in the petroleum industry and we were only involved in a feasibility study in connection with other activities in Iran, we cannot assure you that our activities in Iran would not be considered investments as statutorily defined by ISA or that the imposition of sanctions on the company or other entities of the group would not have a material adverse impact on our business, operating results, cash flows and financial condition.

In addition to the sanctions administered by OFAC and the US Department of State described above, the US government can and, from time to time, has imposed restrictions and sanctions against Iranian financial institutions under the USA Patriot Act and other anti-money laundering legislation. Such measures against Iranian financial institutions could have an adverse effect on our operations and investments in Iran.

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 is divested as a result of state legislation, or the perception 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, 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 in accordance with the Deposit Agreement. The Bank of New York has undertaken in turn, as soon as practicable after receipt of our notice, to mail to holders of ADRs voting materials. These voting materials include information on the matters to be voted on 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 Articles of Association, to instruct The Bank of New

York 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 how to exercise these voting rights.

Upon the written instruction of an ADR holder, The Bank of New York 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 by the date specified in the voting materials, The Bank of New York will not request a proxy on behalf of such holder. The Bank of New York 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 to vote the shares underlying your ADSs. In addition, The Bank of New York 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.

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 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.

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 1947, the South African Parliament enacted legislation detailing the establishment of an oil-from-coal industry in South Africa. This followed 20 years after the publication of a White Paper by Parliament, aiming to protect the country's balance of payments against increasing crude oil imports in view of the lack of domestic crude oil reserves. As a result of this initiative, the South African government in 1950, through the Industrial Development Corporation of South Africa Limited (IDC), a state-owned entity, formed our predecessor company known as the South African Coal, Oil and Gas Corporation Limited to manufacture fuels and chemicals from indigenous raw materials.

Construction work on our synthetic fuels plant at Sasolburg (Sasol One), in the Free State province, about 80 kilometres (km) south of Johannesburg, commenced in 1952, and in 1955, the original Sasol One production units were commissioned. We supplied our first gasoline and diesel to motorists in Sasolburg in November 1955. The operation of this plant was based on a combination of the German fixed-bed and the US fluidised-bed Fischer-Tropsch technologies, together with German Lurgi coal gasification technologies for the synthetic production of gasoline, diesel, other liquid fuels and chemical feedstock from coal.

During the 1960s, we became a major supplier of raw materials for the chemical industry. This included products such as solvents for paints, butadiene and styrene for synthetic rubber and ammonia for nitrogenous fertiliser. When our first naphtha cracker became operational in the mid-1960s, we added ethylene and propylene for the plastics industry to our product portfolio.

In 1966, we completed construction of our first gas pipeline, which connected 250 industrial companies in the greater Johannesburg area to pipeline gas.

In December 1967, National Petroleum Refiners of South Africa (Pty) Limited (Natref) was incorporated and, at the same time, construction of the oil refinery commenced at Sasolburg. The refinery was commissioned in February 1971. Currently we, through our 75% holding in Sasol Oil (Pty) Limited, and Total South Africa (Pty) Limited (Total), a subsidiary of Total S.A. of France, hold 63.64% and 36.36%, respectively, in Natref.

The increased oil prices experienced in the early 1970's presented us with an opportunity to increase our synfuels production capacity and assist in reducing South Africa's dependence on imported crude oil. We commenced the construction of Sasol Two in Secunda, 145 km southeast of Johannesburg in the Mpumalanga province, in 1976, and in March 1980, this plant produced its first synthetic fuel. During the final construction phases of Sasol Two in 1979, work commenced on the construction of our third synfuels and chemicals plant also in Secunda, Sasol Three, which was completed in 1982. The virtually identical operations of Sasol Two and Sasol Three were merged in 1993 to form Sasol Synthetic Fuels, now Sasol Synfuels.

Towards the time of the completion of the Sasol Three project, all our technical and research and development services were consolidated into a new company, Sasol Technology (Pty) Limited. Since then, Sasol Technology has been an important area of our activities, responsible for research and development, technology development and commercialisation, project management and specialist engineering skills.

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 Sasol One and 50% shareholding in Sasol Two and Sasol Three from the 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 8.48%.

In 1982, our 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 American Depositary Receipt (ADR) programme in 1994. With effect from 9 April 2003 we transferred our listing to the New York Stock Exchange (NYSE).

Our technology enabled us to enter the downstream production of higher-value chemicals, including nitrogenous fertilisers and commercial explosives in 1983 and 1984, respectively, and also of solvents, phenolics, waxes and alpha olefins.

During 1988 and 1989 we undertook the construction of a large polypropylene plant that incorporated BASF gas-phase technology. Between 1990 and 1993, Sasol One underwent an R820 million renovation, during which we discontinued the production of synfuels and increased the production of higher-value chemicals, including ammonia, solvents, phenolics, paraffin and waxes.

Polifin Limited (Polifin) was established in Johannesburg in January 1994, as a joint venture with AECI Limited (AECI), a South African listed chemicals and explosives company. The joint venture manufactured and marketed monomers and polymers. In 1996, Polifin was listed on the JSE. In 1999, pursuant to a takeover offer, we acquired Polifin's remaining share capital from AECI and the public, delisted Polifin and subsequently it became part of our chemicals portfolio and was renamed Sasol Polymers.

In June 1994, the first alpha olefins plant at Secunda was commissioned to produce 1-hexene and 1-pentene for the international copolymers market.

In 1995, we founded Sasol Petroleum International (Pty) Limited (SPI) to undertake oil and gas exploration and production in selected high potential areas in West and Southern Africa. SPI is active in South Africa, Gabon, Equatorial Guinea, Nigeria and, most notably, in Mozambique. In 2000 and 2001, we signed agreements with the government of Mozambique for the development of natural gas fields and the construction of a gas pipeline transporting gas to the South African market. The construction of this pipeline was completed in 2004. We introduced natural gas to the South African pipeline gas market as of 2004 and use natural gas as part of our feedstock for our chemicals and synfuels operations in both Secunda and Sasolburg.

The Schümann Sasol International wax manufacturing and marketing joint venture was established in 1995 after a merger of Sasol Waxes and the Hamburg-based Schümann wax operations. It produces paraffin and Fischer-Tropsch waxes and operates in various countries. Effective 1 July 2002, we acquired from Vara Holdings GmbH and Co KG the remaining third of the share capital of Schümann Sasol, for approximately €51.1 million (approximately R521 million at actual rates), and this group of companies, now 100% owned, has been renamed Sasol Wax.

By early 1999, Sasol Synfuels had commissioned the last of its eight new generation Sasol Advanced Synthol (SAS) reactors at Secunda, and a ninth reactor was commissioned in 2001. The 1-octene plant, also at Secunda, was commissioned in April 1999 by Sasol Alpha Olefins and commenced supply to The Dow Chemical Company polyethylene plants in May 1999.

In recent years, we have been exploring opportunities through Sasol Synfuels International (Pty) Limited (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. 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. Sasol Chevron was formed in order to take advantage of the synergies of Sasol's and Chevron's GTL strengths. Sasol has advanced Fischer-Tropsch technology and Chevron has extensive global experience with respect to natural gas utilisation, product marketing and hydrotreating technology.

Sasol Chevron is currently involved in the development of a GTL project in collaboration with the Nigerian National Petroleum Corporation (NNPC) and Chevron Nigeria Limited at existing oil and gas facilities at Escravos in Nigeria. In April 2005, the engineering, procurement and construction contract for this project was awarded to Team JKS, a consortium of the Japan Gas Corporation; Kellogg, Brown and Root (KBR), a subsidiary of Halliburton and Italy's Snamprogetti. SSI and Sasol Chevron continue to explore opportunities to develop other GTL plants over the next decade.

To promote the performance and environmental merits of cleaner synthetic fuels, Sasol Chevron cofounded the Alliance for Synthetic Fuels in Europe (ASFE) with DaimlerChrysler, Renault, Royal Dutch Shell and Volkswagen, which was launched in Brussels in March 2006.

In July 2001, we signed a joint venture agreement with Qatar Petroleum to establish Oryx GTL (Qatar Petroleum 51% and Sasol 49%). The joint venture has 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 2007 and first product was sold in April 2007.

We acquired Condea in March 2001 from German-based RWE-DEA AG for €1.3 billion (R8.3 billion). Most of this business was subsequently hosted in Sasol Olefins & Surfactants (Sasol O&S) with production facilities mainly in the United States, Europe and South Africa. In 2003, it was determined that we would continue to grow our chemical businesses conditional upon projects leveraging our technology or securing integrated and highly cost-competitive feedstock positions. We announced in August 2005 that we were considering the divestment of the Sasol O&S business, excluding our comonomers activities in South Africa, subject to fair value being attained. In March 2007, we announced our intention to terminate the divestiture process and retain and restructure the business. The reason for the termination of the sale was that fair value could not be obtained. A restructuring programme has been implemented and the shutdown for an indefinite period of the Baltimore, USA and Porto Torres, Italy facilities has been announced as the first phase of this programme.

In February 2003, we signed a joint venture agreement with the National Petrochemical Company of Iran. The joint venture (Arya Sasol Polymer Company), on behalf of both joint venture parties, is constructing a polymer plant designed to produce one million tons of ethylene to be converted into polyethylene or exported as ethylene. The plant will comprise one ethane cracker for producing polymer-grade ethylene and two polyethylene plants. The commissioning of the ethane cracker has started and the plant should be producing to specification on a sustainable basis in the last quarter of the 2007 calendar year. The polyethylene plants are in pre-commissioning stage and should be in beneficial operation by the first quarter of the 2008 calendar year.

In 2004, we initiated Project Turbo, our fuel enhancement project, intended to liberate further chemical feedstock and enable concomitant investments by Sasol Polymers to expand its South African polymer production capacity by more than 80%. The selective catalytic cracker (SCC) at Secunda was first operated during the latter part of calendar 2006. The SCC was subsequently taken out of operation for modifications following initial performance problems. Investigations and modifications were performed and the plant was started up again in July 2007.

Effective 1 January 2004, Sasol Oil entered the South African retail fuel market with the establishment of its first Sasol-branded retail convenience centre (service station). Sasol Oil also

completed the acquisition and integration of Exel Petroleum in a major step towards forming Sasol Oil. We now have 391, compared to 376 in 2006, Sasol-and Exel-branded retail convenience centres.

We announced on 16 March 2006, the first phase implementation of Sasol Mining's broad-based empowerment strategy through the formation of Igoda Coal (Pty) Limited (Igoda Coal), an empowerment venture with Eyesizwe Coal (Pty) Limited (Eyesizwe), a black-owned mining company. Igoda Coal will comprise the full value chain of Sasol Mining's coal export business the Twistdraai mine and beneficiation plant at Secunda, the marketing and logistics components of its coal export business, and Sasol Mining's 5% shareholding in the Richards Bay Coal Terminal Company (Pty) Limited.

In June 2006, we announced the signing of a co-operation agreement with a consortium led by Shenhua Corporation of the People's Republic of China to proceed with the second stage of feasibility studies to determine the viability of an 80,000 barrels per day (bpd) coal-to-liquids (CTL) plant in the Shaanxi Province, about 650 kilometres west of Beijing in China and for another 80,000 bpd CTL plant in the Ningxia Hui Autonomous region, about 1,000 kilometres west of Beijing.

On 30 June 2006, we announced that our R1.45 billion broad-based black economic empowerment (BEE) transaction, through partnership with Tshwarisano LFB Investment (Pty) Limited (Tshwarisano), was successfully concluded. In terms of the agreement, Tshwarisano acquired a 25% shareholding in Sasol Oil effective 1 July 2006.

Since May 2000 we have undertaken share repurchases, which may be made at times and at prices deemed appropriate by management and consistent with the authorisation of the shareholders. At 30 June 2006, a total of 60,111,477 shares, representing 8.8% of the issued share capital of the company, had been repurchased since 9 May 2000 at an average price of R60.67 per share. At a general meeting held on 3 October 2006, shareholders approved that we acquire 60,111,477 Sasol Limited shares held by our subsidiary, Sasol Investment Company (Pty) Limited. These shares were cancelled on 10 October 2006. Except for the related transaction costs, the repurchase and cancellation of these shares had no effect on the consolidated financial position of the group. At the meeting of 3 October 2006, shareholders also approved that we be granted the authority to acquire up to 10% of Sasol Limited shares by way of a general repurchase. This authority was again renewed by shareholders at our general meeting held on 23 November 2006. Up to 28 September 2007, through our subsidiary, Sasol Investment Company (Pty) Limited, we had purchased 18,179,319 shares representing 2.89% of the issued share capital of the company, for R4,661 million at an average price of R255.63 per share.

As of 30 June 2007, we were the seventh largest JSE listed company by market capitalisation (R166,968 million), with total consolidated turnover of R98,127 million in 2007. We employ approximately 32,000 people in our operations.

Capital expenditure

In 2007, we invested approximately R12 billion, compared with R13 billion and R13 billion in 2006 and 2005, respectively, in capital expenditure (on a cash flow basis excluding capitalised interest and

including projects and investments incurred by our joint ventures) to enhance our existing facilities and to expand operations. Capital expenditure incurred on key projects to expand our operations includes:

Projects and investments[1]	Business categories	30 June 2007	30 June 2006	30 June 2005
		(Rand millions)		
Sasol Oil distribution network	Sasol Oil	91	59	294
Oryx GTL and Escravos GTL[1]	Sasol Synfuels International	2,426	1,734	1,245
Mozambique expansion	Sasol Petroleum International	266		
West Africa expansion projects	Sasol Petroleum International	339		
Arya Sasol Polymer (Iran)	Sasol Polymers International Investments	774	1,590	945
Project Turbo polymers project	Sasol Polymers	1,169	2,608	3,321
2nd and 3rd Octene trains	Sasol Solvents	708	714	288
Other smaller projects	Various	1,172	1,010	1,198
		6,945	**7,715**	**7,291**

(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.

Key projects to address environmental matters and enhance existing assets during the 2007 year include:

Projects and investments[1]	Business categories	30 June 2007	30 June 2006	30 June 2005
		(Rand millions)		
Project Turbo unleaded petrol	Sasol Synfuels	302	1,867	2,520
Sulphuric acid plant	Sasol Synfuels	364		
Clean fuels project	Sasol Oil	28	224	
Mining renewal	Sasol Mining	158	171	177
Waste recycling facility	Sasol Synfuels		98	263
Other smaller projects	Various	4,248	3,221	2,365
		5,100	**5,581**	**5,325**

(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.

In addition, we invested approximately R74 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 for capital expenditures, see "Item 5.B Liquidity and capital resources liquidity".

Capital commitments

As at 30 June 2007, we had authorised approximately R40 billion of group capital expenditure, of which we had spent R22 billion by 30 June 2007. Of the unspent capital commitments of R18 billion, R7 billion has been contracted for. Of this amount, we expect to spend

R13 billion in 2008, R4 billion in 2009 and the remainder in 2010 and thereafter. For more information regarding our capital commitments see "Item 5.B Liquidity and capital resources liquidity" and "Item 5.F Capital and contractual commitments".

We expect to spend approximately R12 billion of our capital commitments on projects in South Africa, R5 billion in other African countries, R0.5 billion in the Middle East and the remainder on projects in other regions.

The following table reflects key projects approved and contracted which were not completed at 30 June 2007:

Project	Business categories	Total project cost	Scheduled operation date
		(in millions)	
Project Turbo unleaded petrol	Sasol Synfuels	R5,733	3rd quarter 2007
Project Turbo polymers projects	Sasol Polymers	R6,272	4th quarter 2007
3rd Octene train	Sasol Solvents	R2,087	1st quarter 2008
Energy optimisation	Sasol Synfuels	R2,008	1st quarter 2008
Arya Sasol Polymer Company(2)	Sasol Polymers International Investments	R4,861	1st quarter 2008
Gas treatment and Synfuels production capacity increase	Sasol Synfuels	R1,843	2nd quarter 2008
Escravos GTL (EGTL)(1)	Sasol Synfuels International	R10,875	2nd quarter 2010

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

(1) Sasol provides financing for 50% of the capital expenditure on the EGTL joint venture. The engineering procurement and construction contract was converted from a fixed-price to a cost-reimbursable contract and the project cost is currently under review. The current estimated cost has been translated at a rate of R7.04 per US$1.00 solely for the reader's convenience.

(2) Sasol Polymers' share of the estimated cost to establish the Arya Sasol Polymer production facilities is €510 million and has been translated at a rate of R9.53 per €1.00 solely for the reader's convenience.

4.B Business overview

Sasol is an integrated oil and gas company with substantial chemical interests based in South Africa and operating in numerous countries throughout the world. Sasol manufactures and markets liquid fuels, gas and chemicals.

In South Africa, Sasol uses in-house technology for the commercial production of synthetic fuels and chemicals from low-grade coal and manufactures a wide variety of fuel and chemical products sold in more than 90 countries. In addition, the group operates coal mines to provide feedstock for its synthetic fuel and chemical plants, manufactures and markets synthetic gas and operates the only inland crude oil refinery in South Africa. Sasol supplements its coal mining activities by supplying Mozambican natural gas both to customers and its petrochemical plants in South Africa.

We also have chemical manufacturing and marketing operations in Europe, Asia and the Americas. Our larger chemical portfolios include monomers, polymers, solvents, olefins, surfactants, surfactant intermediates, comonomers, waxes, phenolics and nitrogenous products.

The group has also commissioned their first GTL plant outside South Africa, in Qatar and is currently constructing a GTL plant in Nigeria.

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 recognised the need some time ago to evolve a business structure to support this inclusive approach and over the past two years have undertaken an extensive diagnostic review of Sasol's business model, under the name Project DNA. We have begun to implement the recommendations of the review systematically, one of which has been to 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. In the last year we formalised the group's structure into three focused business clusters South African Energy Cluster, International Energy Cluster and Chemical Cluster and our reporting this year follows this new structure.

The financial information presented to our Group Executive Committee (GEC), including the financial information in the reportable segments, is presented based on International Financial Reporting Standards (IFRS). Since IFRS financial information is the basis for segmental financial decisions, resource allocation and performance assessment, it forms the accounting basis for segmental reporting that is disclosed to the investing and reporting public.

The audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as approved by the International Accounting Standards Board, and net income and shareholders' equity have been reconciled to accounting principles generally

accepted in the United States of America (US GAAP), which differs in some respects from IFRS. For a discussion of the principal differences between IFRS and US GAAP, see "Item 5.A "Principal Differences Between IFRS and US GAAP" and Note 67 to our consolidated financial statements.

We divide our operations into the following segments (turnover percentages and amounts in terms of IFRS):

South African Energy Cluster

Sasol Mining. We mine approximately 45 million tons (Mt) a year of saleable coal at Sasolburg and Secunda for our South African plants and export approximately 4 Mt of coal annually. Sasol Mining accounted for 2% of our total external segmental turnover in 2007.

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 2007.

Sasol Oil. We market fuels blended at Secunda and refined through our 63.6% interest in the Sasolburg Natref refinery (South Africa's only inland crude oil refinery). Products include petrol, diesel, jet fuel, illuminating paraffin, fuel oils, bitumen and lubricants. We have created 169 Sasol retail convenience centres and 222 Exel service stations in South Africa and export fuels to several South African Development Community (SADC) countries. Sasol Oil accounted for 39% of our total external segmental turnover in 2007.

Sasol Gas. We distribute and market Mozambican-produced natural gas and Secunda-produced methane-rich gas to customers in the Gauteng, Mpumalanga, Free State, and KwaZulu-Natal provinces of South Africa. We have a 49% interest in Spring Lights Gas (Pty) Limited, an empowerment gas marketing company in Durban, and a 50% interest in Republic of Mozambique Pipeline Investment Company (Pty) Limited (Rompco), the owner of the Mozambique to Secunda gas pipeline (MSP). Sasol Gas accounted for 2% of our total external segmental turnover in 2007.

International Energy Cluster

Sasol Synfuels International. We and our joint venture partner, Sasol Chevron, develop and implement international ventures based on the Sasol Slurry Phase Distillate (SPD) process. We brought our first international GTL plant into production in a joint venture with Qatar Petroleum in January 2007. These activities are only expected to contribute to our total external segmental turnover in 2008. We also pursue opportunities based on other hydrocarbons that could be beneficiated through our Fischer-Tropsch technology.

Sasol Petroleum International. SPI develops and manages our upstream interests in oil and gas exploration and production in Mozambique, South Africa, Gabon, Nigeria and the Joint Development Zone between Nigeria and Sao Tome/Principe. It produces gas and condensate from Mozambique's Temane and Pande gas field and oil from the offshore Etame oil field in Gabon and pursues gas exploration opportunities globally for feedstock in GTL monetisation. SPI accounted for 1% of our total external segmental turnover in 2007.

Chemical Cluster

Sasol Polymers. We operate plants at Sasolburg and Secunda and market ethylene, propylene, polyethylene, polypropylene, polyvinyl chloride, chlor-alkali chemicals and mining reagents to a diverse South African and international customer base. We also have an interest at Kertih,

Malaysia in ethylene, propylene and polyethylene production and marketing and we are constructing ethylene and polyethylene plants in Iran. Sasol Polymers accounted for 9% of our total external segmental turnover in 2007.

Sasol Solvents. We operate plants in South Africa and Germany and supply a diverse range of solvents (mostly alcohols and ketones) and associated products through various business units, including an acrylic acid. We also have an acrylates joint venture in South Africa with Mitsubishi Chemical Corporation and a maleic anhydride joint venture in Germany with Huntsman Corporation. Sasol Solvents accounted for 13% of our total external segmental turnover in 2007.

Sasol Olefins & Surfactants. We manufacture and market surfactants and surfactant intermediates, as well as monomers and inorganic specialty chemicals, mainly at plants in Germany, Italy, the USA and South Africa, for customers across the globe. Sasol Olefins & Surfactants accounted for 22% of our total external segmental turnover in 2007.

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 11% of our total external segmental turnover in 2007

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.

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

	South Africa Energy Cluster				International Energy Cluster		Chemical Cluster					
2007	**Sasol Mining**	**Sasol Synfuels**	**Sasol Oil**	**Sasol Gas**	**Sasol Synfuels International**	**Sasol Petroleum International**	**Sasol Polymers**	**Sasol Solvents**	**Sasol Olefins and Surfactants**	**Other chemicals**	**Other businesses**	**Total**
						(Rand in millions)						
South Africa	124	806	34,766	2,074			7,198	1,228	137	4,593	(18)	50,908
Rest of Africa	122	20	3,048	1	89	777	858	135	110	589	(2)	5,747
Europe	1,322	116	2		31		79	5,710	11,993	2,855	340	22,448
Middle East and India	53	5			(55)			1,184	194	283	8	1,672
Far East	73	3					592	1,034	966	63	86	2,817
North America		16						2,043	7,814	1,383	3	11,258
South America		6					9	408	714	251	(2)	1,387
Southeast Asia and Australasia		4					569	767	84	454	12	1,890
Turnover under IFRS	**1,694**	**976**	**37,816**	**2,075**	**65**	**777**	**9,305**	**12,509**	**22,012**	**10,471**	**427**	**98,127**

	South Africa Energy Cluster				International Energy Cluster		Chemical Cluster					
2006	**Sasol Mining**	**Sasol Synfuels**	**Sasol Oil**	**Sasol Gas**	**Sasol Synfuels International**	**Sasol Petroleum International**	**Sasol Polymers**	**Sasol Solvents**	**Sasol Olefins and Surfactants**	**Other chemicals**	**Other businesses**	**Total**
						(Rand in millions)						
South Africa	204	631	29,598	1,663			5,936	1,092	168	3,596	21	42,909
Rest of Africa		19	2,643		98	649	846	158	159	578		5,150
Europe	1,313	107	2		15		88	4,317	9,555	2,323	116	17,836
Middle East and India		4			48		2	1,121	169	182	10	1,536
Far East		2					386	991	1,026	51		2,456
North America		136						1,829	6,638	1,236		9,839
South America		8					12	307	744	178		1,249
Southeast Asia and Australasia		8					267	670	86	387	2	1,420
Turnover under IFRS	**1,517**	**915**	**32,243**	**1,663**	**161**	**649**	**7,537**	**10,485**	**18,545**	**8,531**	**149**	**82,395**

	South Africa Energy Cluster				International Energy Cluster		Chemical Cluster					
2005	**Sasol Mining**	**Sasol Synfuels**	**Sasol Oil**	**Sasol Gas**	**Sasol Synfuels International**	**Sasol Petroleum International**	**Sasol Polymers**	**Sasol Solvents**	**Sasol Olefins and Surfactants**	**Other chemicals**	**Other businesses**	**Total**
						(Rand in millions)						
South Africa	42	642	22,902	1,408		3	5,651	1,303	84	3,346	14	35,395
Rest of Africa		6	620			393	752	155	111	505	11	2,553
Europe	1,429	107	3				86	3,732	8,945	2,686	157	17,145
Middle East and India		16					28	880	235	133	41	1,333
Far East							358	1,145	888	116		2,507
North America		20						1,302	5,985	842		8,149
South America		11					7	217	391	134		760
Southeast Asia and Australasia		18					317	627	103	331	1	1,397
Turnover under IFRS	**1,471**	**820**	**23,525**	**1,408**		**396**	**7,199**	**9,361**	**16,742**	**8,093**	**224**	**69,239**

Our strategy

We are active in the oil, gas and chemical sectors, primarily in integrated petroleum and chemical centres of activity in Southern Africa and other countries where we can obtain an advantage through competitive feedstock. Our core business is adding value to low-cost coal and gas feedstock through our unique Fischer-Tropsch synthesis and other proprietary technologies for the production of fuel, fuel components and chemical feedstock.

Commercialising and expanding our Fischer-Tropsch GTL and CTL technology We have made further progress in the drive to commercialise our GTL technology 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 ultra-low sulphur, superior quality diesel and naphtha in line with global trends towards cleaner fuel and reduced emissions to the environment.

Oryx GTL, the 49:51 joint venture shipped its first GTL product in April 2007. The plant with its capacity of 34,000 bpd is the world's first commercial scale Slurry Phase Fischer-Tropsch GTL plant outside South Africa, developed and built specifically to produce GTL diesel and to a lesser extent, GTL naphtha and liquefied petroleum gas (LPG). The GTL diesel can be used either as a fuel neat or as a blend stock.

Work on the Escravos GTL plant in Nigeria, a joint venture between Nigerian National Petroleum Corporation (NNPC) and Chevron Nigeria Limited is progressing according to plan. It is envisaged that the plant will be operational in 2010. With its capacity of 34,000 bpd the Escravos GTL plant will produce GTL diesel, GTL naphtha and LPG utilising Sasol licensed technology.

Following our progress in Qatar and Nigeria, other potential GTL options are also under review. These options include a second GTL plant in Qatar and possible GTL investment in Australia. We are not, however, progressing with a feasibility study on a potential GTL project in Iran, although this may change pending a review of the political situation in that country. The political situation in Iran is being monitored. If a stage-one feasibility study is initiated it will, however, take up to two years before the investment merits of a potential GTL project are precisely determined for consideration and scrutiny by the relevant risk assessment, governance and investment decision-making bodies within the group, which will also take full cognisance of the political situation prevailing in Iran at that time.

In support of this growth driver, our team of researchers continues to advance our second-generation GTL technology, including our proprietary low-temperature Fischer-Tropsch Slurry Phase reactor and cobalt-based catalysts.

With their vast coal reserves, China, India and the US offers potential opportunities for us to commercialise our CTL technology. We signed agreements in June 2006 enabling us to continue with feasibility studies for the potential development of two CTL plants in China. China has been able to sustain high levels of economic growth for more than a decade, coupled with a growing demand for energy which outstrips the world average.

We have started the first phase of significantly expanding our existing synthetic fuels capacity in Secunda, South Africa, by proceeding with a pre-feasibility study into a greenfields CTL facility in partnership with the South African government. The pre-feasibility study of the project, known as Project Mafutha, is expected to be completed during 2008.

We will continue to explore new opportunities to commercialise our competitive Fischer-Tropsch synthesis technology for the beneficiation of coal and other hydrocarbon resources, including environmentally friendly biomass.

Grow our integrated chemicals portfolio in selected areas we will focus on growing our chemicals portfolio either by:

leveraging new chemical growth opportunities from our Fischer-Tropsch processes; or

securing integrated positions with highly cost-competitive feedstocks.

Sasol Polymers remains an outstanding performer in our chemicals portfolio by focusing on continued business optimisation and benefiting from a buoyant demand for polyethylene, polypropylene and polyvinyl chloride. As part of Project Turbo, this division is advancing the construction of two new polymer plants in South Africa to increase our polymer capacity by about 80%. We brought one of the two plants (polyethylene) into operation during 2007. The other plant (polypropylene) is planned for operation at the end of calendar year 2007. Outside South Africa, our polymer business continues to gain momentum. In Iran, Sasol is investing up to €510 million (our 50% share of the total capital project) in a new polymer plant which is designed to produce one million tons of ethylene to be converted into polyethylene, or exported as ethylene. This project is a 50:50 joint venture (called Arya Sasol Polymer Company) between Sasol and the National Petrochemical Company of Iran, and comprises one ethane cracker for producing polymer-grade ethylene and two polyethylene plants. The cracker start-up is currently targeted for the fourth quarter of calendar year 2007, followed by commissioning of the two polyethylene plants in the first quarter of calendar year 2008.

Sasol Solvents continues to benefit from its status as a diversified producer and marketer of industrial solvents. The breadth of our solvents product portfolio and international market presence covering all major regions are competitive strengths of this business unit.

In March 2007, we announced that we have terminated the planned divestiture process of the Sasol Olefins & Surfactants (O&S) business and will retain this business. We believe that it was in shareholders' interests not to pursue the divestiture since fair value for the business could not be obtained. We have identified restructuring and other opportunities to improve business performance. We intend, after consultation with the stakeholders, to implement these over the next three to five years after which the options for the Sasol O&S business will be reconsidered.

Exploit upstream hydrocarbon opportunities SPI produces natural gas and condensate from the Temane gas field in Mozambique. We are continuing to explore for additional natural gas resources in and around the Temane and Pande onshore gas fields as well as two offshore gas fields. Moreover, SPI remains a 27.75% partner in Gabon's offshore Etame oil field, where crude oil production is being sustained at an annual average of approximately 18,000 bpd.

Sasol Gas continues to focus on growing the South African gas market following the successful introduction of natural gas from Mozambique in 2004. At 30 June 2005, Sasol held a 100% interest in Republic of Mozambique Pipeline Investment Company (Pty) Limited (Rompco), a company which operates and maintains the cross-border pipeline that conveys natural gas from the Temane central processing facility to the gas network at Secunda. On 1 July 2005, we sold a 25% interest in Rompco to South African Gas Development Company (Pty) Limited (iGas), owned by the South African government), and realised a profit of R230 million. On 2 August 2006, Companhia Mocambicana de Gasoduto S.A.R.L (CMG), a company owned by the Mozambique government, exercised its option to acquire a 25% interest in Rompco and we realised a profit of R346 million on the sale of the shares.

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 30.5 Mt of coal was supplied to Sasol Synfuels, its primary customer, and 1.0 Mt utility coal to Eskom Holdings Limited (Eskom), South Africa's state-owned power company.

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 4.0 Mt) as well as a secondary product (middlings), of 4.0 Mt, supplied to Sasol Synfuels.

Sigma: Mooikraal Complex. 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 1.4 Mt a year to replace the depleted Mohlolo underground operation and the Wonderwater high-wall operation, which are undergoing final closure and rehabilitation.

During 2007, total production was 43.3 Mt of coal, compared to 46.2 Mt in the previous year. The decrease in production resulted from increased coal purchases from Anglo Operations (Pty) Limited's Isibonelo Colliery (Anglo Operations), according to contract, for supply to Sasol Synfuels and a reduction in sales to Sasol Synfuels due to the two shutdowns that occurred during the year. Each year, saleable production volumes vary according to internal demand and export capacity.

Operational statistics

	2007	2006	2005
	(Mt, unless otherwise stated)		
Sigma Mine	1.4	1.6	2.6
Secunda Mines	41.9	44.6	45.1
Total production	**43.3**	**46.2**	**47.7**
Saleable production from all mines[(1)]	41.3	44.5	45.5
External coal purchases from Anglo Operations	4.9	3.1	
Sales to Sasol Infrachem, Sasolburg	1.7	1.7	3.0
Sales to Sasol Synfuels, Secunda	39.8	40.3	39.4
Additional South African market sales	1.3	2.1	0.5
Export sales (primarily Europe)	3.7	3.6	3.6
Total sales including exports	**46.5**	**47.7**	**46.5**
Production tonnes per continuous miner (mining production machine) per shift (t/cm/shift)	1,696	1,674	1,561

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

Strategy

To address the current business challenges, Sasol Mining will over the next 12 months engage in various strategic exercises to primarily confirm sufficient reserves to produce for the remaining life of

Synfuels and secondly to develop methodologies to deliver on our strategic and business challenges which have been identified as:

- Leveraging transformation as a competitive advantage;
- Building operational excellence into everything we do to drive reliable, low cost performance which should be aligned with the Synfuels life expectation;
- Driving growth in conjunction with the group's mandate;
- Attract, develop and retain high quality people to deliver our objectives; and
- Redefining our business to act as a partner in new BEE opportunities.

Sasol Mining is however still focusing on the six key strategic themes identified during the previous year:

- Mining charter compliance;
- Safety, health and environment (SH&E);
- Continuous improvement;
- Business and reserve optimisation;
- Product and market optimisation and logistics; and
- Winning with people.

Mining Charter compliance

Economic empowerment of historically disadvantaged South Africans. The first phase of the implementation of the broad-based BEE ownership strategy commenced with the formation of Igoda Coal, being a venture in the export coal market between Sasol Mining and Eyesizwe Coal (Pty) Ltd, on 9 March 2006. The transaction is conditional on the conversion of Sasol Mining's mining rights to new order mining rights which is still awaited. Eyesizwe Coal partakes in the benefits and risks from the date of transaction and is consequently fully involved in the direction of the business via the Interim Management Committee.

The second phase of the BEE ownership strategy is in the process of negotiation, with an anticipated completion date by end December 2007. This phase will result in Sasol Mining achieving 26% BEE ownership, well in advance of 2009 as required by the Mineral and Petroleum Resources Development Act (MPRDA).

Royalties on reserves. It is anticipated that royalties will be payable from 2009. Based on the current Bill, an amount of approximately R80 million per annum has been included in the budget from 2010 onwards. For 2009 an amount of R10 million was budgeted for as it is expected the legislation will take effect from May 2009.

Sasol Mining mineral rights conversion. The deadline for conversion of old to new order mining rights is April 2009. The submission of the application for the conversion of the mining rights, by Sasol Mining in Secunda, was completed by the end of June 2006. The application for the conversion of Sigma: Mooikraal will be submitted after completion of the second BEE deal.

Safety, health and environment

Safety and health are the main priorities at Sasol Mining's operations. The Sasol Mining Safety Improvement Plan is based on guidelines from the DuPont Safety Resources reviews, the Sasol Mining Dust Improvement Plan and lessons learnt at operations, which form the basis of Sasol Mining's quest

towards zero harm incidents. The focus is mainly on personal attitude towards safety and health as well as comprehensive safety and health training to increase employee competency and awareness. Main challenges include high turnover of skilled personnel, resulting in the erosion of the safety and health knowledge base as well as legacy occupational illness cases negatively influencing Sasol Mining's Recordable Case Rate. The programme towards OSHAS 18001 Certification, in order to contribute to a sustainable safety and health culture is progressing according to schedule.

Sasol Mining's recordable case rate (RCR) excluding health cases decreased to 0.73 for the year ended 30 June 2007 from 0.93 for the year ended 30 June 2006.

Continuous improvement

Through a process of consultation with all role players, a "Sasol Way" of operating was designed, supported by a tracking tool for monitoring progress and sustainability. This process will be implemented throughout all the mining operations during the next eighteen months.

In keeping with recent trends, we continue to advance our mechanical productivity, measured by the average number of tons produced by one continuous miner in one shift (t/cm/shift). Since launching a dedicated productivity-improvement programme seven years ago, Sasol Mining has increased its continuous miner productivity by 109%, while also sustaining a general trend of improvement during this period of lowering its recordable injuries. Machine productivity increased by 1% during the year from 1,674 t/cm/shift to 1,696 t/cm/shift.

Business and reserve optimisation

A business planning process has been established which allows for integrated planning from the strategic level to life-of-complex planning, ten year budgets and short-term planning. During 2007, the business has operated soundly within the context of this business plan. The business plan is focused on continuously operating the mines in the most cost effective manner whilst also focusing on reserve optimisation.

Product and market optimisation and logistics

The changes in both the demand pattern at the Sasolburg petrochemical complex (only utility coal required) and the supply sources at the Secunda Mining Complex (less Twistdraai coal produced and more coal purchases from Anglo Operations) have necessitated more focus to ensure stability in the coal blends supplied to our internal customers (Sasol Synfuels and Sasol Infrachem). Different computerised blending models have been developed and implemented to manage coal quality and coal blends of products supplied to Synfuels.

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 9% of the Secunda Mining Complex's production. In 2007, external sales, primarily exports, amounted to 5.0 Mt, compared to 5.7 Mt in 2006. In a volatile currency market, average US dollar export prices achieved, increased by 3%, while the Rand weakened by 11% compared to the prior year. This resulted in a net increase in the Rand export coal price of 15%.

Marketing opportunities for coal in both the international and domestic utility market are being explored. It is our intention to increase our presence in the international market over the ensuing decade. This is currently constrained by our throughput entitlement at the Richards Bay Coal Terminal, South Africa's only coal export outlet.

External market opportunities

Eskom. The short-term coal sales to Eskom from Brandspruit Mine terminates in December 2007. Sasol Mining does not plan to extend this agreement as coal from the Secunda reserves will be retained for supply only to the Synfuels market.

International CTL projects. In support of Sasol Synfuels International (SSI), Sasol Mining is involved in CTL project studies in China, USA and India. At this stage, Sasol Mining's 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 project. This study is still in the idea packaging phase and is expected to progress to the pre-feasibility phase during calendar year 2008. Sasol Mining has been retained as the business partner that will ensure the feedstock (coal) supply to the CTL plants.

Seasonality

The demand for inter-segment coal is consistent throughout the year. The demand for coal in Europe, the international market in which Sasol Mining is most active, is consistent throughout the year. Variations in tonnage from season to season in the export market are therefore limited.

Marketing channels

Sasol Mining has appointed a limited number of agents in Europe to represent the company, each with their own specific geographic markets. These agents operate on a commission basis and are authorised to act as intermediaries only. All sales require approval of Sasol Mining before they may be concluded with the customer.

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:

Mining activities

			Production (Mt)		
Mine	**Market**	**Location**	**2007**	**2006**	**2005**
Bosjesspruit	Sasol Synfuels	Secunda	7.6	7.8	7.7
Brandspruit	Sasol Synfuels	Secunda	7.7	8.2	8.3
Middelbult	Sasol Synfuels	Secunda	8.1	9.3	8.0
Syferfontein	Sasol Synfuels	Secunda	8.4	8.8	7.1
Twistdraai	Export/Synfuels[(1)]	Secunda	10.1	10.5	14.0
Sigma: Mooikraal	Sasol Infrachem	Sasolburg	1.4	1.6	2.6
			43.3	46.2	47.7

(1) The middlings product from the export beneficiation plant is supplied to the Synfuels market.

Beneficiation plant

A coal beneficiation plant is operated at Secunda to enable coal export to 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 22 kilometres in length.

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Coal handling facility Sasol Coal Supply (SCS)

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

Sasol Synfuels

Nature of the operations and principal activities

Sasol Synfuels, based in Secunda operates a coal and gas-based synthetic fuels manufacturing facility which, on the basis of our knowledge of the industry and publicly available information, we believe to be the world's only large commercial-scale facility of this type. 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. We produce most of South Africa's 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 15 units. As a result, we also have the capacity to recover high volumes of two noble gases, krypton and xenon.

We obtain our coal feedstock requirements from Sasol Mining and purchase natural gas feedstock from Sasol Gas.

Strategy

The vision of Sasol Synfuels is: Growing the world's most exciting petrochemical manufacturing business.

The primary strategic focus areas, to achieve the above vision of Sasol Synfuels are:

People having inspired and performing employees;

Stability consistently achieving targets;

Volume growing to meet requirements;

Unit cost achieving best efficiencies; and

Sustainability caring for all stakeholder views.

Major growth opportunities exist for us in domestic and international markets. Sasol Synfuels is partnering with Sasol Technology, Sasol Oil and key chemical businesses in a feasibility study for a phased 20% increase in production over the next 9 years. The envisaged first-phase growth of 15% would be based on higher throughput of natural gas and thereafter on higher throughput of coal. The latter coal-based growth phase would require new-generation coal gasification technology. Sasol Synfuels envisages complementing the current low-temperature Lurgi coal gasifiers with high-temperature gasifiers, mostly to improve plant efficiency and reduce emissions to the atmosphere. High-temperature gasifiers produce carbon monoxide, which along with hydrogen can be used to produce synthesis gas instead of being emitted to the atmosphere. The additional volumes of reaction hydrogen would be sourced from natural gas.

Working in partnership with Sasol Technology and Sasol Oil we continue to meet the new South African fuel specifications implemented on 1 January 2006. Project Turbo, the fuel-optimisation and polymer-expansion project was delayed due to mechanical problems and is expected to be commissioned during the first half of 2008. Project Turbo will necessitate the rerouting of almost one-million cubic meters a year of fuel precursors produced by Sasol Synfuels to the SCC, where it will

be converted into higher-octane fuel, as well as ethylene and propylene. As a result of starting up the SCC, we have a different end-product ratio because our fuel volumes will decrease slightly as some of the fuel streams will be converted into polymer feedstock. In the longer term, however, our growth plans will offset the Project Turbo-related reduction in fuel volumes and the negative impact on unit cost. We expect that in addition to delivering the new fuels solution of 2006, this project will also address most of the envisaged more stringent fuel specifications which are expected to be mandated in future years.

Various safety initiatives continue to yield positive returns, with our RCR decreasing by almost 50% from 0.95 (combined figure for Synfuels and Service providers) in 2006 to 0.48 in 2007.

Principal markets

Sasol Synfuels sells fuel components to Sasol Oil, and methane-rich gas is sold to Sasol Gas. Chemical feedstocks are processed and marketed by Sasol and its joint venture partners, including Merisol. Unrefined ethylene and propylene are purified by Sasol Polymers' monomers division at Secunda for the downstream production of polymers. Ammonia is sold to the fertiliser and explosives industries, including Sasol Nitro, our nitrogenous products division.

The inland South African market for liquid transportation fuels continues to grow, as do many of the major markets for the group's main chemical businesses.

Property, plants and equipment

Specific product volumes

	2007	2006	2005
		(Mt)	
Total production volumes	7.3	7.5	7.5

	2007	2006	2005
		(% of total production)	
Liquid and gaseous fuels	64	65	64
Petrochemical feedstock	27	25	25
Carbon plus nitrogenous feedstock for fertilisers and explosives	7	8	8
Specialised cokes, creosote and related carbon and tar products	2	2	3

We are continuing the development of an Operations Excellence approach suitable for our 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. This is particularly important at a time when Sasol Synfuels is pursuing significant expansion plans. Sasol Synfuels has been given approval to commence work in the year ahead for the development of a 300-megawatt power-generation plant at Secunda. This facility will be commissioned on natural gas but will eventually use waste-gas streams as an energy source to reduce costs and environmental impact as well as overall site energy efficiency.

Overall production integrity and reliability remained at high levels throughout the year despite one unplanned shutdown due to an electrical system failure. Overall volumes in fiscal 2007 were lower due to both a phase (western factory) and a total shutdown (eastern factory) that were completed in the same year. This was the result of the postponement of the statutory shutdown in 2005/6. Ongoing programmes are followed to improve plant reliability, availability and efficiency of operations.

Sasol Synfuels continued 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. We are constructing a sulphuric acid plant at Sasol Synfuels and an ammonium sulphate facility at Sasol Nitro. The acid plant will use hydrogen sulphide and offtake gas from the Rectisol plant as feedstock. Sasol Nitro will convert a large percentage of the sulphuric acid into ammonium sulphate, an important fertiliser ingredient.

We are also focusing on opportunities to reduce volumes of low-level volatile organic compounds (VOCs), as well as emissions of sulphur oxides (SOx) and oxides of nitrogen (NOx). Conceptual studies are progressing with a view to reduce emissions significantly below the VOC, SOx and NOx limits prescribed by South Africa's more stringent new legislation, the National Environmental Management: Air Quality Act.

We completed further environmental cleanup projects with a combined cost of R491 million. In the year ahead, besides the sulphur-reduction investments associated with building plants for producing sulphuric acid and ammonium sulphate, Sasol Synfuels expects to invest further to improve environmental performance.

Sasol Oil

Nature of the operations and principal activities

Sasol Oil encompasses the established liquid fuels, bitumen and lubricants marketing activities of Sasol through our commercial and retailing interests, including the Exel brand. Operations include fuel blending and storage facilities at our Secunda operations to turn fuel components procured from Sasol Synfuels into market ready products. We are also responsible for crude oil procurement, shipping and the subsequent refining of crude through our majority shareholder interest in the Natref refinery in Sasolburg, as well as final product supply to, and trading with, other licensed wholesalers operating in Southern Africa. Products include gasoline, fuel alcohol, diesel, jet fuel, illuminating paraffin, LPG, fuel oils, motor and industrial lubricants and bitumen.

Liquid fuels marketed (million m^3)

	2007	2006	2005
Total liquid fuel sales	9.72	9.61	9.60
Total liquid fuel sales (exported)	0.83	0.77	0.85

Strategy

Sasol Oil follows a growth strategy, and has appropriately structured the organisation and management team to drive the following objectives:

pursuance of growth in fuels production, and growth in the fuels marketing on an economic profit stand alone basis;

focusing growth in selected geographical markets for the retail and commercial business, utilising a dual brand strategy;

improving the logistical infrastructure to support growth and customer focused initiatives; and

supporting Sasol's international growth by providing marketing expertise to SSI.

Progress has been made with the marketing of fuels to licensed wholesalers, as contracts are being concluded for periods ranging between one and five years to secure sales of available fuel molecules. Significant progress has been made since Sasol Oil's entrance into the South African retail market, and our 345 Sasol and Exel- branded retail convenience centres in 2005, have grown to 391 sites as at the

end of June 2007. Sasol Oil's dual brand approach supports two distinctive but complementary marketing strategies.

On 1 July 2006, we complied with our commitment to the of South African Liquid Fuels Charter and the advancement of BEE, when Tshwarisano acquired a 25% shareholding in Sasol Oil. See "Item 4.B Business overview Regulations Empowerment of historically disadvantaged South Africans".

Principal markets

Sasol Oil's fuel production is primarily located in South Africa's industrial heartland, where an estimated 63% of the country's gasoline and diesel is consumed. Our full production of approximately 9.1 million m^3 of white products per year is insufficient to supply this market. The balance of the market is supplied from coastal refineries and imports, transported via the Transnet Pipelines (previously Petronet) pipeline, road and rail tankers. Limited amounts of white products are exported overland to neighbouring countries.

Seasonality

The total South African demand for transportation fuels is fairly consistent throughout the year. However, slightly higher demand for gasoline is evident during the December holiday period and diesel demand tends to peak during October, the summer grain planting season. Demand during the first quarter of the calendar year is generally weaker than the annual average.

As a result of South Africa's longstanding regulatory regime, which is based on import alternatives, the local oil industry is a price taker from international markets. Local price seasonality is mainly as a result of gasoline demand during the USA summer driving season and heating fuels demand impacting on middle distillate prices in Europe during their winter. This normally results in gasoline and diesel prices being higher during our winter and summer compared to the USA and Europe, respectively. Furthermore, during tight supply/demand periods internationally, margins tend to increase disproportionately with peaks, but in time normally reduce as investment is stimulated or as demand dissipates.

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 white product 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.

Crude Oil

Natref obtains approximately 65% of its crude oil requirements from the Middle East (of the purchases from the Middle East approximately 13,800 bpd of crude oil is purchased from Naftiran Intertrade Company Limited of Iran and approximately 20,000 bpd of crude oil is purchased from Saudi Arabia) through crude oil term contracts. The balance of the requirement is bought 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 is landed at Durban and transferred to the refinery by a 670 kilometre pipeline owned and operated by Transnet Pipelines, a subsidiary of Transnet, which is a state-owned multi-modal transport company.

Lubricant Base Oils

Sasol Oil owns a portion (40%) of the ESA Lubes Blend Plant in Durban. The plant is managed by Engen and blends automotive and industrial lubes to Sasol Oil specifications. Base Oils are predominantly sourced locally, with Engen being the main source. We only import when local supply is disrupted.

Marketing channels

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

Licensed Wholesalers

Sasol Oil is predominantly a bulk supplier to licensed wholesalers. Multi-national oil companies with their own South African refining capacity, BP, Engen, Shell, Chevron and Total, rely on Sasol to supply a large part of their inland retail and commercial marketing requirement. A new type of licensed wholesaler, referred to as a Non-Refining Wholesaler, has emerged over the past two years. Non-Refining Wholesalers have limited access to retail networks and tend to compete with major oil companies in the commercial market.

Individual agreements that vary in terms of duration, volume, and modes of delivery, regulate the relationship between Sasol and its licensed 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 our supply commitments are met.

Retail, Commercial, Lubricants, Aviation Fuel, Fuel Oil and Bitumen
We believe that independent access to retail and commercial markets have strategic, competitive and growth advantages, 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 the establishment of the first Sasol-branded retail convenience centre. Currently our network consists of 391 Sasol and Exel branded retail convenience centres across South Africa. Sasol's current national market share is 8.6%. New site development is progressing well, although somewhat slower than anticipated, due to a challenging regulatory environment.

The commercial business has been repositioned to become an end-user focused business. Progress is fair and a number of large supply contracts have been signed with construction, distribution and mining customers. There is potential to grow market share from the present level of just below 5%.

Efforts for future growth in the retail and commercial business are focused in our "Marketing Corridor" consisting of the Gauteng, Mpumalanga, Limpopo, North West, Free State and KwaZulu-Natal provinces of South Africa. Currently 90% of our commercial volumes and 82% of our retail sites are within this marketing corridor. Lubricants are marketed by the commercial business unit with transport operators, industry and our own retail network accounting for the majority of sales.

Exelem is a joint venture with ExxonMobil, tasked with jet fuel marketing at South Africa's premier airport, O R Tambo International. Since its inception in 2003, Exelem's market share at the airport has grown to 16%.

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 kilometres from the coast. The resultant lack of a bunker fuels market makes this business unit crucial to ensure smooth refining operations.

Tosas is a joint venture with Total. Tosas procures bitumen from Sasol Oil as well as Total, and supplies customer specific solutions to the construction industry.

Africa Marketing and Namibia Liquid Fuel (Pty) Ltd (NLF)

Lesotho, Swaziland and Botswana are in the natural supply area of Sasol Oil's production facilities. Exel Lesotho, a fully owned subsidiary of Sasol Oil, acquired the marketing assets of BP in Lesotho recently and is now the leading fuel supplier in Lesotho. Marketing efforts in Swaziland are progressing well, and a trading license was obtained during June 2007. Entry into the Botswana market has not yet been finalised.

We have an empowerment venture with NLF, to supply 50% of Namibia's white product requirements (about 500,000 m^3 a year) for three years as from 1 January 2005.

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 huge demand growth in South Africa.

Factors on which the business is dependent

Manufacturing and wholesale licenses are required. Refer to Government regulations below.

Government regulations

Retail pump prices of gasoline, the maximum refining gate price of LPG and a maximum single national retail price of unpacked illuminating kerosene are controlled by the Petroleum Controller under the Petroleum Products Act, 1977 (Act 120 of 1977).

The methodology to determine marketing margins via controlled fuels prices is currently under review by the Petroleum Controller, and it is uncertain how the results of this review will impact on our gasoline retailing activities.

The NERSA, under the Petroleum Pipelines Act, sets tariffs for petroleum pipelines and approves tariffs for third party access to storage and marine loading facilities. The Act grants limited discretion to the NERSA to adopt different pricing methodologies in connection with the setting of tariffs, which may prove advantageous for some competitors, because of different market and geographic positions. The regulations pertaining to tariff setting methodologies have not been issued yet, but may affect our advantage, due to the location of our synfuels facilities at Secunda, in the economic heartland of the country. It may also impact on our ability to fully recover crude oil pumping costs incurred to supply our Natref refinery from the market.

A new licensing regime for activities in 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 (Act 120 of 1977). Onerous application requirements and a lengthy licensing process may hamper the development of retail convenience centres in future.

Property, plants and equipment

Natref refinery operational statistics[(1)]

	2007	2006	2005
Crude oil processed (million m^3)	3.2	3.1	3.2
White product yield (% of raw material)	90.4	89.3	89.5
Total product yield (%)	98.7	97.1	97.9

(1) Data based on our 63.6% share in Natref.

Natref is an inland refinery, focusing on the production of refined 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 gasoline, gasoil, commercial propane, jet fuel, different grades of bitumen and fuel oils.

While Sasol Oil operates the refinery, Total participates in its management with veto rights in respect to a number of corporate actions, including, among others, increasing or reducing Natref's share capital, amending Natref's Memorandum and Articles of Association 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 Competition Tribunal. On both occasions Total decided not to exercise its option to increase its shareholding in Natref.

During 2005, we have invested in the Natref refinery to meet new fuel specifications, which required us to discontinue the addition of lead additive to gasoline and to produce diesel that contains less than 500 ppm sulphur. The impact of this has been that Natref's refining capacity was reduced to 89% of previous capacity. We are currently busy with initiatives and further investigations to return our share of the Natref refinery back to its previous capacity. It is foreseen that new processing units will have to be built to meet the further evolution of South African fuel specifications (required for the control of exhaust emissions from road-going vehicles in South Africa) by the earliest in 2013, and restore the resultant reduced capacity of the refinery, which will require a substantial investment.

Over the year, the overall refinery availability amounted to 95.5%, mainly due to unplanned shutdowns. Of the unplanned shutdowns, the most significant were outages of the diesel hydrotreater, sulphur and residual crude desulphuriser plant. The major turnaround of the crude distillation unit and catalytic reforming units planned for the 2007 financial year was successfully executed.

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 a 2,084-kilometre pipeline network in South Africa. Sasol Gas is a shareholder in Republic of Mozambique Pipeline Investment Company (Pty) Ltd (Rompco) and Spring Lights Gas (Pty) Ltd (Spring Lights Gas).

The first pipeline was constructed in 1966 to distribute gas produced from coal to industrial customers in the then Witwatersrand area. We expanded our network to more than 800 kilometres of

distribution pipelines by 1977. During 1996, we concluded an agreement with Transnet Pipelines to utilise the Lilly pipeline to expand our network to the KwaZulu-Natal area. Our network has reached, 1,350 kilometres of distribution lines after the expansion to the Pretoria geographical area in 1997. Based on the availability of methane rich gas in Secunda we developed the industrial markets of Secunda, Witbank, Middelburg and developed the KwaZulu-Natal market down to the Durban South Area.

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. Total profit of R576 million has been realised on the sale of shares to the respective parties. The change in shareholding positively impacts the political risk profile of the investment in Rompco and the MSP.

As part of Sasol Gas' commitment to BEE, Sasol Gas Holdings formed a joint venture company, Spring Lights Gas, in 2003 to which it sold its business rights to market pipeline gas in the Durban South area. Spring Lights Gas is now entering its fifth year of successful commercial operations. A BEE company, Coal Energy and Power Resources, holds 51% of the shares and Sasol Gas Holdings the balance. During 2007, the shareholders amended the existing shareholders' agreement to expand the marketing area of Spring Lights Gas, previously limited to Durban South, to the whole of KwaZulu-Natal. This has already realised some growth opportunities during 2007.

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

Strategy

Sasol Gas follows a growth strategy which it believes will enable us, as part of the "Sasol Pipeline Gas Value Chain", to add value to our stakeholders through the marketing of pipeline gas from various gas sources in Southern Africa as it becomes available.

We are optimistic that we can achieve the medium term goal of 141MGJ/a (million gigajoules per annum) by June 2008.

Although the strategy focuses on volume growth, it takes diligent cognisance of safety, profit margin, infrastructure capacity, customer focus and stakeholder relationships.

We play an important role in monetising Sasol's natural gas reserves in Mozambique and our growth strategy provides an incentive for further gas exploration by SPI. Sasol Gas also adds value to methane rich gas produced by the Sasol Synfuels plant in Secunda through the marketing of the gas.

The majority of the volume growth up to 141MGJ/a is expected to come from sales to Sasol Synfuels and the external coal alternative market. The latter includes the wider definition of all applications of coal (e.g. power generation and co-generation) and not only in boilers for steam generation. Growth opportunities in the high value markets, where the energy alternatives include LPG, fuel oil and other oil products are regarded as being equally important.

Targeted geographical expansion is essential to provide access to new markets. During the 2007 financial year Sasol Gas completed a R16 million geographical expansion of its distribution network into the Roodekop industrial area, south-east of Johannesburg.

We also started two new expansion projects to the western side of Johannesburg to supply gas to the industrial areas of Driefontein and Tarlton. These R63 million and R40 million projects, respectively, are planned to be completed by the last quarter of calendar year 2007.

Due to the nature of the coal alternative markets it takes longer to penetrate such markets. Signing up new customer contracts encompass the negotiation of long-term commitments, gas supply contracts and capital allocations. Large projects, such as co-generation, require significant time to be developed as they are integrated into the customer's production facility through the supply of electricity and steam facilities.

The long-term strategy is to increase the natural gas market to 240 MGJ/a over the next 5 years. Possible expansion opportunities are being investigated to enable the supply of 240 MGJ/a to markets in South Africa and Mozambique by 2012.

As a first step towards achieving this long-term goal Sasol is investigating the expansion of the Mozambique to Secunda pipeline (Rompco pipeline) to transport an additional 27MGJ/a to markets in South Africa.

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 in the energy industry in South Africa is still in its infancy. It is expected that the market will grow further as a result of the introduction of natural gas from Mozambique since 2004. The current supply of 112.9 MGJ/a of pipeline gas increased from 105.7 MGJ/a in 2006. Compared to developed countries, South Africa is a small consumer of natural gas as a percentage of its total energy requirements. This presents us with 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 2007, natural gas volumes sold reached 91.6 MGJ/a and methane rich gas volumes 21.3 MGJ/a.

Sasol Gas supplies 54.5 MGJ/a of gas to 526 industrial and commercial customers in the 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.

Raw materials

The natural gas purchased in Mozambique from an un-incorporated joint venture consisting of Sasol Petroleum Temane Limitada (SPT), International Finance Corporation (IFC) and Companhia Moçambican de Hoidrocarbonetos, 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. Sasol Synfuels has been supplying methane-rich gas to Sasol Gas since 1994. Methane-rich gas is transported and distributed via our own pipelines to customers in the Secunda, Witbank and Middelburg area. Methane-rich gas to Kwazulu-Natal is transported via the Transnet Pipelines owned Lilly transmission pipeline and then distributed to customers via Sasol Gas owned pipeline.

Property, plants and equipment

The Mozambique to Secunda (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 at Temane in Mozambique and ends at the pressure protection station (PPS) in Secunda, South Africa. The instantaneous capacity of the pipeline is 136 MGJ/a with an annual average of 120 MGJ/a.

The inland distribution network of Gauteng is fed from the PPS at Secunda at a pressure of 4,500 kPa. The network is operated at a pressure of 3,350 kPa and lower and the capacity of the distribution network is 80MGJ/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 625kPa.

The inland network ends at the auto thermal reformer plant (ATR) in Sasolburg. The ATR plant is used to convert the natural gas into chemical feedstock for the Chemical Cluster businesses located in Sasolburg. The ATR plant is operated by Sasol Infrachem on behalf of Sasol Gas.

The Secunda, Witbank, Middelburg distribution network receives methane-rich gas from Sasol Synfuels. The normal maximum operating pressure for this pipeline is 3,000 kPa and the capacity of the network is 10MGJ/a.

The same methane-rich gas as supplied to Witbank and Middelburg is compressed and fed into the Transnet Pipelines transmission pipeline to feed our customers in the KwaZulu-Natal province. The normal maximum operating pressure for this pipeline is 5,900 kPa and the capacity of the network is 20MGJ/a.

International Energy Cluster

Sasol Synfuels International

Nature of operations and principal activities

Based in Johannesburg and formed in 1997, Sasol Synfuels International (SSI), our technology marketing and support subsidiary, is responsible for developing and implementing international business ventures based on our Fischer-Tropsch synthesis technology. We initiate and develop new ventures from project conception through to venture implementation and participate fully in supporting those ventures and marketing the products.

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 diesel and other liquid hydrocarbons. The GTL 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 reactor, 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, especially in remote regions, 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. In recent years, we have been actively promoting our Sasol SPD technology and are examining several projects with a view to commencing commercial application at new GTL plants.

The Sasol SPD process converts natural gas into diesel and other liquid hydrocarbons which are generally more environment-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 environment-friendly GTL fuels will become more appealing in time. However, the construction of GTL facilities and the production of GTL fuels require significant capital investment, at least during their initial stages, as is usually the case with the application of new technologies. GTL fuels can be used with optimised engines for best performance, although they can also be utilised with current compression ignition engines. We also expect that GTL diesel may be suitable as a cost-competitive blend stock for conventional diesels, thereby enabling diesel producers to improve the quality of their existing diesel formulations without investing substantially in sophisticated new plants and infrastructure. We anticipate the combined factors of GTL diesel's superior characteristics and the prevailing market conditions in developed economies will enable GTL products to initially command premium prices for either niche applications or as a blend stock for upgrading off-specification products.

In support of this growth driver, our team of researchers continues to advance our second-generation GTL technology, including our proprietary low-temperature Fischer-Tropsch Slurry Phase reactor and cobalt-based catalysts.

The Sasol Chevron joint venture

In June 1999, Sasol and Chevron Corporation, agreed to create a global alliance, Sasol Chevron (SC), in order to identify and implement ventures based on the Sasol SPD process as part of our strategy to exploit our Fischer-Tropsch technology and to develop and commercialise the GTL process. We believe that there are considerable synergies between the two companies, which will enable the alliance to accelerate both the implementation of GTL ventures and the development of markets for the new products, to be produced from the ventures that will be established. We finalised and implemented our global joint venture in October 2000. SC and SSI continue to be involved in exploratory discussions and feasibility studies with some of the world's gas-rich countries, including inter alia, Qatar, Nigeria and Australia, with a view to develop GTL plants over the next decade.

Strategy

Working in partnership with Sasol Technology, Sasol Mining, Sasol Oil, and Sasol Petroleum International, we continue to explore for new opportunities to commercialise Sasol's competitive Fischer-Tropsch synthesis technology for the beneficiation of coal, gas and other hydrocarbon resources, including biomass.

Early-stage investigation of potential GTL projects

Qatar Petroleum (QP) and SC previously agreed to evaluate the opportunity of developing an integrated GTL project, at Ras Laffan, Qatar, with a capacity of about 130,000 bpd. SC has completed a feasibility study which was presented to QP for their support. No progress has been made on this project due to the uncertainty regarding the availability of natural gas.

SC and Chevron Australia completed a joint pre-feasibility study for a GTL facility in Australia. Engineering and design work by Sasol Technology commenced in February 2007 and feasibility study activities have commenced.

Global trends in favour of CTL

Global trends now favour the establishment of a global CTL industry. Most major energy consuming countries are experiencing declining domestic crude oil production whilst energy consumption continues to increase. This has resulted in increasing dependence on oil and petroleum product imports, particularly from politically unstable regions. It is becoming widely acknowledged that CTL can play a prominent role in the future energy mix of countries pursuing energy security.

The implementation of Sasol's global CTL strategy is however facing challenges due to the very high capital costs involved and concerns surrounding carbon dioxide (CO_2) emissions from CTL facilities. Sasol has initiated Life Cycle Assessment studies and is developing a CO_2 strategy to quantify the potential impact and ensure, as a minimum, compliance to IFC guidelines.

Our researchers will continue to explore new opportunities to commercialise our competitive Fischer-Tropsch synthesis technology for the beneficiation of coal and other hydrocarbon resources, including environmentally friendly biomass.

The Qatari GTL project

We have formed a joint venture with QP, Qatar's state-owned energy company, the Oryx GTL venture, in respect of the joint development of a 34,000 bpd GTL plant at Ras Laffan Industrial City in Qatar. We hold 49% in this venture, with QP holding 51%. Since engineering, procurement and construction (EPC) commenced in March 2003, a dedicated Oryx management team, which includes a substantial number of Sasol employees, has been established in Qatar.

In November 2002, Sasol and QP jointly appointed 15 banks as lead arrangers to provide US$700 million limited recourse project financing for the venture. The lump-sum, turnkey EPC contract was awarded to the multinational, French-based engineering company, Technip, in December 2002. The EPC contract became effective in March 2003 after finalisation of the financing agreements. The EPC contract was executed from Technip's operations in Rome and Sasol Technology design engineers and project managers were responsible for the management of the technology, engineering and project management portfolios for SSI and QP.

Site work for the construction of the Oryx GTL plant began in September 2003. The inauguration of the plant took place on 6 June 2006 and start-up commenced in the first quarter of 2007. During this initial start-up period all systems, process units, including the three main technologies, have been successfully tested and have demonstrated design intent. Products that meet specification are being produced. As to be expected with a facility of this size and complexity, the plant also experienced its share of operational challenges, most of these limited to individual pieces of equipment. The failure of the super-heater in the utility section, reported on during the second quarter of calendar year 2007 has been the most significant to date. Operating rates are currently limited to levels lower than planned. The biggest challenge preventing ramp-up to the planned production rate is a higher than the design level of fine material that is produced in the process and which then has to be handled downstream of the Fischer-Tropsch (FT) units. This fine material is constraining the overall throughput of the downstream units. A number of possible causes for this have been identified and plans are in place to eliminate or remediate these in 2008. The installation of additional downstream equipment as a back-up solution to increase throughput has already been initiated and this will be available for implementation towards the middle of 2008.

In March 2004, SC and QP announced plans to expand the Oryx GTL plant in order to increase its capacity to about 100,000 bpd. It is still the objective to expand the Oryx GTL plant and this will partly depend on the timely availability of natural gas.

Escravos GTL (EGTL)

SC, as technology licensor, is participating in the development of a 34,000 bpd GTL plant, at Escravos in the Niger Delta region of southern Nigeria. EGTL is a joint venture between the Nigerian National Petroleum Corporation (NNPC) (25%) and Chevron Nigeria Limited (75%), two companies with established petroleum production interests at Escravos. In April 2005, the EPC contract for this project was awarded to Team JKS. Site preparation was completed and start of beneficial operations of the EGTL facility is targeted for 2010.

Coal beneficiation study for China

Together with our Chinese partners we are reviewing two coal-rich sites: one in Shaanxi Province at a site about 650 kilometres west of Beijing; and another in Ningxia Hui Autonomous Region at a site about 1,000 kilometres west of Beijing. We have already established a CTL project office in Beijing, with an initial complement of approximately 10 Sasol specialists.

Working in partnership with the National Development Reform Commission of China and two potential joint-venture partners, Shenhua Corporation and Shenhua Ningxia Coal Limited, SSI completed the pre-feasibility studies for these CTL plants in 2005 and the outcome thereof was favourable. In June 2006, two landmark feasibilities agreements were signed to futher feasibility studies for the two projects.

These comprehensive feasibility studies will be based on two CTL plants each with an 80,000 bpd capacity. The projects are currently in the second stage of the feasibility studies.

Coal beneficiation study for India

We have initiated an engagement with key stakeholders to ensure the establishment of an enabling environment for a viable CTL industry to evaluate the potential for a CTL project in India. This has resulted in the decision to open a representative office, in Mumbai, with an initial complement of six specialists. Recent changes to key legislation now enables CTL to qualify for captive end use for coal reserves which will allow the allocation of coal blocks for CTL to facilitate the initiation of a pre-feasibility study.

Early-stage investigation of potential CTL projects

We are evaluating the viability of a CTL facility in a number of coal-rich states in the USA.

Catalyst facility

To support our plans to globally develop and commercialise our GTL technology, Sasol Technology developed a cobalt catalyst for application in the Sasol SPD reactor to be utilised in GTL plants. We entered into a co-investment agreement with Engelhard (now BASF) during 2002 to manufacture proprietary advanced cobalt catalyst. The first cobalt catalyst production facility with a current production capacity of 670 Mt per annum was commissioned at De Meern in the Netherlands and has since been producing catalyst for the Oryx GTL plant and stockpiling catalyst for the Nigerian plant. Construction of the 2nd catalyst plant project in De Meern is in process with beneficial operation targeted for the middle of 2008.

Principal markets

Much of the ultra-low-sulphur GTL diesel that will be sold is likely to be used as blend stock for higher-sulphur diesel derived from conventional oil refining. The GTL naphtha will be sold to naphtha crackers that produce olefins such as ethylene.

Seasonality

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

Raw materials

Oryx GTL purchases natural gas feedstock from ExxonMobil Middle East Gas Marketing Limited under a gas purchase agreement with a contractual minimum off-take volume. The term of the agreement is 25 years with an option to extend for a further 7 years.

Marketing channels

The products produced by Oryx GTL will be marketed by Sasol Synfuels International Marketing under a take-or-pay agreement.

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.

Feedstock

The growth of the SSI business is dependant on the availability of competitively priced natural gas and coal reserves.

Increasing cost challenges

Our GTL ventures have not been spared the general challenges experienced by the industry caused by the sharp increase in commodity prices and hence project cost. Because of the fortunate timing of the project award and planning of orders for the major equipment our GTL project in Qatar has experienced only a limited impact on cost. The GTL project in Nigeria has been more exposed, but we are working closely with all stakeholders to deal with these challenges. We believe that these actions will be sufficient to address all known challenges. Both projects are however showing robust economics, partly as a result of the positive impact of higher crude oil prices.

Working closely with Sasol Technology's Fischer-Tropsch process innovation teams at Sasolburg and Johannesburg, SSI and SC are involved in an ongoing programme aimed at further improving competitiveness by lowering the capital and operating costs of future GTL plants. We are confident that notwithstanding the cost challenges faced by the industry as a whole our technology package still supports a very competitive GTL value proposition.

Government regulations

Our current GTL operations in Qatar and our catalyst manufacturing facility in the Netherlands comply with the respective local government regulations.

Property, plants and equipment

US$700 million limited recourse project financing for the venture Oryx GTL venture is secured by a lien on the tangible and intangible assets of Oryx GTL, comprising the plant and related assets.

Plant description	Location	Design capacity
Oryx GTL	Ras Laffan Industrial City in Qatar	34,000 bpd

Sasol Petroleum International

Nature of the operations and its principal activities

Mozambique

Our natural gas extraction and processing activities on the Temane reservoir have been fully operational since the first quarter of calendar year 2004. Current gas production levels are in line with original expectations at the time of project approval.

Whilst the Mozambican government has been a 30% partner in the gas field development since inception, they have now also acquired an interest in the gas processing plant. With effect from 1 April 2006, the effective ownership structure of the current business in Mozambique is 70% SPT, 25% CMH and 5% IFC.

Onshore development activities continue, and good progress has been made with seismic surveys conducted during the year in the Offshore Block 16/19. These exploration activities are aimed at further expansion of gas resources in support of market opportunities that have been identified, both in South Africa and in Mozambique.

Gabon

In Gabon, we hold a 27.75% interest in the Etame marine block with the operator, Vaalco Gabon (Etame) Inc. (28.07%) and other members of the consortium. Exploration efforts resulted in the discovery of the Etame oil field in 1998. The field went on stream in 2003 at an average rate of 15,000 bpd. During the first half of 2007, the field produced oil, at an average rate of 18,600 bpd. The last development well, Etame-6-Horizontal, came on stream in July 2005. The field is currently producing from one vertical and three horizontal wells. The field produces through a Floating Production Storage and Off-take (FPSO) vessel moored above the Etame field.

During the second quarter of 2007, the Avouma field was drilled (two production wells), facilities installed and production brought on stream. The production is tied-back to the Etame FPSO with production comingled on the vessel. The Avouma wells came on stream in January 2007 and the current peak production of the combined Etame and Avouma Fields is approximately 20,500 bpd (gross).

Early in the 3rd quarter of 2007 the Gabonese Government approved development plans for the Ebouri field which will also be tied back to the Etame FPSO. Ebouri was discovered in January 2004. The Ebouri field is currently under development with the first oil expected to be produced in 2008. This will contribute to the flow of oil from the block.

In the Dussafu Marine block offshore Gabon, we hold a 50% interest and are the operator. Our partners, Premier Oil BV and Perenco s.a., hold 25% each. In 2004 a dry hole was drilled but prospectivity remains on the block. Three dimensional seismic data on the block was acquired and interpreted during 2007. A block wide review was completed in early 2007. The partner group is currently attempting to negotiate terms to continue into the next exploration phase. It is currently uncertain if the group will continue into the next phase or withdraw from the block entirely.

Nigeria

Through our relationship with Chevron we have gained entry into some highly prospective exploration acreage in the deep water offshore Nigeria. We have accepted a 5% interest in the OPL 214 permit and the farm-in is completed. A successful exploration well was drilled in 2005. The partners entered the second exploration phase in June 2006 and the second exploration well is scheduled in October 2007. In the OPL-249 permit we currently hold a 5% interest. The license includes part of the Bonga SW/Aparo field on which a development plan has been accepted by the

government. The final investment decision is currently expected to be taken in 2008. Sasol has a 0.375% interest in this very large field. The license area also includes the potential development of the N'Siko field. The pre-feasibility study was completed early in calendar year 2007 and the Front End Engineering and Design work is currently being tendered. In the OPL 247 license we have accepted a 6% interest. The farm-in has received all of the necessary approvals. We accepted the opportunity to take up a 5.1% interest in Block 1 of the Nigeria/Sao Tome Principe joint development zone and full government approval has been received. Prior to Sasol's entry the partners drilled a successful discovery well in 2005. A second exploration well is in the planning phase.

South Africa

We are a 10% partner in a prospecting sub-lease agreement, in Block 3A/4A, offshore of South Africa's west coast. The farm-out agreement between Sasol and BHP Billiton has been completed, with operatorship of the block transferred to BHP Billiton upon commencement of the second exploration period. BHP Billiton also concluded a farm-out agreement for a 30% participating interest with the South African State Oil Company, PetroSA.

Strategy

Our strategic focus is on finding, developing and operating gas and oil opportunities. We continue to be a gas feedstock supplier to the group's South African businesses and the gas markets in South Africa and Mozambique. We are aligning ourselves to be a gas feedstock supplier to the group's international GTL opportunities. Our liquids portfolio includes volumes from Mozambique and Gabon, with future additional liquids envisaged from our ventures in Nigeria. In addition, we are striving to become the centre of excellence within the group for enhanced oil and gas recovery uses for carbon dioxide.

Principal markets

Mozambican production

Other than royalty gas provided to the Mozambican government, all gas produced is exported to South Africa. 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 the capital city, Maputo. The natural gas condensate produced in the gas processing plant is currently exported via the port of Maputo to offshore markets.

Gabon production

Oil production from operations is sold on the open market.

Marketing channels

Mozambican production

In the ongoing business, all natural gas is sold on a long-term sales contract to Sasol Gas, for marketing in the South African market. Opportunities are being assessed and finalised for gas supply to Mozambican markets. The additional gas volumes will become available from the proposed expansion of the current operations.

Sasol Petroleum Temane sells its condensate sales on a long-term sales agreement with an international trading organisation.

Gabon production

An annual sales contract is typically entered into based on a competitive bidding process and prices are linked to international prices at time of sale.

Property, plants and equipment

Mozambican production

Our gas processing facilities in Mozambique are located some 700 km north of the capital, Maputo. Ownership is shared with the Mozambican government through CMH (25%) and the IFC (5%).

Gabon production

The production occurs through a dedicated FPSO vessel. This is moored offshore at the site of the field.

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) Limited (SPII), a subsidiary of Sasol Investment Company (Pty) Limited. 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 supplied by Sasol Synfuels and by cracking of ethane and propane. Propylene is produced by separating and purifying a propylene-containing Fischer-Tropsch stream supplied from 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, which arises from on-site chlor-alkali plants, are reacted to produce vinyl chloride monomer and then polymerised to polyvinylchloride (PVC). Caustic soda, hydrochloric acid, sodium hypochlorite and calcium chloride are other chlor-alkali products which are produced.

We are a major South African plastics and chemicals operation and our vision is to be a world-class producer and supplier of quality monomers, polymers, chlor-alkali chemicals and mining reagents.

Our South African operation was formed from the Polifin group of companies, which was a joint venture between Sasol and AECI. In 2000, Sasol purchased AECI's shareholding. Subsequently, Polifin was divisionalised in Sasol Chemical Industries Limited and its name was changed to Sasol Polymers.

In South Africa Sasol Polymers has five operating businesses:

Monomers;

Polypropylene;

Polyethylene;

Vinyls; and

Chemicals.

We have a 60% interest in Peroxide Chemicals (Pty) Limited, a joint venture with Degussa Africa (Pty) Limited, a manufacturer and supplier of organic peroxide chemicals and also had a 50% interest

in DPI Holdings (Pty) Limited, a joint venture with Group Five Limited, a manufacturer of PVC pipes and components for the building industry. Our Board approved the disposal of our interest in DPI Holdings (Pty) Limited to Dawn Limited for a consideration of R51 million. The transaction was approved by the South African Competition Tribunal and became effective during October 2006.

In Sasol Polymers International Investments we manage the following international investments:

- Our 12% shareholding in Optimal Olefins (Malaysia) Sdn Bhd (with Petronas of Malaysia and The Dow Chemical Company of the USA), a manufacturer of ethylene and propylene. Optimal Olefins operates a 690 kilotons per annum (ktpa) (ethane (600 ktpa) and propane (90 ktpa)) cracker.

- Our 40% shareholding in Petlin (Malaysia) Sdn Bhd (with Petronas of Malaysia), a manufacturer and supplier of LDPE. A 255 ktpa tubular plant is operated by Petlin (Malaysia).

- Our 50% shareholding in Arya Sasol Polymer Company in Iran with Pars Petrochemical Company, a subsidiary of the National Petrochemical Company, a manufacturer and supplier of ethylene (1,000 ktpa), LDPE (300 ktpa), and medium and high density polyethylene (300 ktpa). The facilities are under construction and are expected to be in operation in the fourth quarter of calendar year 2007 and first quarter of calendar year 2008.

- A 40% share in Wesco China Limited (with Rhine Park Holdings), a polymer distributor in China and Taiwan.

Strategy

To direct resources and activity within Sasol Polymers and SPII, we have two strategic ambitions:

- to lead the sub-Saharan African market with the existing product portfolio; and

- to expand through alliances and thereby to become a bi-regional business operating across the Indian Ocean Rim.

In addition to the investment in the Petlin and Optimal Olefins plants in Malaysia and the recent enlargement of the PVC/vinyl chloride monomer plants in Sasolburg to 200 ktpa, two major expansions in pursuit of these strategic ambitions have been undertaken and are nearing completion:

- in South Africa, Project Turbo is being implemented to upgrade gasoline blend components by Sasol Synfuels at Secunda. This project will also result in increased ethylene and propylene feedstock and hence expansions of production and purification plants have taken place in Secunda and Sasolburg. Consumption of the additional ethylene and propylene will be in-house by means of a new tubular reactor LDPE plant of 220 ktpa using ExxonMobil technology at Sasolburg; enlargement of the existing Univation linear low density polyethylene (LLDPE) plant to 150 ktpa; and a new 300 ktpa Innovene polypropylene plant at Secunda. Except for the polypropylene plant, the construction of which is nearly complete, all other plants have achieved successful start-up and will consume monomers from Sasol Synfuels' new selective catalytic cracker at Secunda; and

- in Iran, the Arya Sasol complex referred to above, is being commissioned.

Our South African plants will be able to continue to supply the growing needs of the South African polymer markets in the medium to long-term for LDPE and polypropylene. However, our PVC and LLDPE plant capacities are unable to supply the full needs of the local market.

Substantial investments in plant and equipment, technologies and skills have been made to achieve a leading domestic market position in all core businesses.

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Principal markets

Over the past three years between 77% and 80% 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 of ethylene and 100 ktpa of propylene under contract to Safripol's polymer production operation in Sasolburg, South Africa, by pipeline for the production of HDPE and polypropylene, respectively. We compete directly with Safripol in the polypropylene market, where we have a significant 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 hold a 40% share of the caustic soda market. Other suppliers of caustic soda to South African consumers are NCP Chlorchem, who has a 24% market share, a local producer, the Mondi Paper Company who produces caustic soda for its own use (6% of demand) and importers who provide the 30% shortfall.

We are the sole local producer of cyanide solution which is sold to local gold producers. Gold production in South Africa increased in 2007 as a result of high gold prices, and this resulted in increased sales of sodium cyanide.

Currently, we export polymers from our South African operations, 27% is sold into West Africa (Nigeria, Angola, Ivory Coast, Senegal and the Democratic Republic of Congo); 29% is sold into China; 16% into East Africa (Tanzania, Uganda and Kenya); 20% into Southern Africa (Zimbabwe, Zambia, Malawi, Mozambique and Swaziland) and 8% into Western Europe with Italy being the largest market. Product from the Petlin plant in Malaysia is sold into Malaysia, India, China, Australia and New Zealand.

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 the December holiday period.

The global polymer industry is, however, cyclical in terms of margins given the large capital investment and the size of plants. The duration of a typical cycle is 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, margins may increase disproportionately with high peaks. In time margins reduce as investment is stimulated or as demand dissipates. It may happen that too much 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 Basic Fuel Price. During the first quarter of the year our margins were tight but these increased considerably during the subsequent period as international polymer prices managed to retain high levels despite a fall in oil price. Salt used in our production process is imported from Namibia and Botswana at US-dollar denominated prices.

Feedstock for SPII's joint venture cracker in Malaysia (Optimal Olefins) is purchased from Petronas at a set price, unrelated to oil, that escalates annually in line with US inflation rates. Petlin (Malaysia) buys its ethylene feedstock from Optimal Olefins at market related prices. Arya Sasol (SPII's joint venture in Iran) will buy its feedstock, ethane, from the Pars Petrochemical Company at a

set 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. Account managers are responsible for management of our relationship with customers. Sales administration staff manage order processing, logistics and payment collections.

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.

Exports from Arya Sasol in Iran will be handled by a newly established marketing company in Dubai, namely, Sasol Polymers Middle East, a wholly owned subsidiary of SPII.

Property, plants and equipment

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

Production capacity

Product	South Africa (ktpa)	Malaysia[1] (ktpa)
Ethylene	618	72
Propylene	950	11
LDPE	220	102
LLDPE	150	
Polypropylene	220	
Ethylene dichloride	160	
Vinyl chloride	205	
PVC	200	
Chlorine	145	
Caustic soda	160	
Cyanide	40	
Hydrochloric acid	90	
Calcium chloride	10	

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

As planned, following the successful commissioning of the new 220 ktpa tubular LDPE plant, the 100 ktpa autoclave LDPE plant at Sasolburg (Poly 1) was closed down in February 2007 after 41 years of operation.

Sasol Solvents

Nature of the operations and its principal activities

We are a leading manufacturer and supplier of a diverse range of solvents, comonomers and associated products. These products are supplied to customers in approximately 110 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. We have production facilities in South Africa at Secunda, Sasolburg, and Germiston and in Germany at Moers and Herne. Our product range includes butanol, methanol, ethanol, n-propanol, iso-propanol, alcohol blends, ketones, esters, acetic acid, propionic acid, glycol ethers, fine chemicals, comonomers (including hexene, octene and pentene) and mining chemicals. Our joint venture operations with Mitsubishi Chemical Corporation (Sasol Dia Acrylates) and Huntsman Corporation (Sasol Huntsman), produce acrylic acid and acrylates and maleic anhydride, respectively. The breadth of our product portfolio is a competitive advantage relative to the more limited portfolios of some of our competitors in the global market.

We announced, in September 2007, that we would be dissolving the Sasol Dia Acrylates joint venture by acquiring Mitsubishi Chemical Corporation's entire interest in this business.

Strategy

Our strategy supports the strategy of the group of growing its integrated chemicals portfolio. A key tenant of our strategy is to optimise current operations through improving efficiencies and focusing on both quantitative and qualitative growth. In our German operations, a business imperative is to identify and secure competitive feedstocks and pursue a process of backward integration to ensure the robustness of these operations into the future. Our existing product base will be used as a foundation to expand our product portfolio, primarily through horizontal diversification, to include new products.

Over the medium to longer term, we aim to secure additional competitive feedstocks from, amongst others, the group's investments in GTL and CTL opportunities.

Our investments in Sasol Dia Acrylates and Sasol Huntsman reflect our commitment to expand our product portfolio by adding value to the chemical feedstocks produced.

The key challenges to achieving these objectives remain:

- The ability to adapt to changing environmental, legislative and market dynamics.
- The need to operate in a global environment with operations in a number of different countries.
- Management of a long supply chain.
- Retention of key personnel.

Principal markets

In fiscal 2007, approximately 1.75 Mt of products were sold worldwide. Our global business is managed from offices at Johannesburg in South Africa, Hamburg, Birmingham, Antwerp and Paris in Europe, Singapore, Tokyo and Shanghai in Asia, Dubai in the Middle East and Houston in the USA.

Our competition varies depending on the products sold and includes a number of major international oil and chemical companies. In the market for ketones, our main competitors are ExxonMobil and Shell Chemicals. In the alcohols market, our main competitors are Ineos, Shell Chemicals, ExxonMobil, The Dow Chemical Company, Celanese and Equistar. In the market for acetates and acids, our main competitors include Celanese, Eastman and BP Chemicals.

The comonomers produced by our operations in South Africa are used by third parties in the manufacture of polyethylene plastics, for applications such as shrink-wrap film, woven plastic bags and refuse bags. The main competitors include Ineos, Shell and Chevron Phillips.

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.

Raw materials

Feedstocks for our South African operations are derived mainly from Sasol Synfuels at market-priced fuel-alternative values based on the Basic Fuel Price. 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.

Ethylene, propylene and butylene, used in our production facilities in Germany, are purchased at market prices from third party suppliers. The prolonged high crude oil price, and thus the feedstock naphtha price, has put severe pressure on the cost of production at these facilities.

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.

Propyl acetate from propanol and acetic acid.

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

Ethylene glycol butyl ethers from butanol and ethylene oxide.

Marketing channels

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

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, Singapore, South Africa and the United States allows for timely delivery to customers in approximately 110 countries.

Factors on which the business is dependant

Our plants operate using a combination of technology developed within Sasol, primarily by Sasol Technology, as well as technology licensed from various suppliers. Our acrylates technology (utilised in Sasol Dia Acrylates) is licensed from the Mitsubishi Chemical Company. Our maleic anhydride technology (utilised in Sasol Huntsman) is licensed from Huntsman. We also license MiBK technology from Uhde and hydroformylation technology for use in Safol and octene train 3 from Davy Process Technology.

We license 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 process of obtaining the relevant data required in order to comply with the European Chemical Policy, REACH, which became effective on 1 June 2007. The estimated costs of compliance over the next ten years amount to approximately €9 million.

Property, plants and equipment

Production capacity

Product	Facilities location	Total[1] (ktpa)
Ketones		**328**
Acetone	South Africa	*175*
MEK	South Africa and Germany	*125*
MiBK	South Africa	*28*
Glycol ethers		**80**
Butyl glycol ether	Germany	*80*
Acetates		**66**
n-Propyl acetate	South Africa	*12*
Ethyl acetate	South Africa	*54*
Mixed alcohols	South Africa	**227**
Pure alcohols		**853**
Methanol (C_1)	South Africa	*140*
Ethanol (C_2)	South Africa and Germany	*254*
n-Propanol (C_3)	South Africa	*54*
Isopropanol (C_3)	Germany	*240*
n-Butanol (C_4)	South Africa	*150*
iso-Butanol(C_4)	South Africa	*15*
Acrylates		**125**
Ethyl acrylate	South Africa	*35*
Butyl acrylate	South Africa	*80*
Glacial acrylic acid	South Africa	*10*
Comonomers		**256**
C_5-C_8 alpha olefins	South Africa	*256*
Anhydrides		**60**
Maleic anhydride	Germany	*60*
Other	South Africa and Germany	**39**

(1) Consolidated nameplate capacities excluding internal consumption, including our attributable share of the production capacity of joint ventures.

Approximately 75% of our production capacity is at sites in South Africa and 25% in Germany. The South African production facilities are located at Secunda, Sasolburg and Germiston. The German production facilities are located at Herne and Moers in the Ruhr area.

Construction on our third 1-octene train is progressing. Completion of this plant, expected early in calendar 2008, will almost double our 1-octene production to 196 ktpa. Completion of an additional methyl iso-butyl ketone (MiBK) train using improved Sasol technology, which will increase capacity to almost 60 ktpa, is planned for the middle of calendar 2008.

Sasol Olefins & Surfactants

Previously we had announced our intention to consider the divestiture of the Sasol Olefins & Surfactants business subject to fair value being received and substantial work was undertaken to prepare the business for sale.

On 30 March 2007, we announced that the divestiture process had been terminated and that the Sasol Olefins & Surfactants business would be retained within Sasol. Furthermore, existing opportunities would be utilised to restructure and improve the overall performance of the business.

This process has commenced and on 30 May 2007, we announced a restructuring initiative to improve the competitiveness of our linear alkylbenzene (LAB) business with the intention of idling the LAB plants in Baltimore and Porto Torres. As a result of the decision to terminate the divestiture process, the income statement has been restated for all periods to again include the results of Olefins & Surfactants in continuing operations rather than the single line item reported previously. In the 2006 balance sheet, the assets and liabilities of Sasol Olefins & Surfactants were classified as held for sale and the balance sheet has not been subsequently restated, which is in accordance with the applicable accounting standards.

Nature of the operations and its principal activities

Sasol Olefins & Surfactants comprises four business units:

Alkylates and surfactants;

Alcohols and surfactants;

Inorganic specialties; and

Monomers.

Alkylates and surfactants

The main products of the business unit are paraffins, olefins (including poly-internal olefins), linear alkylbenzene (LAB) and their surfactant derivatives such as paraffin sulfonate and linear alkylbenzene sulfonate (LAS). LAB is the feedstock for the manufacture of 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 and surfactants

The business unit produces a diversified portfolio of linear and semi-linear alcohols of carbon range between C_6 and C_{22+}. Nonionic and anionic surfactants enhance the product portfolio, as well as some surfactant intermediates such as ethylene oxide, alkyl phenols and alkanolamines. The diversity of this product portfolio is supported by the wide range of raw materials (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.

Inorganic specialties

This business unit produces mainly alumina products both as co-products from the Ziegler units (together with alcohol) as well as in dedicated production units. The alumina is upgraded by means of a variety of technical processes to adapt the product characteristics, in some cases to highly specialised products. This business unit also produces zeolites in a production facility in Italy.

Monomers

The business unit produces ethylene in the United States at our ethane-based cracker in Lake Charles, Louisiana.

Strategy

Our strategy has been to extract the maximum value from vertical value chain integration, and horizontal integration by being present in both the major value chains in surfactant manufacture and technical and site integration benefits from the three major producing countries, Germany, Italy and the United States. Furthermore the business has fostered strong relationships with customers and has leveraged this to provide additional value chain benefits by developing and supplying differentiated and specialty products. A challenge for the business has remained the increasing and fluctuating raw material/feedstock pricing associated with crude oil and energy prices.

Principal markets

The bulk of the production from the alkylates and surfactants business unit ends up as surfactants, either produced internally or by other parties having acquired the intermediates from us. The bulk of these surfactants in turn end in detergents or industrial or institutional cleaning products. The main competitors include: ExxonMobil, Shell and Petresa in n-paraffins; Huntsman, Petresa and ISU in the LAB market; and Stepan, Huntsman and Cognis in the LAS market.

Although a substantial portion of the alcohols and surfactants business unit products also end up in detergents and industrial and institutional products, these products also find wide application in industries such as metalworking, flavors and fragrances, personal care, cosmetics, plastic additives, textiles and agriculture. The main competitors include Shell and Cognis.

Aluminas from the inorganic specialties business unit are used in a broad range of applications, including catalyst support, raw material for ceramics, coatings and polymer additives. Competitors on aluminas include Akzo Filtrol and BASF Catalyst. Zeolites are used as softening components in detergents. There are numerous competitors in zeolites.

Ethylene is sold to plastic manufacturers in the US Gulf Coast region and is used internally to manufacture alcohols. There are numerous competitors in the United States ethylene market.

Seasonality

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

Raw materials

The main raw materials and feedstocks used in this business are kerosene, benzene, ethane, ethylene and aluminium (all purchased externally). The prices of most of these materials are related to crude oil and energy pricing and the prices follow the crude oil and energy pricing reasonably closely. Over the past 4 years these crude oil and energy prices have been increasing steeply and have been quite volatile.

Marketing channels

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

Property, plants and equipment

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

Production capacity

Product	Facilities location	Total (ktpa)
Ethylene	United States	455
C_{6+} alcohol	United States, Europe, South Africa	625
Inorganics	United States, Europe	170
Paraffins and olefins	United States, Europe	990
LAB	United States, Europe	550
Surfactants	United States, Europe, Far East, Middle East	1,000

Other chemical activities

Sasol Wax

Sasol formed a joint venture with the Schumann paraffin wax business in Hamburg in 1995. Initially called Schumann Sasol International AG, the business was re-named Sasol Wax International AG in 2002 when Sasol acquired 100% of the shares.

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. Sasol Wax has its head office in Hamburg and employs approximately 1,100 people globally.

The overall volume of products marketed by the business amounts to 700 ktpa, of which 30% are products derived from the Fischer-Tropsch process. The main product portfolio includes paraffin waxes, both fully refined and semi-refined, produced and marketed in various grades, as well as Fischer-Tropsch-based synthetic waxes which include the Fischer-Tropsch-derived hard wax, the Fischer-Tropsch-derived medium wax and liquid paraffins in the carbon range C_5 through C_{20}. Various specialty blends of waxes are also produced and marketed. We continue to develop niche markets for higher-value specialty waxes, such as those used by the cosmetics, pharmaceutical, construction-board, adhesive, polymer additives, inks and coatings and bitumen additive industries. We also produce wax emulsion at facilities in Germany, Austria and the United Kingdom.

We manufacture and sell candles from our subsidiary Price's Candles in South Africa. Through our participation in Merkur GmbH & Co. KG (a 50% joint venture with Shell Deutschland) in Hamburg, we market and sell petroleum jelly and white-oils. Our 50% share in Lux International Corporation provides us with specialty wax blending facilities on the west coast of the USA. 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.

Strategy

Our business strategy can be summarised as follows:

- Focus on high value sales to clearly defined target markets.
- Develop unique solutions for customers.
- Remain in commodity sectors only where we have a competitive advantage.
- In line with the group's strategy to grow its chemical portfolio through leveraging its technological advantages, we have embarked on a project to expand our Fischer-Tropsch-based synthetic wax production capacity to serve the growing global demand.

In pursuit of the defined strategic objectives, we have grown our high value sales through new product development, particularly in industrial applications, construction board and bitumen additives. We lost sales volumes in the commodity market in Europe. Fixed costs were reduced in line with lower production activity. These factors resulted in improved profitability during the current financial year.

Principal markets

The division markets its products globally, but its main markets are in Europe, the United States and Southern Africa. Approximately 40% 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 candle market in Europe is seasonal in nature, with demand peaking prior to the Christmas season. In our other important candle market (South Africa), demand is relatively stable although higher demand is evident in their winter season.

The overall world market for waxes is estimated at about 3,300 ktpa and our main competitors in the commodity market are Exxon Mobil, Shell, China Oil and Sinopec. In specialty wax markets our main competitor is H & R Wax Company. Shell Malaysia is the only other hard wax producer.

Marketing Channels

Marketing is mostly done by own resources in all geographical areas where we operate. Primary marketing areas are Europe, the United States and South Africa but we also market our products in the rest of Africa, Latin America, the Middle East, Asia, and Australasia. Distributors and agents are also used, where appropriate but operate under direct guidance from our marketing team.

Property, plants and equipment

The main production assets are located in Hamburg, Germany; Sasolburg, Johannesburg and Durban, South Africa; and Richmond, California, United States. 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 300 ktpa. It purchases slack wax feedstock from numerous lube-oil-producing refineries predominantly in Western Europe and from Eastern Europe and Africa. We initially de-oil slack waxes to fully or semi-refined quality and fully hydrogenate all final products. Subsequently, various product blends are produced. Products are sold either in liquid bulk or in solidified form. This operation also has a trading activity of about 40 ktpa.

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, South Africa. 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 240 ktpa of Fischer-Tropsch-derived products.

We also operate a major candle factory located in Johannesburg with a capacity of up to 26 ktpa, which represents approximately 50% of the South African candle industry market.

In the United States, our wholly owned subsidiary Sasol Wax Americas, Inc., based in Shelton, Connecticut, is engaged predominantly in marketing and trading activities, both in Fischer-Tropsch-derived and paraffin waxes. Sasol Wax Americas, Inc. holds a 50% share in the Lux International Corporation wax business based in Richmond, California. The total product manufactured and traded by Sasol Wax Americas, Inc and Lux International Corporation in the United States amounts to approximately 100 ktpa.

Production capacity

In the United States, our wholly owned subsidiary Sasol Wax Americas, Inc., based in Shelton, Connecticut, is engaged predominantly in marketing and trading activities, both in Fischer-Tropsch-derived and paraffin waxes. Sasol Wax Americas, Inc. holds a 50% share in the Lux International Corporation wax business based in Richmond, California. The total product manufactured and traded by Sasol Wax Americas, Inc and Lux International Corporation in the United States amounts to approximately 100 ktpa.

Production capacity

Product	Facilities location	Total (ktpa)
Paraffin wax and wax emulsions	Germany	430
FT-based wax and related products	South Africa	240
Paraffin wax	South Africa	30
Paraffin wax	United States	100

Significant business factors

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 which is cracked to produce liquid fuels. It is possible to extract this product stream for use in the wax industry.

On 1 June 2007, Sasol Wax GmbH and Sasol Wax International AG, both located in Hamburg, Germany, announced they had received a statement of objections from the European Commission on 31 May 2007, setting out the results of the European Commission's investigation into alleged anticompetitive behaviour by members of the European paraffin wax industry. According to the document, several European paraffin wax companies, including Sasol Wax International AG and Sasol Wax GmbH, have collectively infringed applicable antitrust laws. In a previous statement, both companies said that they had co-operated fully with the European Commission and would continue to support the Commission in its investigation. Sasol Wax International AG, the holding company of Sasol Wax GmbH, is a wholly owned subsidiary of the Sasol Group of companies. We formed a joint venture with the Schumann paraffin wax business in Hamburg in 1995. Initially called Schumann Sasol International AG, the business was re-named Sasol Wax International AG in 2002 when Sasol acquired 100% of the shares. According to the European Commission's findings, the alleged violation of

antitrust laws by the paraffin wax businesses in Europe had commenced before we became a shareholder in that business. Furthermore, the US Department of Justice investigation into Sasol Wax and other companies active in the wax business in the US, which was announced in April 2005, has been closed. The Department of Justice informed Sasol Wax on 2 May 2007 that it had closed the investigation and would not take action against Sasol Wax.

The new European Union (EU) regulatory framework (2006/1907/EEC) for the Registration, Evaluation and Authorisation of Chemicals (REACH) that came into effect on 1 June 2007, aims to improve the protection of human health and the environment while maintaining competitive trade. Sasol acknowledges the requirements of REACH, and will ensure that the substances that constitute our products and which are subject to REACH will meet these requirements. We therefore embrace the opportunity to interact with our suppliers, customers and end users to fulfil these requirements.

In order to ensure continued production and sale of our products in the EU, Sasol has began preparing to achieve the first REACH milestone, namely the pre-registration of the Sasol produced or imported substances by November 2008. Thereafter, we will adhere to the given milestones for registration by categorising our substances according to the specified volume ranges and chemicals regarded as high concern. These timelines include the registration of substances imported into Europe > 1,000 t/a by November 2008.

Sasol is assessing the potential impact of complying with REACH and we are preparing our business functions including financial, legal, supply chain, information technology, SH&E and product safety departments to achieve minimal effect on the continuity of our product supply. It is not yet possible to quantify the costs of this registration. In addition, we welcome interaction and communication with our customers and suppliers to realise efficient management of the implications associated with this chemical management legislation.

Sasol Nitro

Nature of the operations and its principal activities

Sasol Nitro, our nitrogenous products division, manufactures and markets ammonia, fertilisers, commercial explosives and related products. The division also markets ammonia, sulphur and specialty gases produced by other Sasol divisions. All production activities are located in South Africa. The division focuses on supplying the South African market, with selective exports of fertilisers, ammonium nitrate-based explosives and explosives accessories mainly into Southern Africa.

The division's product portfolio includes:

- ammonia and related products;
- nitric acid;
- ammonium nitrate solution;
- sulphuric acid;
- sulphur;
- hydrogen;
- specialty gases;
- phosphoric acid and phosphate derivatives;

various grades of fertiliser;

ammonium sulphate;

explosives-grade ammonium nitrate;

various packaged explosives; and

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

Strategy

The business aims to double operating profit from 2005 as a base by 2011. This growth is going to be achieved in the short-term by commissioning of a new ammonium sulphate plant during calendar year 2008, growth of non-electronic detonator sales into the local market, as well as growth of ammonium nitrate explosives exports into Africa.

The Ammonium Sulphate plant is scheduled for commissioning during calendar year 2008. Sasol Nitro is also currently investigating the feasibility of a biodiesel plant.

Principal markets

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

Sasol is the only ammonia producer in South Africa with Sasol Nitro producing approximately half of this ammonia. South Africa is a net importer of ammonia with about 7% of total requirement imported during the current financial year. Omnia and AECI are Sasol Nitro's two major customers for ammonia and they also compete with Nitro in the downstream fertiliser and explosives markets. We have entered into market-related contractual arrangements with these and other ammonia customers.

Seasonality

The fertiliser season is very closely linked to the relevant crop planting seasons. Most fertilisers are consumed for maize production, for which planting starts in October and runs through to January. Explosives sales are spread evenly throughout the year.

Raw materials

Natural gas is used as feedstock in the manufacture of ammonia in Sasolburg. We also derive ammonia from Sasol Synfuels in Secunda which is a by-product of their coal gasification process. Ammonia is the main feedstock used in the manufacture of nitric acid and ammonium nitrate.

Most raw materials for non-electronic initiation systems are imported from the USA. The business is currently investigating the substitution and backward integration of part of this supply.

Sulphur is used to produce sulphuric acid. Sulphuric acid is used to produce phosphoric acid from the phosphate rock, supplied by Foskor. Although most of South Africa's sulphur requirements are imported from the Middle East or Canada, some sulphur is produced by Sasol in Secunda and in Sasolburg. All potassium requirements for fertilisers in South Africa are imported.

Marketing channels

Fertiliser is supplied to the farming community via agents, dealers and co-operatives. Due to a strengthening of maize and other crop prices in the last year, 2007 has seen a dramatic improvement in demand. Nitro also exports fertiliser to a limited extent into Southern Africa with deep sea exports of magnesium nitrate hexahydrate.

The South African mining explosives market remains very competitive and prices are amongst the lowest worldwide. Explosive products are supplied mainly to the Southern African market, with exports of explosives grade ammonium nitrate mainly to Australia. Some quantities of cartridged explosives are also exported to other African countries.

The market for explosives accessories in South Africa is significant with large quantities of detonators required for extensive mining activities. Demand for products from Sasol Dyno Nobel (non-electronic initiation systems) reached record levels in the current financial year and the business is poised for further growth.

Factors on which the business is dependent

The most important business drivers of Sasol Nitro are:

- Mining commodity prices via impact on explosives demand.
- Maize and other crop prices via impact on fertiliser demand.
- Climatic conditions via impact on fertiliser demand.
- The international ammonia price.
- The rand/US dollar exchange rate.
- The correlation between the international urea price (that affects fertiliser selling prices) and international ammonia price movements (that affects fertiliser feedstock cost).

Government regulations

Due to the nature of the products produced, the explosives industry is well regulated, with respect to safety and legal compliance via the Explosives Act.

The Fertiliser Act regulates Nitrogen:Phosphates:Potassium (N:P:K) formulations via allowable deviations from prescribed component percentages.

The ammonia and downstream derivative product industry is currently being investigated by the Competition Authorities of South Africa. Sasol Nitro is defending two cases brought to the Commission Authorities by players in the industry.

Property, plant and equipment

All production facilities of Sasol Nitro are located in South Africa. Our 330 ktpa ammonia plant in Sasolburg uses natural gas as feedstock. This plant also produces hydrogen that is sold to the oil and metal refining industries in South Africa. We also derive 330 ktpa of ammonia produced as a by-product from coal gasification in Secunda.

Sasol Nitro operates two nitric acid plants. The smaller 315 ktpa unit in Sasolburg is linked to a downstream ammonium nitrate plant. The ammonium nitrate produced in Sasolburg is used mainly for the production of explosive grade low-density ammonium nitrate. The 470 ktpa nitric acid plant in Secunda supplies a downstream ammonium nitrate plant linked to a 500 ktpa granulation facility that produces limestone ammonium nitrate and various other grades containing nitrogen, phosphorus and potassium. Ammonium nitrate for industrial use is sourced from both sites.

In Phalaborwa adjacent to the phosphate rock mine of Foskor Limited (Foskor), Sasol Nitro operates a 325 ktpa phosphoric acid plant, of which 100 ktpa capacity has been mothballed since 2004 due to adverse market conditions. Sasol has been toll manufacturing phosphoric acid for Foskor since September 2005 and a longer term tolling deal is awaiting approval from the Competition Commission. Sasol Nitro

manufactures a phosphate detergent in Meyerton, Gauteng.

Sasol Nitro also manufactures bulk explosives at various mining sites and cartridged explosives in Secunda and Ekandustria. Sasol Dyno Nobel manufactures non electronic initiation systems in Ekandustria.

Product	Secunda	Sasolburg	Meyerton	Ekandustria	Phalaborwa	Other	Capacity
			(Number of plants)				(ktpa)
Ammonia[1]	1	1					**660**
Sulphur	1	1					**205**
Granular and liquid fertilisers	2	1				3	**700**
Fertiliser bulk blending	1					3	**300**
Phosphates		1	1				**50**
Phosphoric acid[2]					1		**325**
Explosives	3	1		2			**300**

(1) Includes volumes produced by Sasol Synfuels.

(2) Includes 100 Ktpa mothballed capacity at Phalaborwa.

Sasol Infrachem

Nature of the operations and its principal activities

Sasol Infrachem is the sole supplier of utilities and services to various Sasol business units (Sasol Polymers, Sasol Solvents, Sasol Wax 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 on behalf of Sasol Gas.

From June 2004, we converted from coal gasification to natural gas reforming at Sasolburg. The environmental benefits of converting from coal to natural gas are being realised through a substantial reduction in emissions to air (including hydrogen sulfide, carbon dioxide, NOx and volatile organic compounds).

Strategy

Our vision is to see all businesses prosper in Sasolburg. Our competent and committed people provide a pace-setter platform for gas, utilities and site support services.

Our strategic ambition is to ensure a competitive advantage through reliable supply, cost competitiveness, specialised knowledge and expertise in services, infrastructure and utilities.

Property, plants and equipment

Production Capacity

Product	Facilities location	Total
Steam	South Africa	2000 tph
Electricity	South Africa	176 MWh
Water	South Africa	100 Ml/day

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, South Africa, with the phenolics activities of Merichem Company, based in Houston, Texas, USA. 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 Houston, Sasolburg and Oil City, Pennsylvania, USA. Merisol has an interest in the production of synthetic meta, para-cresol through a 50:50 manufacturing joint venture with Sumitomo Chemicals. Merisol also has a 20:80 venture (Merisol holding 20%) with Chang Chun 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 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 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 plant uses proprietary separation technologies to produce high-purity meta, para-cresol and pure meta-cresol and para-cresol, making Merisol one of the few producers of these products in the world.

Strategy

Merisol is the leading global supplier of quality phenolic products through market leadership, adding value to phenolic raw material.

Merisol contributes an important role to Sasol's group strategy in providing a profitable outlet for depitched tar acids, a by-product of coal gasification, and this part of the business is robust. The business is however under pressure to pass on increased input costs to customers to maintain margins, particularly on the high value products.

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 market and in selected niche markets elsewhere.

Merisol supplies major shares of the cresol and cresylic acids global markets for:

- ortho-cresol, where the main competitors include General Electric, 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 Degussa, Konan Chemical, Atul Chemicals and various Chinese producers;
- high purity meta, para-cresol, where the main competitors include Mitsui Chemicals, Lanxess and Sumitomo Chemicals; and
- wire enamel solvents where the main competitors are Rütgers-Chemicals, Deza, C-Chem and Mitsui Chemicals.

Merisol derives about 80% of its turnover from the North and South America, Europe and Far East markets and the balance from other regions.

Raw materials

Merisol derives its raw material as a by-product of coal gasification that is recovered for purification and separation, mostly from Sasol. Merisol also sources synthetic meta, para-cresol from its manufacturing joint venture with Sumitomo Chemicals. About 80% of 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 United States and South Africa. Markets are served from product inventories held in Rotterdam, for the European market, in Houston, for the US market and exports and Sasolburg for most other markets, including Asia.

Property, plants and equipment

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

Merisol owns a butylation plant at Oil City, Pennsylvania, producing di-butyl para-cresol and meta-cresol from meta, para-cresol and pure para-cresol feedstock made by Merisol at its Houston plant. The Oil City plant has completed an expansion project to increase meta-cresol capacity.

Production capacity

Product	Facilities location	Total (ktpa)
Phenol	South Africa, United States	45
Ortho-cresol	South Africa, United States	15
Meta-cresol and para-cresol	United States	16
Pure meta,para-cresol	United States	30
Cresylic acids and xylenols	South Africa, United States	44
High-boiling tar acids	South Africa, United States	4
Butylated products	United States	13

African Amines

African Amines is a 50:50 joint venture of Sasol Chemical Industries Limited and Air Products. It manufactures, purchases and sells alkylamines, principally for use in explosives, water-treatment chemicals and agricultural chemicals.

This business is in the process of being sold, with the completion of the sale expected in 2008.

Other businesses

Sasol Technology

Nature of the operations and its principal activities

Sasol Technology acts as the technology partner to all the business units through launching and helping to sustain the Sasol growth initiatives. The Sasol Technology value chain consists inter alia of: directing technology, acquiring technology, commercialising technology, installing technology and optimising technology for Sasol.

Strategy (Directing technology)

The strategy for Sasol Technology is based on four pillars:

to direct Sasol's technology future;

to position and structure Sasol Technology for short-, medium- and long-term performance and delivery;

to ensure a sustainable execution capacity to deliver on business ventures; and

to ensure meaningful work for the people allowing them and the company to excel and grow.

Sasol Technology, as the technology partner in the group, is fully committed to the 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 functional plants to our business partners for their operation.

The primary constraints that Sasol Technology currently experiences are related to available resources and capacity. These constraints are manageable at this stage but are foreseen to become more problematic over the following years. Strategic plans are being developed to address these issues and include the recruitment of engineers outside South Africa, fostering strategic relationships with technology and engineering providers and development of resources in South Africa.

Research and development (Acquiring technology)

The central research and development division in Sasolburg, South Africa employs approximately 600 people who focus 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 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.

Research activities 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. As a result of this, at least 20 of the employees from South Africa are at any given time studying abroad in a continuing effort to ensure top level in-house research competency.

Noteworthy Sasol Technology Research and Development successes 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, decarburised carbon, 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 gasses focuses on improving plant efficiencies, carbon dioxide capturing and understanding potential storage alternatives. The introduction of non-carbon based energy as process energy is also under review.

Front end engineering and technology management (Commercialising technology)

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 and basic design, engineering management and plant commissioning of projects is undertaken on an integrated basis with the business unit leveraging with external technology suppliers and contractors.

Project execution and engineering (Installing technology)

Sasol Technology is responsible for the project engineering and project management of the major capital programs in the group. The involvement is currently focused in South Africa as well as support in Qatar for the execution and handover of the plants. Delivery of smaller projects and shutdowns are also undertaken. These initiatives are highly leveraged with external engineering and construction contractors.

Operations support (Optimising technology)

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.

Legal proceedings and other contingencies

Fly Ash Plant Sasol Synfuels is in legal proceedings with regard to the operation of a plant in Secunda. Ashcor has claimed damages of R313 million relating to their inability to develop their business and a projected loss of future cash flows. The prospect of future loss is deemed to be reasonably possible and the loss is unlikely to exceed R10 million.

Nationwide Poles The Competition Commission received a complaint against Sasol Oil (Carbo-Tar division) in April 2003. The complaint was referred by the plaintiff to the Competition Tribunal. The Competition Tribunal found against Sasol that during the period of the complaint Sasol was a dominant firm whose conduct met the test required in establishing prohibited price discrimination. The company filed a notice of appeal and the appeal was heard by the Competition Appeal Court and Sasol was successful in the appeal.

Nutri-Flo Nutri-Flo filed a complaint with the South African Competition Commission (the Commission) in 2002, alleging that Sasol was engaging in price discrimination, excessive pricing and exclusionary pricing. The Commission elected not to refer that complaint to the South African Competition Tribunal (the Tribunal). In November 2003, Nutri-Flo brought an urgent application before the Tribunal to interdict Sasol from implementing a new price list. By way of this application, Nutri-Flo filed a further complaint in which, in addition to contending for contraventions on the grounds specified above, Nutri-Flo alleged that Sasol, Kynoch and Omnia were colluding to fix prices in the fertiliser industry. Nutri-Flo subsequently withdrew the application. However, the Commission investigated the further complaint and in May 2005 referred the complaint to the Tribunal, alleging findings of prohibited horizontal practices (namely, price fixing and the prevention or lessening of competition) and abuses of dominance (namely, charging excessive prices and engaging in exclusionary conduct), and requesting the Tribunal to impose the maximum administrative penalty in terms of the South African Competition Act 89 of 1998 (the Competition Act).

Sasol raised an exception to the complaint referral on the basis that it was vague and did not disclose a clear contravention of the Competition Act. In response, the Commission filed an amended version of the complaint referral. Nutri-Flo, concerned that the Commission did not adequately represent its interests in the complaint-referral proceedings, applied to the Tribunal for leave to

intervene, submitting in its application that it would institute a civil action against Sasol if the Tribunal found in favour of the Commission. The Tribunal approved that Nutri-Flo may intervene in the proceedings. Nutri-Flo has still to file the statement in which it makes out its case against Sasol. On the basis purely of the Commission's amended complaint referral, we believe that the likelihood of a finding of unlawful conduct in terms of the Competition Act is remote. However, Nutri-Flo's statement to be filed may require a review of our current assessment. Therefore, it is currently not possible to make an estimate of the contingent liability in this matter (whether arising out of penalties that may be imposed by the Tribunal or civil lawsuits that may arise in the event of a finding of unlawful conduct).

However, Nutri-Flo has at this stage indicated that should Sasol be found by the Tribunal to have committed the prohibited practises as alleged, then it intends to sue Sasol for damages in the aggregate of about R57.5 million.

Sasol Wax On 28 and 29 April 2005, the European Commission conducted an investigation at the offices of Sasol Wax International AG and its subsidiary Sasol Wax GmbH, both located in Hamburg, Germany. A parallel investigation was conducted by the US Department of Justice in the United States. On 3 May 2007 the US Department of Justice decided to close the investigation without taking any action against Sasol Wax. On 31 May 2007, the European Commission issued a statement of objections against Sasol Wax International AG and its subsidiary Sasol Wax GmbH and its superior shareholders Sasol Holding in Germany GmbH and Sasol Limited. According to the findings of the European Commission members of the European paraffin wax industry, including Sasol Wax GmbH, formed a cartel and violated anti-trust laws. Sasol Wax continues to co-operate with the European Commission. Although it is reasonably likely that a fine will be imposed, a reliable estimate of the amount of the possible penalty cannot be made, since the determination thereof is at the sole discretion of the antitrust authorities. However, Sasol Wax has been advised by the European Commission that it in principle qualifies for a discount in respect of the fine to be imposed because of its candid and helpful support in the investigation.

It is expected that an oral hearing at the European Commission in Brussels will take place within this calendar year.

Profert Profert filed a complaint against Sasol in August 2004, alleging that Sasol Nitro refused to supply Profert, charged Profert discriminatory pricing in sales of limestone ammonium nitrate and engaged in exclusionary conduct to exclude Profert from the fertiliser market. In May 2006, the Commission referred the complaint to the Tribunal, alleging findings of prohibited horizontal practices (namely, entering into agreements which constructed and divided the relevant market and which substantially lessened or prevented competition in that market) and abuses of dominance (namely, refusing to supply scarce goods to competitors, discriminating on sale prices and engaging in other exclusionary acts), and requesting that the Tribunal impose the maximum administrative penalty in terms of the Competition Act. On 4 August 2006, Sasol filed a reply to the complaint referral. The matter has been set down for hearing from 3 to 14 March 2008. Preparations for the hearing are proceeding. The Commission has previously indicated that it may seek to have these proceedings heard together with those regarding Nutri-Flo. On the basis of the complaint referral in its current form, we believe that the likelihood of a finding of unlawful conduct in terms of the Competition Act is remote.

However, if these proceedings are joined with those pertaining to Nutri-Flo, then our current assessment may require review. For these reasons, it is currently not possible to make an estimate of the contingent liability (whether arising out of penalties that may be imposed by the Competition Tribunal or civil lawsuits that may arise in the event of a finding of unlawful conduct).

Sale of Phosphoric Acid production assets In June 2004, Foskor increased its phosphate rock price to such an extent that Sasol indicated that it would shut down the operations in Phalaborwa. Sasol and Foskor then entered into an agreement in terms of which Foskor would purchase the Phalaborwa plant.

For the period that this intended sale was under assessment by the South African Competition Authorities, the parties entered into a toll manufacturing arrangement in terms of which Sasol would toll manufacture phosphoric acid for Foskor. The toll manufacturing arrangement commenced on 1 September 2005. In October 2005, the South African Competition Commission issued a recommendation that the proposed merger be prohibited and referred the matter to the South African Competition Tribunal. The parties abandoned the merger in June 2006 and notified the Competition Commission that they intend to enter into a new toll manufacturing agreement for a period of 4 years. The Competition Commission notified the parties that the intended toll manufacturing transaction may amount to a merger, thereby triggering the statutory merger notification requirements in South Africa. It also notified the parties of its intent to investigate whether the current toll manufacturing arrangement (that commenced in September 2005) amounts to a pre-implementation of a merger without the required approval of the South African Competition Authorities and/or if there were any other unlawful arrangements between Foskor and Sasol relating to the proposed sale of the phosphoric acid assets.

The parties have applied to the Competition Tribunal for a declaratory order that the current toll manufacturing agreement and the proposed 4 year toll manufacturing agreement do not amount to a merger. The Competition Commission in its reply conceded that at face value, these agreements do not amount to a merger. Consequently, on 14 September 2007, the parties withdrew their application as the order sought was no longer required. The Competition Commission has however informed the parties that it is investigating whether or not there were any other unlawful agreements amounting to contraventions of the Competition Act's prohibitions on restrictive horizontal practices between Foskor and Sasol relating to the toll manufacturing arrangements.

As the Commission has not yet made any findings on its investigation, the likelihood of liability is remote. In the event that the Competition Commission refers the matter to the Competition Tribunal, our current assessment may require review. For this reason, it is currently not possible to make an estimate of the contingent liability.

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.

The EDC pipeline litigation Sasol North America (Sasol NA) had numerous separate pending cases which originated as a result of a 1994 rupture of the ConocoPhillips ethylene dichloride (EDC) pipeline connecting their dock to Sasol NA's vinyl chloride monomer plant in the United States. Plaintiffs sought compensatory and punitive damages as a result of alleged exposure to EDC. As of 30 June 2007 there is a class action and 29 lawsuits pending, brought by over 800 plaintiffs. Plaintiffs allege various personal injuries resulting from exposure to EDC while the plaintiffs were employed as contractors of ConocoPhillips to clean up the EDC or to perform other projects on the ConocoPhillips refinery where the rupture occurred. The plaintiffs seek recovery of unspecified compensating and punitive damages. Sasol NA has successfully obtained substantial insurance coverage for costs that were incurred in connection with this litigation. The last round of settlements of over 300 claims in 2004 totalled approximately US$10 million of which Sasol NA's share was US$3 million. These cases are being vigorously defended on statute of limitations and other grounds but the likelihood of financial loss in future is probable. The loss is unlikely to exceed the amount of US$3 million for the last round of previously settled cases.

Under the Asset and Share Purchase agreement with RWE-DEA for the acquisition of Condea, the costs in respect of the EDC pipeline cases are reimbursable by RWE-DEA less insurance and tax benefits.

Sulphur dioxide litigation During January 2003, Sasol NA and ConocoPhillips refinery released a quantity of sulphur dioxide into the environment as a result of a power outage in the ConocoPhillips Lake Charles refinery. Lawsuits were filed against ConocoPhillips and Sasol NA has since been added as a defendant. At 30 June 2006, more than 600 lawsuits had been filed on behalf of more than 20,000 plaintiffs. ConocoPhillips and Sasol NA jointly defended the lawsuits and Sasol NA's liability for defense and settlement costs has been limited, by agreement. Sasol NA has paid the "cap" as per the agreement and therefore the prospect of future loss in this matter is remote and no future loss in this regard is expected.

Yellow Rock litigation In July 2005, Sasol NA received notice of suit by Yellow Rock LLC alleging over US$1 million in damages and seeking an injunction that would require Sasol NA to remove its ethylene from Salt Storage Dome 1-A in Sulfur, Louisiana near the Lake Charles Chemical Complex. The suit alleges that in 2004 the Dome 1-A was leaking ethylene and caused the "blow out" of an oil and gas exploration well being drilled by Yellow Rock. An integrity assessment of the well performed by an independent consultant in early 2005 concluded that the Dome 1-A was not leaking. These results were conveyed to Yellow Rock and were signed off by the Louisiana Department of Natural Resources, but did not deter the filing of the suit. In March 2007, plaintiffs amended their petition to assert significant additional damages in excess of US$70 million, including loss of revenues and loss of fair market value of the oil and gas reserves adjacent to the dome. A trial date has been set for January 2008. Sasol NA has instituted action against the insurer for appropriate indemnification. Prospects of future events confirming a loss are therefore remote.

US hearing loss cases There are presently approximately 150 hearing loss cases pending with respect to Sasol NA that are being jointly defended with ConocoPhillips. These claims for occupational hearing loss in Louisiana are not covered by Workman's Compensation. The likelihood of loss is considered probable as these claims will be settled. Sasol NA has accrued its best estimate of US$0.4 million being the probable liability for settlement of these cases at 30 June 2007.

Dorothy Molefi and others 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. The plaintiffs are represented by attorney Edward Fagan. These claims are similar to many instituted against a large number of multi-national corporations worldwide under the Alien Tort Claims Act 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 President Nelson Mandela and President 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 November 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 appeal was decided. 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 Alien Tort Claims Act. Although the claim against Sasol Limited and Natref remain stayed, the possibility exists that the plaintiffs in that case may, in light of the partially successful appeal in the related case, apply for the stay to be lifted and for the possible amendment of their lawsuit. Sasol remains of the view that the claims are without merit and the case should be dismissed on the basis that the appropriate forum, both in respect of jurisdiction and convenience, ought to be South Africa and not the United States District Court of the Southern District of New York.

Environmental Orders

We are subject to loss contingencies pursuant to numerous national and local environmental 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 in all locations in which it operates. These laws and regulations may, in future, require us 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.

Our environmental obligation accrued at 30 June 2007 was R3,355 million compared to R3,184 million in 2006. Included in this balance is an amount accrued of approximately R1,969 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.

Under the agreement for the acquisition of Sasol Chemie, we received an indemnification from RWE-DEA for most of the costs of remediation and rehabilitation of environmental contamination existing at Condea Vista Company located in the United States on or before 1 March 2001.

Although we have 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.

September 2004 Accident Trust

On 1 September 2004, the lives of ten employees and contractors were lost and a number of employees and contractors were injured during an explosion that occurred at our Secunda West ethylene production facilities.

Since January 2006, the company, Solidarity, the Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union and an attorney representing the unions have been in negotiations to find a mechanism to pay compensation to the dependants of people that died or were physically injured in the accident to the extent that they had not been previously compensated in terms of existing policies and practices. It was agreed to establish an independent trust, the September 2004 Accident Trust, to expeditiously make ex gratia grants to persons who were physically injured in the 1 September 2004 explosion at our Secunda West ethylene production facilities and to the dependants of persons who died in that accident. The September 2004 Accident Trust was registered on 29 June 2006. Qualifying victims of the accident have been invited to submit applications for compensation. These grants will be calculated in accordance with the applicable South African legal principles for the harm and loss suffered by them as a result of the accident to the extent that they have not already been compensated.

We will fund the September 2004 Accident Trust to pay the grants. Whilst accepting social responsibility, we have not acknowledged legal liability in creating the trust. As at 30 June 2007, a total

of 172 claims have been received, of which 55 have been finalised, resulting in payments totalling R0.9 million. Future payments are dependent on the number of applications which will still qualify and the calculation of the grants based on the applicable South African principles. It is believed that the possible loss, inclusive of legal costs, is unlikely to exceed R10 million.

Regulation

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 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

The South African Department of Trade and Industry introduced the Broad-based Black Economic Empowerment Act (the Act). The Act's stated objectives are to:

promote economic transformation in order to facilitate meaningful participation of black people in the economy;

achieve a substantial change in the racial composition of ownership and management structures in new and existing enterprises;

increase the instance of ownership and management of communities, workers and collective enterprise cooperatives in new and existing enterprises;

promote investment programs that lead to broad-based and meaningful participation by black people in the economy in order to achieve sustainable development and general prosperity; and

develop rural communities and empower local communities by enabling access to economic activities, land, infrastructure, ownership and skills.

The Act establishes a Black Economic Empowerment Advisory Council (the Council) to advise the President on BEE. In terms of the Act, the Minister of Trade and Industry may issue codes of practice on BEE, which may include:

the interpretation and definition of BEE;

qualification criteria for preferential purposes for procurement and other economic activities;

indicators and weighting to measure BEE;

guidelines for stakeholders in the relevant sectors of the economy to draw up transformation charters for their sectors;

the development of a system of reporting on the implementation of BEE; and

any other matter necessary to achieve the objectives of the Act.

The Act provides that every organ of the State must take into account any relevant code of practice issued pursuant to the Act in determining qualification criteria for the issuing of licenses and other authorisations pursuant to any law and in developing and implementing a preferential procurement policy.

The Minister of Trade and Industry may propose regulations under this Act.

Codes of good practice for broad-based black economic empowerment (the Codes)

On 6 December 2006, Cabinet approved the gazetting of both Phase 1 and Phase 2 of the Codes published in November 2005 and December 2005, respectively, pursuant to the Act mentioned above. The Codes were gazetted on 9 February 2007 in Government Gazette 29617 (Main Codes) and the Minister of Trade and Industry determined that the Codes came into operation on the same date.

Progress to date includes the publishing of guidelines on the Department of Trade and Industry website, which includes the following:

Guidelines: Equity Equivalents Programme for Multinationals; and

Guidelines: Complex Structures and Transactions, and Fronting (previously Statement 002).

Pursuant to the gazetting of the Codes (Main Codes) and published guidelines, private sector enterprises are urged to apply the principles contained in the Codes when implementing broad-based BEE initiatives. In interactions with public entities and organs of state, it is considered essential that the private sector applies these principles to ensure full recognition for their efforts. Furthermore, it is considered desirable that the private sector also apply these principles in their interactions with one another.

Stakeholders are encouraged to align any legislation properly enacted prior to the Act, which imposes BEE objectives, with the Act and the Codes. This will apply specifically to the Liquid Fuels Charter as contained in the Petroleum Products Amendment Act and the Mining Charter as contained in the Mineral and Petroleum Resources Development Act which shall remain in force unless amended, substituted or repealed. Alignment of all such legislation, over time, will reduce any residual uncertainty.

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 historically disadvantaged South Africans (HDSAs) in the country's mining industry. The Mining Charter's stated objectives include the:

expansion of opportunities for persons disadvantaged by unfair discrimination under the previous political dispensation;

expansion of the skills base of such persons;

promotion of employment and advancement of the social and economic welfare of mining communities; and

promotion of beneficiation, or the crushing and separation of ore into valuable substances or waste within South Africa.

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 ten 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 further specifies that the mining industry is required to assist HDSAs in securing finance to fund their equity participation up to an amount of R100 billion within the first 5 calendar years after the coming into force of the aforementioned Act. Beyond this R100 billion commitment, the Mining Charter requires that participation of HDSAs should be increased towards the 26% target on a willing-seller-willing-buyer basis at fair market value.

The scorecard provides a method of indicating the extent to which applicants for the conversion of their mineral rights under the MPRDA complied with the provisions of the Mining Charter. It is intended that the entire scorecard would be taken into account in decision making. Notes attached to the scorecard provide guidance in interpreting the objectives of the Mining Charter.

On 16 March 2006, we announced the implementation of the first phase of Sasol Mining's broad-based BEE strategy through the formation of Igoda Coal, an empowerment venture with Eyesizwe Coal, a black-owned mining company. Igoda Coal will be one of South Africa's largest empowered coal export companies. Eyesizwe Coal will own 35% of Igoda Coal, while Sasol Mining holds the remaining 65%. Igoda Coal will become fully operational as a statutory business entity and take transfer of the relevant mining area from Sasol Mining once the transfer of the mining rights have been effected. It is expected that the transaction will become effective with the second phase of Sasol Mining's broad-based BEE ownership strategy, as outlined below.

On 11 October 2007, Sasol Mining announced the second phase of its broad-based BEE strategy by the formation of a black-woman controlled mining company called Ixia Coal (Pty) Limited (Ixia). Ixia is a venture with Women Investment Portfolio Holdings Limited and Mining Women Investments (Pty) Limited. The transaction is valued at R1.9 billion. This transaction brings Sasol Mining's BEE ownership component to an estimated 26% (calculated on attributable units of production). Upon the conversion of the Secunda mining rights and the procurement of financing by Ixia, the transaction will be implemented. The transaction will be financed through equity (R59 million) and a combination of third party funding and appropriate Sasol facilitation. It is currently envisaged that approximately 40% of the transaction will be funded through third party debt, however this is dependent upon market conditions prevailing at the time.

The Liquid Fuels Charter

In November 2000, following a process of consultation, the Minister of Minerals and Energy and representatives of the companies in the liquid fuels industry, including Sasol Oil, signed the Liquid Fuels Charter setting out the principles for the empowerment of HDSAs in the South African petroleum and liquid fuels industry.

The Liquid Fuels Charter requires liquid fuels companies, including Sasol Oil, to ensure that HDSAs hold at least 25% equity ownership in the South African company holding their liquid fuels assets by the calendar year 2010. It also envisages methods of measuring progress by requiring participants in the industry to meet targets set in connection with transformation of ownership. In addition, the Liquid Fuels Charter requires that historically disadvantaged persons be given preferred supplier status, where possible, in the procurement of supplies, products, goods and services, as well as access to use and ownership of facilities.

Sasol and Exel's BEE transaction

One of our major BEE transactions was the establishment of Exel in November 1997 as a 22.5% minority shareholder. At the time of the merger with Sasol Oil, Exel was a model empowerment enterprise 77.5% owned and controlled by HDSAs. With the help of Sasol, through the secondment of specialised personnel, the provision of technical support and training, and other support services, Exel evolved rapidly from a zero base to establishing 195 retail fuel stations by December 2003. By that time, Exel had won 4% and 7% of the competitive South African liquid fuels retail and commercial markets, respectively. Exel recorded an operating profit (before interest and tax) of almost R8 million in 1998. Five years later, the company posted an annual operating profit of more than R100 million. Subsequently, Sasol Oil acquired the entire shareholding of Exel with the empowerment partners obtaining a 2% interest directly in Sasol Oil.

Sasol and Tshwarisano BEE transaction

It is our fundamental objective to comply with the terms of the Liquid Fuels Charter. We have therefore facilitated a transaction with our BEE partner in the form of Tshwarisano.

It was initially envisaged and announced that Tshwarisano would have acquired a 12.5% shareholding in the former proposed joint venture, Uhambo Oil, if the Competition Tribunal had approved the proposed merger of our liquid fuels business with Petronas' South African liquid fuels business. Pursuant to the Competition Act of 2000, the Competition Tribunal prohibited the merger on 20 February 2006.

By agreement as a result of the proposed merger not occurring, Tshwarisano has acquired a 25% shareholding in Sasol Oil effective 1 July 2006.

See "Item 5A Operating results".

BEE policies

As from 1 July 2006, Sasol Oil has met the 25% BEE ownership target with Tshwarisano holding 25% of the shares in Sasol Oil with BEE policies as follows:

Procuring goods and services, on a preferential basis, from HDSAs;

Progressing employment equity in our businesses, with focus on employment equity, capacity building, training and development;

Facilitating the development of small, micro and medium-sized enterprises and focusing on training, entrepreneurship and broadening the dealer mix; and

Advancing social upliftment objectives and nation-building.

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.

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 Charter, HDSA 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 socioeconomic development of the communities in which we operate, through partnerships with key stakeholders in these communities.

Social investments are 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

Our privately held land could be subject to land restitution claims under the Restitution of Land Rights Act 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.

If land is restored without fair compensation, it is possible that a constitutional challenge to the restoration could be successful. Once a land claim has been lodged with the Commission on Restitution of Land Rights, the rights of any person in respect of such land are restricted in that he may not perform certain actions relating to the land, including, but not limited to, selling, leasing or developing such land, without the consent of the Commission. The Commission is obligated to notify the land owner of such a claim lodged or any other party which might have an interest in a claim. All claims had to have been lodged with the 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.

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 to acquire or expropriate land for restitution purposes is limited to circumstances where an agreement has been reached between the interested parties. The 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 Constitution which provides, in general, that compensation must be just and equitable.

Regulation of mining activities in South Africa

The Minerals Act

For the period up to 30 April 2004, all mineral rights, encompassing the right to prospect and mine, were held, either privately or by the government of South Africa. Ownership of private mineral rights was held through title deeds and constitutes real rights in land, which are enforceable against any third party. Prospecting and mining were regulated by the Minerals Act and South African common law. The Minerals Act regulated the prospecting for and the optimal exploitation, processing and utilisation of minerals, in addition to imposing reclamation requirements on prospecting and mining operations. The Act required that anyone undertaking prospecting or mining operations had to compile an environmental management programme and to provide for the environmental impact of the proposed prospecting or mining activities. This programme had to be approved by the relevant Director of Mineral Development. The Minerals Act has subsequently been repealed by the implementation of the Mineral and Petroleum Resources Development Act (Act 28 of 2002), which came into effect on 1 May 2004.

Under the Minerals Act, we owned all the coal rights for the properties over which we have mining authorisations, except for small tracts of land at Secunda, which were owned by the government of South Africa and for which we have obtained the government's consent to mine in consideration for the payment of a royalty per ton of coal mined from those properties.

The Mineral and Petroleum Resources Development Act (MPRDA)

The fundamental principle of the MPRDA 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 Act 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.

The MPRDA imposes significantly more stringent environmental obligations on mining activities than the repealed Minerals Act. However, it contains transitional arrangements for existing operations. Under these transitional provisions, the environmental management programs will continue in force, as the Department of Minerals and Energy (DME) introduces the more stringent requirements of the MPRDA.

The MPRDA adopts the environmental management principles and environmental impact assessment provisions of the National Environmental Management Act. 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 maintains the requirement for an environmental management programme for all mining operations, but with more detailed specifications than under the Minerals Act, and prohibits the carrying out of mining activities before the approval of the programme. When rehabilitation is required, it is not limited to the land surface. We are in compliance with the repealed Minerals Act, and we expect to continue to be in compliance with the new legislation.

Mining rights

Transitional provisions are included in the MPRDA, which phases out privately held mineral rights held under the repealed legislation. The transitional provisions contemplate three types of rights:

(a) mineral rights in respect of which no prospecting permit or mining authorisation has been issued and/or no prospecting or mining activities are taking place;

(b) mineral rights in respect of which prospecting permits have been issued and prospecting is taking place; and

(c) mineral rights in respect of which mining authorisations have been issued and mining is taking place.

The rights described in these three categories are defined as Old Order rights. Under category (a), the holders of privately-held mineral rights had to apply for a prospecting or mining right in their own names to replace their existing mineral rights by 30 April 2005. Under categories (b) and (c), any prospecting permit or mining authorisation granted under the previous legislation would continue to be valid for a maximum period of two or five calendar years from enactment, respectively. After the lapse of the one-year period referred to in category (a) and the respective periods in categories (b) and (c), the mineral rights will cease to exist. Within these periods, the holders of mineral rights and prospecting permits or mining authorisations, in order to continue with their mining or prospecting

operations, must apply for a new prospecting right or mining right in respect of category (a) and for conversion to new prospecting or mining rights in respect of categories (b) and (c).

Under the Act, prospecting rights will be granted for an initial maximum period of five calendar years, and could be renewed once, upon application, for a period not exceeding three calendar years. Mining rights will be valid for a maximum period of thirty calendar years, and could be renewed, upon application, for further periods, each not exceeding thirty calendar years. Provision is made for the grant of retention permits, which would have a maximum term of three calendar years and could be renewed once, upon application for a further two calendar years.

A wide range of factors and principles will be taken into account by the Minister of Minerals and Energy when considering these applications. These factors include the applicant's access to financial resources and appropriate technical ability to conduct the proposed prospecting or mining operation, the environmental impact of the operation and, in the case of prospecting rights, considerations relating to fair competition. Other factors include considerations relevant to promoting employment and the social and economic welfare of all South Africans and showing compliance with the provisions of the Mining Charter for the empowerment of HDSAs in the mining industry.

Part II of the Regulations promulgated under the MPRDA relate to the Social and Labour Plan that must accompany any application for a mining right. The Mining Titles Registration Amendment Act (Act 24 of 2003) and Regulations have been implemented simultaneously with the implementation of the MPRDA. It provides the mechanism to give effect to the provisions of the MPRDA, in particular with regard to the registration of rights under that Act. Draft Regulations under this Bill have also been published for comment.

Sasol Mining held various prospecting permits or mining authorisations with respect to our existing mining operations, which are now being classified as old order rights. We have commenced with the process to apply for conversion of our existing mining and prospecting rights into new-order rights and for any new licenses Sasol Mining may require under the MPRDA. It is the declared intent of the South African government not to disrupt operations as a result of the introduction of the new legislation. When considering applications for the conversion of existing mineral rights under the MPRDA, the Minister of Minerals and Energy must take into account, among other factors, the applicant company's compliance with the Mining Charter. We intend to undertake any appropriate action required to ensure conversion of our existing mineral, prospecting and mining rights under the MPRDA.

The Act provides that a mining right granted under the Act may be cancelled if the mineral to which such mining right relates is not mined at an optimal rate. Furthermore, royalties from mining activities will become payable to the state under provisions contained in separate legislation, in 2009.

The Mineral and Petroleum Royalty Bill was published for comment in March 2003. After the Department of Finance considered representations from interested parties, the Bill was withdrawn and is currently being redrafted. The Minister of Finance indicated in his budget speech in parliament during February 2004 that the Mineral and Petroleum Royalty Bill will not be implemented before 2009.

Regulation of pipeline gas activities in South Africa

The Gas Act

The Gas Act came into effect on 1 November 2005 as proclaimed by the President of South Africa. 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 licenses 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 license conditions or with any provisions of the Gas Act. The Piped Gas Regulations issued in terms of section 34(1) of the Gas Act was promulgated on 20 April 2007.

The National Energy Regulator Act

The National Energy Regulator Act came into operation on 15 September 2005 as proclaimed by the President. 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.

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 will operate as a collective and decisions will be made on a collective basis.

According to Section 35 of the Gas Act license applications for existing business activities had to be submitted to NERSA within six months from the effective date of the Gas Act (2 May 2006) by any person owning or operating gas facilities or trading in gas. Accordingly, Rompco submitted an application for the operation of a gas transmission facility. This license to operate a transmission facility was issued to Rompco on 21 February 2007. Sasol Gas submitted license applications for the operation of distribution facilities as well as for trading in gas

All the license applications have been compiled in accordance with the Gas Act and the rules published by NERSA. In accordance with the rules, the applications were advertised, inviting objections within a 30- day period. Thereafter, NERSA has 60 days to consider the objections and responses thereon in order to decide on the granting of the licenses. Public hearings regarding the applications for operating and trading licenses by Sasol Gas took place on 17 and 26 July 2007. The issuing of these licenses has however not been completed yet. Up to 30 June 2007, NERSA has issued 31 construction licenses to Sasol Gas in respect of projects for the expansion of its existing pipeline network.

The Mozambique Gas Pipeline Agreement (Regulatory Agreement)

This agreement entered into between the Minister of Minerals and Energy of South Africa, the Minister of Trade and Industry of Mozambique and our company 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 licenses 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;

tariffs we charge for gas;

our obligation to supply customers, distributors and reticulators with gas; and

the administration of the agreement.

As part of the Gas Act, the Mozambique Gas Pipeline Agreement forms part of the legislation and as such it may be susceptible to the same legislative processes generally applicable to changes in legislation.

The Gas Regulator Levies Act was signed into law on 15 January 2003 and 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 Minerals and Energy, 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 and during the NERSA financial year which ended on 31 March 2007, Sasol Gas paid a total amount of R37 million in levies under this Act. By 30 June 2007, the NERSA budget for their current financial year remained pending the approval of the Ministers.

Regulation of petroleum-related activities in South Africa

The Petroleum Products Amendment Act

This Amendment Act, which became effective on 17 March 2006, amends the existing Petroleum Products Act by enacting provisions regulating a range of matters including the licensing of persons involved in the manufacturing, wholesale, holding or development of sites, and retail sale of petroleum products. The Amendment Act prohibits licensed wholesalers from holding retail licenses, except for training purposes. As the Amendment Act and regulations to be promulgated there under regulate business activities conducted by Sasol Oil, Natref and Sasol Synfuels, they are currently in the process of applying for manufacturing licenses in respect of our plants, wholesale licenses in respect to our wholesale activities and site licenses for our retail sites. We cannot assure you that these licenses will be granted. It should be noted that, as a person conducting the aforesaid activities at the commencement of the Amendment Act, Sasol Oil and Sasol Synfuels are entitled to the issue of such licenses if they are found to be in compliance with all legal requirements in force for the operation of their respective activities. However, new site developments could be delayed given the requirements under the new regulations.

The Petroleum Pipelines Act

This Act, which was signed by the President of South Africa on 31 May 2004 and became effective on 1 November 2005, among other things, establishes a petroleum pipelines authority as custodian and enforcer of the regulatory framework applicable to petroleum pipelines.

Among the stated objectives of the Petroleum Pipelines Act are:

promoting competition and limit anticompetitive practices within the scope of the regulated activities;

promoting the efficient, sustainable and orderly development, operation and use of pipelines, marine offloading facilities and storage facilities from a national and industry-specific perspective;

ensuring the safe, efficient, economic and environmentally responsible transport and storage of crude oil and petroleum products;

promoting fair and equitable access to pipelines, offloading and storage facilities and related commercial services; and

promoting companies in the petroleum pipeline industry that are owned or controlled by HDSAs.

The Act provides that no person may construct, or operate, a petroleum pipeline, loading facility or storage facility without a license issued by the authority. It enables the authority to impose conditions to such licenses relating, inter alia, to:

pipelines being licensed for crude oil or petroleum products, or both;

interested parties being allowed to negotiate changes with licensees in the proposed routing, size and capacity of proposed pipelines;

shippers to be provided access to pipelines and capacity to be shared among users in proportion to their needs and within commercially reasonable and operational constraints; and

tariffs to be set by the authority for pipelines, and approved by the authority for loading and storage facilities.

The Act enables the authority to expropriate land in accordance with Section 25 of the South African Constitution if a licensee is unable to acquire such land by agreement with the owner and the land is reasonably required for facilities which will enhance the Republic's petroleum pipelines infrastructure. The Act authorises the South African Minister of Minerals and Energy to promulgate regulations and we cannot assure you that the application of the 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.

We have submitted applications for the issue of licenses for our depots and related infrastructure and currently await their issue.

The Petroleum Pipelines Levies Act

The Petroleum Pipelines Levies Act No. 28 of 2004 empowers the National Energy Regulator to impose levies on petroleum transported by petroleum pipelines. The proposed levy will be based on the amount of petroleum, measured in litres, delivered by importers, refiners and producers to inlet flanges of petroleum pipelines and must be paid by the person holding the title to the petroleum immediately after it has entered the inlet flange.

The levy is intended for the purpose of meeting the general administrative and other cost of the Authority and the functions performed by the National Energy Regulator.

Any levies intended to be imposed by the Authority must be published for representation by stakeholders and must be approved by the Minister of Minerals and Energy, with the concurrence of

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the Minister of Finance. Levies lapse five years after their imposition and the Minister must approve a re-imposition of levies.

To date no levies have been imposed, although their imposition is imminent.

Safety, health and environment

We are committed to zero harm to people, facilities and the environment. Our safety, health and environment (SH&E) performance is driven by the quest for continuous improvement that will help us achieve our vision of being a world class company.

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 United States, the Asia-Pacific region, the Middle East and the Indian subcontinent. Our global operations, including marketing and logistics, are also affected by international environmental conventions.

We focus on our safety, health and environmental responsibilities through our SH&E policy, strategy and minimum requirements and are committed to ensure that we operate under safe working practices, safeguard against accidents and avoid harm to people and the environment in all our businesses.

Safety, health and environmental laws and regulations affect a wide spectrum of our group activities. These statutory requirements often require permits or licenses to be obtained for the use of natural resources such as water, and for the operation of our facilities and the disposal of our waste products. They also prescribe minimum standards for the safety and health of our employees. They impose restrictions on the types and quantities of emissions that can be released into the environment, and also regulate issues of product safety, waste generation, management and ultimate disposal. It is our expectation that these laws and regulations will become more stringent in the future.

Safety, health and environment policy and management systems

We have developed a systems-oriented approach towards the management of these issues. We have moved from a division-based safety, health and environment management policy to a structure directed on a group basis. We are committed to sustainable development and legal compliance being the minimum requirement for all our operations. Matters of safety, health and environment are treated as critical business issues. Planning of safety, health and environmental issues includes the setting of targets, performance measurement, reporting and review.

In order to ensure that our safety, health and environmental performance is aligned with our group targets and objectives, corporate governance and other audits are carried out regularly. All of our businesses are required to track their performance and furnish quarterly reports to their respective operating boards to the Group Executive Safety, Health and Environment Committee 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. For information regarding our Group Executive Safety, Health and Environment Committee and the Risk and Safety, Health and Environment Committee of the Sasol Limited Board, see also "Item 6.C Board Practices". Similar reports are also required to address significant division-specific issues. We use the findings emanating from corporate governance and other audits to implement improvement measures.

Our businesses are required to manage their safety, health and environmental risks in line with internationally accredited management systems. On environmental management systems, we are well on the way towards our group target of achieving ISO (International Standards Organization) 14001 certification for all our businesses. The ISO 14001 standard is an internationally accepted standard for

the development and implementation of environmental management systems. Certification to the standard entails regular audits by an independent, accredited third party auditor. We have also set OSHAS 18001 and Process Safety Management (based on the US Occupational Safety and Health Administration and other Sasol requirements) as additional minimum corporate requirements, including a behavioural safety programme for all Sasol businesses. These systems and programmes are currently being implemented.

Health and safety

Safety. In 2007 there were four regrettable fatalities, as was the case in 2006. There were two at Sasol Mining, one at Sasol Synfuels and one at Sasol Wax in Hamburg, Germany.

Sasol appointed DuPont Safety Resources (DuPont) in November 2004 to undertake a comparative safety review of selected South African operations against international best practices in the areas of leadership, organisation, and operational and process safety. DuPont performed a second review during March 2006 to determine progress with the implementation of recommendations arising from the first review. While commendable progress was reported, the improvement programme was updated and continued. The focus during the 2007 financial year has been the setting up of the Process Safety Management system in South African operations, and practical implementation will follow in the 2008 financial year. Process Safety Management audits will be performed in accordance with the practice in Sasol North America.

The performances of our US and European operations have been excellent.

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 with natural gas at our Sasolburg chemical operations. Sasol is also committed to reducing greenhouse gas emissions. We support the voluntary Energy Efficiency Accord championed by the South African Department of Minerals and Energy.

We monitor and measure ambient air quality around our South African plants. In Lake Charles in the United States, we also are part of an authority-led initiative to monitor ambient air concentrations, in order to identify and address proactively major risks for community health in a timely manner. In addition, our operations in the United States have reduced reported emissions under the Toxic Release Inventory by over 80% since reporting began in 1987.

As expected, our hydrogen sulfide odors from coal gasification, which were within statutory limits, were eliminated when natural gas replaced coal as a feedstock at our Sasolburg operations. Significant efforts are also being made to reduce hydrogen sulfide emissions emanating from the Secunda operation. The sulphur recovery plants are being upgraded to reduce levels of hydrogen sulfide emissions and improved monitoring and control equipment will also be addressed as part of this long-term project. Sasol also conducted an international audit focusing on air pollution management at our South African operations. Findings and recommendations made during the audit are being incorporated into current improvement and business plans.

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 relevant challenges in all of our operations. We have progressed significantly in the research and development of managing the water-related impacts of our mining activities.

Our project team of internal and external experts in mining, geohydrology, geochemistry, water and waste treatment is currently committed to researching innovative and cost-effective solutions to further reduce our impact on the environment.

The long-term supply of water to the Secunda complex (up to 2030) has been augmented by the Vaal River Eastern Sub-System Augmentation Project (VRESAP). The Trans-Caledon Tunnel Authority was mandated by the Minister of Water Affairs and Forestry of South Africa to fund and implement the VRESAP project to meet the growing demands of Eskom and Sasol in the Mpumalanga region. Construction of the VRESAP pipeline is currently in progress. Delays in the construction process has resulted in the expected completion date to shift from October 2007 to May 2008.

Fires, explosions and releases. The manufacture of petrochemicals involves using high volumes of flammable substances, often under high pressure and at high temperatures. Hence, managing the risk of fires, explosions and releases of hazardous substances is essential for us. In the course of our operations, we experienced a number of fires, explosions and releases of hazardous chemical substances, the most significant being an explosion that occurred at Sasol Polymers on 1 September 2004. We have taken steps to reduce the frequency and severity of these events, and do not expect any other past fires, explosions or releases to have a material effect on our results or operations.

Our operations in the United States are conducted in accordance with the requirements of the Occupational Safety and Health Administration Process Safety Management and US Environmental Protection Agency (US EPA) Risk Management Program regulations. Through the application of these regulations, we implement a thorough safety management process designed to minimise the risks of accidents and releases of hazardous substances.

In addition, since 11 September 2001, assessing and improving the security of chemical operations in the United States has become an important focus. Our Baltimore and Lake Charles plants have since evaluated plant security programs and made changes in procedures and physical security measures. As a member of the American Chemistry Council, 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.

All Sasol sites have identified and quantified their major risks with regards to major fire, explosion or releases. Risk mitigation plans are in place.

We maintain a comprehensive insurance programme to address identified risks.

Land remediation and rehabilitation. Because of our chemicals and fuels processes, we have particular legacy and current risks that we have addressed or are currently addressing. We are consolidating our regional strategies to form a group-wide strategy to address potential liabilities associated with land remediation and rehabilitation.

Our gas pipelines are buried underground in order to reduce long-term impacts. We implemented this approach for the Mozambique natural gas project, for which we used World Bank guidelines for environmental impact assessment studies.

The decommissioned Klipspruit cyanide factory has been satisfactorily rehabilitated and negotiations are underway for the Johannesburg Metropolitan Council to take over the land for future development.

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 are confident that such risks and attendant liabilities will not have a material effect.

The Natural Gas Conversion Project has had significant impact on the reduction of waste produced, specifically with regards to tar and oil waste, and ash at our operations in Sasolburg. The ash dump presently has a negative growth rate due to ash sales for brick making.

The South African Waste Discharge Charge System for the controlled discharge of effluent to a water body will be implemented by the Department of Water Affairs and Forestry over the next two to three years. The financial impact to Sasol has yet to be quantified, but could be substantial. Waste and waste water effluent minimisation projects are receiving specific attention.

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 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 Registration. The new European Union Regulatory Framework for the Registration, Evaluation, and Authorisation of Chemicals (REACH) that came into effect on 1 June 2007, aims 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. We therefore embrace the opportunity to interact with our suppliers, customers and end users to fulfill these requirements. In order to ensure continued production and sale of our products in the EU we have begun preparing the first REACH milestone, namely the pre-registration of the Sasol produced or imported substances by November 2008. Thereafter, we will adhere to the given milestones for registration by categorising our substances according to the specified volume ranges and chemicals regarded as of high concern.

South Africa

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 an ecologically sustainable development. Further constitutional provisions provide relevant rights of enforcement, including class actions. A number of laws and regulations address specific issues relating to the protection of the environment. The following includes an analysis of some of these laws, which may be relevant to our operations.

National Environmental Management Act. The National Environmental Management 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 up to R5 million. 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. It promotes access to environmental information, protects whistleblowers and allows for private prosecution and class actions. The Act was recently amended to include provisions and requirements for environmental authorisations and impact assessments. Provisions in this regard under

the Environment Conservation Act were repealed. Amendments have recently been proposed to the Act and to the environmental impact assessment regulations aiming to streamline the impact assessment requirements in support of economic growth objectives.

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

National Environmental Management: Protected Areas Act. This Act provides for the declaration of conservation areas. Of particular significance is that it provides for the expropriation of private land, including servitudes, in the interests of conservation. We have not been notified of any action that could have a material adverse effect on our rights to any of our significant properties.

National Mineral and Petroleum Resources Development Act. This Act makes provision for the effective management of impacts associated with mining activities. An environmental management programme (EMP) must be compiled, approved by the Department of Minerals and Energy, and regularly reviewed. The EMP is required to cover potential environmental as well as socio-economic impacts. The Act further requires the making of financial provision for the rehabilitation or management of negative environmental impacts. Amendments have also recently been proposed on this Act, specifically in relation to environmental management provisions. These include a requirement for the renewal of an environmental authorisation whenever rights obtained under the act are renewed. The proposed amendments also aim to reduce the options and financial mechanisms available for making financial provision for environmental rehabilitation.

Water protection

The National Water 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 incidents. The Department of Water Affairs and Forestry is currently implementing a Waste Discharge Charge System, 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. In this regard, the Department of Water Affairs and Forestry is implementing a Pricing Strategy aimed at allocating the appropriate price for the use of water, which may have a significant impact on operational costs. Further initiatives in this regard include the National Water Resource Strategy and the National Water Resource Allocation Strategy, aiming to ensure the equitable distribution of water. The Department of Water Affairs and Forestry is also progressing towards establishing a state owned water resources infrastructure agency that will finance and implement all future national water infrastructure schemes.

Air protection

The National Environmental Management: Air Quality Act has recently been promulgated, enabling the Department of Environmental Affairs and Tourism (DEAT) to set ambient air quality and emission standards, declare Priority Areas for the purposes of implementation of Air Quality Management Plans, and prepare for the review of atmospheric emission licenses. It is expected that this Act will impose stricter standards on air quality management in South Africa, through the adoption of internationally accepted ambient and emission standards and that this will result in significant capital and operational costs. The Department of Environmental Affairs and Tourism recently declared the Vaal Triangle (where the Sasolburg plant is situated) as a Priority Area. The National Air Quality

Management Framework is also expected to be published towards the latter part of calendar 2007. The DEAT is also finalising ambient air quality standards, the implementation of which is expected to require significant capital expenditure. We are cooperating closely with the DEAT in the implementation of these requirements.

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. We are taking measures to reduce our emissions, amongst which has been the use of natural gas from Mozambique since 2004 as a partial replacement for coal. This change reduced sulphur dioxide emissions and hydrogen sulfide odours from gasification operations in the Sasolburg region This effort also resulted in the significant reduction of greenhouse gas emissions. In addition, we have successfully registered a nitrous oxide emission reduction project using the Clean Development Mechanism, thereby reducing greenhouse gas emissions equivalent to about a million tones of carbon dioxide a year. We further monitor air emissions at our plants to measure ambient air quality.

Waste and hazardous substances

Environment Conservation Act. The Environment Conservation Act establishes a licensing framework for the establishment, operation and closure of any waste disposal site. The DEAT is currently finalising a National Waste Management Implementation Programme, to be supported by the National Waste Management Act. Further the National Waste Management Bill is also being finalised and is expected to be enacted towards the latter part of calendar year 2008. The Bill aims to introduce legislative requirements on all aspects of waste management in a comprehensive manner. The Bill also aims to regulate contaminated land management. Once enacted, the Waste Management Act will revoke the waste management provisions under the Environment Conservation Act.

Hazardous Substances Act. The Hazardous Substances 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.

Other environmental legislation

The National Road Traffic Act and its regulations regulate the transportation of dangerous goods and substances. The Act provides specifications for road tankers, labelling, duties of responsible persons, compatibility of multi-loads, driver training and hazardous substance documentation. The National Railway Safety Regulator Act provides for similar regulation in respect of rail transport.

The Explosives 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 regulates the registration, importation, sale, acquisition, disposal or use of fertilisers, among other products.

Health and safety regulation

Occupational Health and Safety Act. The Occupational Health and Safety Act covers a number of areas of employment activity and use of machinery in South Africa, excluding mining activities. The 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 establish penalties and a system of administrative fines for non-compliance.

Mine Health and Safety Act. The principal objective of the Mine Health and Safety 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 Minerals and Energy 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. The 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.

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.

For further information, see "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 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 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. The EIA is based on the co-operation between the environmental authorities and the parties intending to carry out the project.

The Environmental Information Act guarantees everyone's access to official environmental information.

Issues relating to general environmental care are addressed by the environmental provisions of the Regional Planning Act and other specific and planning law designed to ensure environmental soundness, as well as by the Environmental Liability Act, which provides for liability in the case of environmental risks. 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, even if he or she is not at fault and irrespective of whether the damage was caused as a result of a hazardous incident or during normal operations. Damage resulting from force majeure is excluded from liability. The right to the restoration of the previous state also extends to nature and the landscape. 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.

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. New substances are subject, as laid down in European law, to a registration and notification obligation before they can be brought onto the market. Old substances that have been on the market since 1981 are assessed on the basis of relevant European regulation. Hazardous substances and preparations must be classified, labelled and packed in line with their hazardous properties, their manufacture, marketing and use may be prohibited or limited. The regulation of hazardous substances will in future be governed by framework for the Registration, Evaluation, Authorisation and Registration of Chemicals (REACH). This is subject to the implementation of the pre-registration phase of REACH, envisaged for November 2008.

The Chemicals Act is complemented by the Plant Protection Act of 14 May 1998 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 the Act is to promote an 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. Under law, waste is defined as a tangible item, which falls under one of the legally determined categories of waste, and which the owner is getting rid of, desires to get rid of or must get rid of.

The Waste Transportation 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. Water legislation promulgated by the Federal States goes beyond merely the enforcement of the framework of federal law to determine administrative procedures and regulate issues of private water law.

Water protection is also addressed directly or indirectly by substance-related provisions in other laws, including the Chemicals Act, the Fertilisers Act and the Waste Avoidance and Waste Management Act. They also comprise provisions through which water is indirectly protected via the soil and the air.

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.

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.

General environmental care

On 28 April 2006, a new Environmental Decree (Legislative Decree 152/2006) came into force, regulating the most important environmental matters, including authorisations, emissions, water management, wastes and remediation and environmental damages. The implementation date of the authorisation took effect at the beginning of 2007, and the environmental damage section will only come into force in the 2008 calendar year. Nonetheless, the company is liable for whatever damage is caused to the environment under general and special rules.

European Directive 96/61/CE (Integrated Pollution Prevention and Control) provides that companies must obtain an integrated authorisation for all environmental impact. This directive has already been implemented in Italy but has not yet taken effect. Sasol Italy has already presented the documentation required to be compliant with the Directive relevant to the sites in Terranova, Augusta and Sarroch. The documentation relevant to the other sites is being finalised for submission.

Specific environmental protection legislation

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

Regulation of hazardous substances. Legislative Decree 52/1997 implemented in Italy the EU Directive relevant to classification, packaging and labelling of dangerous substances. Legislative Decree 65/2003 implemented the EU Directives relevant to classification, packaging and labelling or dangerous preparations. New substances are subject, as laid down in European law, to a registration and notification process before they can be brought onto the market. Old substances that have been on the market since 1981 are assessed on the basis of relevant European regulation. Hazardous substances and preparations must be classified, labelled and packed in line with their hazardous properties; their manufacture, marketing and use may be prohibited or limited. The regulation of hazardous substances

will in future be governed by framework for the Registration, Evaluation, Authorisation and Registration of Chemicals (REACH). This is subject to the implementation of the pre-registration phase of REACH, envisaged for November 2008.

Avoidance, recovery and disposal of waste. Legislative Decree 152/06, Part 4, incorporates the principle of "polluters pay' and further provides for cradle to the grave liability for waste.

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.

Health and safety

The Health and Safety at Work Legislative Decree 626/1994 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 and protective measures, and to instruct employees about risks and relevant measures. The employer must take precautions for especially hazardous areas and situations and provide preventive occupational healthcare.

United States

Environmental compliance

Sasol NA 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 and Merisol to make significant expenditures of both a capital and expense nature. Environmental compliance expenditures for our interest in Merisol and Sasol NA's manufacturing sites for the next five years are estimated to range from US$9 million to US$13 million per year.

Indemnities dealing with historical groundwater and soil contamination as a result of RWE-DEA vinyl business continue.

The Baltimore Plant has been in communication with the United States Environmental Protection Agency (US EPA) concerning the facilities waste water treatment lagoon. The US EPA has indicated that this facility will have to go through a Resource Conservation and Recovery Act (RCRA) closure as a result of a benzene contaminated water spill that occurred in February 2007.

Remedial action

Active and former manufacturing sites. Sasol NA has been investigating the remediation of soil and groundwater contamination at the Lake Charles chemical complex (LCCC) and Baltimore plant sites resulting from historical operations under orders issued by Louisiana, Maryland Departments of the Environment (DoE) respectively. The Vinyl Chloride Monomer (VCM) Plant which was sold to

Georgia Gulf in 1999 is also subject to US Resource Conservation and Recovery Act (RCRA) corrective action requirements. The Baltimore Plant is monitoring the natural attenuation of hydrocarbon contaminants in the groundwater and reporting regularly to Maryland DoE and is not being actively remediated. The current costs of monitoring the Baltimore Plant site and the VCM Plant site and any foreseeable remediation costs are not expected to be material.

In addition to Sasol NA's operating sites, Sasol NA also has retained liability to Georgia Gulf Corporation for the remediation of three manufacturing operations sold in November 1999 and located in Aberdeen, Mississippi, Jeffersontown, Kentucky, and Oklahoma City, Oklahoma and one site where the business was sold but not the property at Mansfield, Massachusetts The Mansfield site, which is still owned by Sasol NA, has been extensively investigated and remediated since 1991, and the remediation of groundwater and an area of soil contamination is ongoing. The Aberdeen plant site has also been investigated under several orders issued by state authorities, and several areas of contamination have been remediated. Property to the west of the Aberdeen plant was purchased in 2002 and part of the plume migrating off-site was delineated and contained on-site during 2003. Further investigations of part of the Aberdeen site are still being performed and the need for further remediation is currently being investigated.

Under the agreement for the acquisition of Sasol Chemie, most of Sasol NA's costs of remediation and contamination from historical operations at its active and sold sites are being indemnified by RWE-DEA AG, and will continue to be indemnified until at least 1 March 2023 in respect of Lake Charles and Baltimore, and in perpetuity in respect of the Mansfield, Aberdeen, Jeffersontown, and Oklahoma City sites. In addition to indemnities from RWE-DEA AG, Sasol NA also has indemnities from some of its predecessors, namely British Petroleum for Mansfield and Reichhold Chemical for Jeffersontown, for contamination resulting from those companies' operations at the sites. Sasol NA does not expect costs to remediate these sites to have a material effect on operations or results.

Calcasieu Estuary CERCLA Site. In June 1999, Sasol NA and other Calcasieu Parish industry members received letters from USEPA making demands under Section 107 of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) for past costs and future remedial investigation, remediation, and restoration costs associated with the Calcasieu Estuary. The Calcasieu Estuary, which includes the Calcasieu River and several major tributaries in the vicinity of Lake Charles, Louisiana, has received releases and discharges from industry since the 1930's. Bayou Verdine has received releases and discharges from the ConocoPhillips Lake Charles Refinery beginning in the 1940's and from the LCCC beginning in the 1960's. The "Bayou Verdine Area of Concern" is one of the areas of concern of the Calcasieu Estuary CERCLA Site.

In 1999 and 2000, ConocoPhillips and Sasol NA completed a voluntary joint remedial investigation of Bayou Verdine under the oversight of state and federal authorities. In 2001, ConocoPhillips and Sasol NA completed ecological and human health risk assessments of Bayou Verdine and in 2002 performed an Engineering Evaluation and Cost Analysis (EECA) of removal actions for Bayou Verdine under an Administrative Order on Consent with the US EPA.

Beginning in October 2002, ConocoPhillips and Sasol NA performed a sediment removal action for a relatively small area of elevated ethylene dichloride (1-2 dichloroethane or EDC) concentrations located near the confluence of Sasol NA's West Ditch and Bayou Verdine. The West Ditch Project was completed in July 2003 at a cost to Sasol NA of about US$2 million. To date, no third party claims have been filed in connection with the West Ditch Project.

The EECA also recommends removal actions for the "Main Channel Area" of Bayou Verdine. ConocoPhillips and Sasol NA intend to perform the Main Channel Removal Action under a Consent Decree which will be negotiated in 2007 and 2008. Under a Consent Decree, ConocoPhillips and Sasol NA hope to resolve all of the government's CERCLA claims against the companies in connection with the Calcasieu Estuary and will receive protection against CERCLA contribution claims by other

"Potentially Responsible Parties" against the companies. An agreement in principle has been reached with US EPA and the resource trustees concerning the scope of the "Main Channel Area" and natural resource restoration projects, as well as the amount of past agency response costs to be reimbursed by Sasol NA and ConocoPhillips. Sasol NA will pay 10% of these costs.

Sasol NA's total estimated liability for its share of Bayou Verdine and the Calcasieu Estuary CERCLA Site is about US$1.7 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.

Mozambique

In Mozambique, Sasol operates a processing plant and associated facilities for the extraction, processing and transportation of natural gas. The Central Processing Facility 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.

Environmental, health and safety regulations. The Ministry for the Coordination of Environmental Affairs (MICOA) was created in 1994 to coordinate environmental affairs in Mozambique. In 1995, the Ministry drew up a National Environmental Management Programme, which is a 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) was enacted in October of 1997. The aims of the Environmental Law are to provide a legal framework for the use and correct management of the environment and its components and to assure sustainable development in Mozambique. The 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 license 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) which revokes the 1998 Regulation (76/98 of 29 December), the Regulation on Environmental Quality and Effluent Emissions Standards (18/2004) of 2 June and the Regulation on Environmental Auditing (32/2003) of 20 August. Over the last year, new legislation has been enacted namely the Regulation on Environmental Inspections (11/2006) of 15 June, the Regulation on Waste Management (13/2006) of 15 June and General Directives for Environmental Impact Studies (129/2006) and the Public Participation Process (130/2006) of 19 July.

In terms of environmental protection and safety, the Petroleum Act (3/2001) and the Petroleum Operations Regulations (924/2004) require that holders of exploration and production rights conduct petroleum operations in compliance with environmental and other applicable legislation.

Sasol Petroleum Temane Limitada (SPT), our Mozambican subsidiary, was certified in terms of ISO 14001 and ISO 9001 in November 2004 and has retained certification in subsequent annual surveillance audits. SPT also achieved OHSAS 18001 certification during January 2006.

In June 2005, we signed agreements with the Mozambican government for two off-shore gas blocks in the Indian Ocean. Seismic activities were conducted from January to June 2007 following a comprehensive and detailed EIA process which took in excess of 13 months to complete and approve. To ensure an open and transparent process, Sasol promoted wide and active public consultation and engagement with all identified stakeholders, in line with the recently published EIA Regulations. Within the scope of the offshore exploration project, and subsequent to the original EIA, Sasol is currently conducting year long additional studies pertaining to the potential impacts of shallow water

exploration activities on sensitive receptors. The outcome of these studies will determine whether an environmental license may be sought for conducting exploration activities in the shallow waters of the off-shore blocks.

Subsequent to the onshore seismic acquisition campaign of 2005, Sasol is currently involved in exploration drilling activities onshore. These activities are governed by best practice environmental management approaches and periodic reports on environmental performance are submitted to the relevant environmental authorities.

The planned onshore expansion aimed at the de-bottlenecking of the gas processing facility and the transportation pipeline are currently subject to ongoing detailed environmental assessments, including the review of the established environmental management plans.

Mineral Rights. Petroleum activities are regulated by the provisions of the Law Regulating Petroleum Activities. 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 defined 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.

The Petroleum Law created a state enterprise, Empresa Nacional de Hidrocarbonetos de Mozambique, which is appointed as the custodian of rights for the use, benefit, administration and disposal of hydrocarbons and may grant licenses to international investors to conduct exploration and production.

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 Qatar, 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 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) Limited, a company incorporated in the Republic of South Africa, holds 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 2007.

Name	Nature of business	Percentage ownership	Country of incorporation
Sasol Mining (Pty) Limited	Coal mining activities	100	South Africa
Sasol Synfuels (Pty) Limited	Production of liquid fuels, gases and chemical products and refining of taracids	100	South Africa
Sasol Technology (Pty) Limited	Engineering services, research and development and technology transfer	100	South Africa
Sasol Financing (Pty) Limited	Management of cash resources, investment and procurement of loans	100	South Africa
Sasol Investment Company (Pty) Limited	Holding company of the group's foreign investments	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) Limited	Holding company for the group's gas interests	100	South Africa
Sasol Oil (Pty) Limited	Marketing of fuels and lubricants	75[1]	South Africa
Republic of Mozambique Pipeline Investment Company (Pty) Limited	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	South Africa
Sasol Chemical Holdings International (Pty) Limited	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	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 Oil International Limited	Buying and selling of crude oil	75[2]	Isle of Man
Sasol Petroleum International (Pty) Limited	Exploration, production, marketing and distribution of petroleum and natural gas	100	South Africa

Sasol Polymers International Investments (Pty) Limited	Holding company for Sasol Polymers' foreign investments	100	South Africa
Sasol Synfuels International (Pty) Limited	Develop and implement international GTL and CTL ventures	100	South Africa
Sasol Wax International Aktiengesellschaft	Holding company for Sasol Wax operations	100	Germany
Sasol Wax GmbH	Production, marketing and distribution of waxes and wax related products	100	Germany
Tosas Holdings (Pty) Limited	Investment holding company	75[(2)]	South Africa
National Petroleum Refiners of South Africa (Pty) Limited	Refining crude oil	47.73[(2)]	South Africa
Sasol Chemie GmbH and Co. KG	Investment in the Sasol Germany GmbH, Sasol Solvents Germany GmbH and Sasol Olefins and Surfactants GmbH	100	Germany
Sasol Germany GmbH	Production, marketing and distribution of olefin and surfactant products	100	Germany
Sasol Solvents Germany GmbH	Production and marketing of solvents	100	Germany
Sasol Italy SpA	Manufacturing, trading and transportation of oil products, petrochemicals and chemical products and derivatives	99.9	Italy
Sasol North America Inc.	Manufacturing of commodity and speciality chemicals	100	United States

(1) 25% interest in Sasol Oil (Pty) Limited was sold to Tshwarisano LFB Investment (Pty) Limited effective 1 July 2006.

(2) This represents our effective holding through our 75% interest in Sasol Oil (Pty) Limited.

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 see "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-3 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 numerous of our Synfuels operations and a range of our chemical industries operations, including explosives, fertilisers, monomers and polymers, solvents, alpha olefins and tar. The approximate size of this property is 82.5 square kilometers (km^2).

Our Sasolburg facilities

Our facilities at Sasolburg are the base for numerous of our chemical industries operations, including ammonia, explosives, fertilisers, mining chemicals, phenols, solvents, polymers, tars and wax operations. The approximate total size of these properties is 51.4 km^2.

The size of the Natref refinery, also based in Sasolburg, is approximately 1.1 km^2.

Our Mozambican facilities

Our natural gas processing operations in Mozambique are operated by Sasol Petroleum Temane Limitada (a subsidiary of Sasol Petroleum International). These facilities, located some 700 km north of the Mozambican capital, Maputo, on a site of approximately 400,000 m^2, extract and process gas from the Temane gas field. The processed gas is supplied to the South African gas market, utilising a newly installed high pressure pipeline, some 865 km in length and owned by Rompco.

Our facilities in Germany

Various operations of Sasol Solvents are based at two locations in Germany, the most significant of these facilities is Moers (site size approximately 808,000 m^2; plant size 400,000 m^2).

Various operations of Sasol Olefins & Surfactants, are based at a number of locations in Germany, most significant of these facilities are at Brunsbüttel (site size approximately 1.5 million m^2; plant size 500,000 m^2) and Marl (site size approximately 160,000 m^2; plant size 75,000 m^2).

Sasol Wax facilities are based in Hamburg.

Our facilities in Italy

Various operations of Sasol Olefins & Surfactants are based at a number of locations in Italy. The primary facilities are at Augusta (site size approximately 1.35 million m^2; plant size 220,000 m^2) and Terranova (site size approximately 353,000 m^2; plant size 200,000 m^2).

Our facilities in the United States

Various operations of Sasol Olefins & Surfactants are based at a number of locations in the United States. The most significant of these facilities are located at Lake Charles, Louisiana (site size approximately 3 million m^2; plant size 540,000 m^2) and in Baltimore, Maryland (site size approximately 293,000 m^2; plant size 255,000 m^2).

Merisol also has operations based at Oil City, Pennsylvania and Houston and Winnie, Texas.

For more information regarding capital expenditure in respect of these properties and the related facilities and operations, see "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.

Our facilities in Qatar

Oryx GTL is a 34,000 bpd gas-to-liquids plant located at Ras Laffan Industrial City, situated along the northeast coast of Qatar.

Mining properties and operations

Mine systems and their production capacity

Sasol Mining operates six mines, the annual nominated capacities and actual production values are indicated in the following table:

Nominated capacity and production

Mine	Nominated capacity per year[1]	2007 actual production
	(Mt)	(Mt)
Bosjesspruit Mine (Secunda)	8.1	7.6
Brandspruit Mine (Secunda)	8.4	7.7
Middelbult Mine (Secunda)	8.2	8.1
Syferfontein Mine (Secunda)	8.7	8.4
Twistdraai Export Mine (Secunda)	10.6	10.1
Sigma:Mooikraal (Sasolburg)	1.7	1.4

(1) The 2007 nominated capacity of the mines is the expected maximum production of that mine during normal operational hours.

All mines employ the underground bord and pillar mining method, using continuous miners. At Sasolburg, the Sigma Mine was first established in 1950. 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 35.6 Mt of coal has been exported, beneficiated from 96.2 Mt at the Twistdraai Export Plant from 1996 through 2007. Coal is fed to the beneficiation plant from the existing Twistdraai Export Mine. The beneficiation plant produces primary export product with an ash content of approximately 10.3% 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 the 2007 financial year, 10.1 Mt was processed. The plant consists of a primary and secondary stage. The primary stage comprises three modules with two feed streams each. The coal is fed at a rate of 550 tons per hour into two 800 millimeter (mm) diameter dense medium cyclones per feed stream. 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 export 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 in KwaZulu-Natal.

The existing capacity at the Richards Bay Coal Terminal is 72 Mt per year. Sasol Mining has a 5% share in this terminal, which relates to the existing entitlement of 3.6 Mt per year. It is expected that the planned Richards Bay Coal Terminal expansion project will increase the total throughput capacity to 82 Mt.

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 Sasol Coal Supply operation has a stockpile capacity of 660,000 tons, which is turned over approximately 1.5 times per week. In addition, there is a reserve stockpile capacity of more than 4.9 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 modeling on sufficient and varied geological information. This approach is utilised in order to achieve a high level of 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 160m 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. This information is used to compile geological models and forms the basis of geological interpretation.

Directional drilling (surface to in-seam). 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 steep dipping 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 steep dipping 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.

Aeromagnetic surveys. All exploration areas are usually aero-magnetically surveyed before the focused exploration is 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. Data modeling is conducted by manual interpretation and computer-derived geological models, using the Minex 5 edition of the SURPAC/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 86.6% of the total proven 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 24.5%, which is in line with the coal qualities supplied during the past 29 years to Sasol Synfuels.

The volatile matter content is tightly clustered around a mean of 22.8% (air dried).

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.

The other potential coal seam is:

The Number 2 Coal Seam, which provides an additional tonnage to the reserve in one area and is being evaluated in a number of other areas to provide supplemental reserve tonnage.

Mining parameters and assumptions used during reserve estimation

Minimum mining height (metres); the minimum mining height used is 2.2 m. The exception is Bosjesspruit mine, where the height is 2.0 m.

Maximum mining height (metres): the maximum mining height used is 4.8 m (Syferfontein).

Primary safety factor[(1)]: the safety factor used in the mine planning, for primary development, in normal ground conditions is 1.8.

Secondary safety factor[(1)]: the safety factor used in the mine planning, for secondary development, in normal ground conditions is 1.6.

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(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.

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 5.2% (Brandspruit) to 35% (Block 5 East). 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 vary between 11% (Rooipoort) and 28% (Block 5 East). 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 minable 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 13% for Syferfontein, 0.3% for Twistdraai and 9.1% for Sigma: Mooikraal

Mining losses: mining loss factor, expressed as a percentage of the mineable in situ coal reserve, vary between 40.4% (Twistdraai) and 50.6% (Syferfontein). 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 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, vary between 0% (Syferfontein) and 2.7% (Middelbult). 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.

Superficial moisture factor: the superficial moisture factor, expressed as a percentage of the extractable coal reserve, vary between 4.5% (Middelbult) and 3.1% (Brandspruit). 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 2007)

We have approximately 4.0 billion tons (Bt) of gross in situ proven and probable coal reserves in the Secunda Deposit and approximately 1.4 BT of recoverable reserves. The coal reserve estimations are set out in table 1 below. The different reserve areas are depicted on a map on page M-4, as well as whether a specific reserve area has been assigned to a specific mine.

Table 1.

Coal reserve estimations[1] as at 31 March 2007, in the Secunda area where Sasol Mining has interim statutory rights (old order mining rights), for which applications were submitted to convert to mining rights in terms of the Mineral and Petroleum Resources Development Act, Act 28 of 2002

Reserve area	Gross in situ coal resource[2] (Mt)[5]	Geological discount (Mt)[5]	Mine layout losses (Mt)[5]	Extraction rate (%)	Recoverable reserves[3] (Mt)[5]	Beneficiated yield (%)	Proven/ probable
Middelbult Mine	803	127	209	56	288	100	Proven
Bosjesspruit Mine	406	32	143	56	141	100	Proven
Twistdraai Mine	100	5	2	60	56	100[4]	Proven
Syferfontein Mine	581	25	65	48	214	100	Proven
Brandspruit Mine	168	8	53	57	66	100	Proven
Rooipoort Area	340	54	60	61	138	100[6]	Probable
Evander Town[7]	30				[7]		Probable
Secunda Town[7]	88				[7]		Probable
Block 2, number 4 seam	810	219	148	59	273	100	Probable
Block 2, number 2 seam	370	100	68	59	125	100	Probable
Block 5 East	184	64	34	51	47	100	Probable
Block 3 South	141	38	19	58	52	100	Probable
Total Secunda Area	**4,021**				**1,400**		

(1) The coal reserve estimations in this table were compiled under supervision of Ms Karin van der Merwe. The "South African Code for Reporting of Minerals Resources and Minerals Reserves (The SAMREC Code)" dealing with competence and responsibility, paragraph 4.1, state: Documentation detailing exploration results, mineral resources and mineral reserves estimates from which a public report on exploration results, mineral resources and mineral reserves is prepared, must be prepared by or under the direction of, and signed by, a competent person. Paragraph 4.3 states: A competent person is a person who is a member of the South African Council for Natural Scientific Professions (SACNASP). Mr. JD Conradie, on behalf of Gemecs (Pty) Limited performed a comprehensive and independent audit of the coal resource/reserve estimations reflected in tables 1 and 4. The estimates was certified as correct by one of the Gemecs (Pty) Ltd directors, Mr CD van Niekerk (Pr.Nat.Sci), who signed the statement in his capacity as a competent person and auditor. The audit certificate states that 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 P40 refers to the yield export product yield from the recoverable coal reserve and the S% of S36 refers to secondary product yield, which will be supplied to the Synfuels factory. The balance of this is discard material.

(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.

(6) The Rooipoort area contains some coal which can be beneficiated for the export market. Investigations to prove the viability of beneficiation are underway.

(7) The probable reserves identified underneath the town of Secunda and Evander are excluded at this stage from the reserve statement, due to the uncertainty whether the reserves will be exploited, due to the perceived spirit and intent of current legislation.

Coal qualities per associated reserve estimation (remaining reserves at 31 March 2007)

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 interim statutory rights (old order mining rights), in the Secunda mining complex, for which applications were submitted to convert to mining rights, 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	4.2	5.0	Assigned	Steam	20.9	0.9
Bosjesspruit Mine	Wet	3.7	4.2	Assigned	Steam	21.0	1.1
Twistdraai Mine	Wet	3.9	3.7	Assigned	Steam	20.9	1.1
Syferfontein Mine	Wet	5.9	4.3	Assigned	Steam	21.8	0.7
Brandspruit Mine	Wet	4.1	3.7	Assigned	Steam	18.5	1.3
Rooipoort Area	Wet	4.2	4.3	Assigned	Steam	21.6	1.1
Evander Town	Wet	4.3	3.1	Unassigned	Steam	21.1	0.8
Secunda Town	Wet	3.8	3.1	Unassigned	Steam	21.6	1.0
Block 2, number 4 seam	Wet	4.3	4.5	Unassigned	Steam	21.5	0.9
Block 2, number 2 seam	Wet	3.9	4.5	Unassigned	Steam	19.6	0.7
Block 5 East	Wet	3.7	3.1	Unassigned	Steam	20.8	1.0
Block 3 South	Wet	3.4	3.5	Unassigned	Steam	21.9	0.7

Table 3.

Coal qualities, on an as received basis, in respective coal reserve areas, where Sasol Mining has interim statutory rights (old order mining rights), in the Secunda mining complex, to convert to mining rights 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	4.2	5.0	Assigned	Steam	19.8	0.8
Bosjesspruit Mine	Wet	3.7	4.2	Assigned	Steam	20.2	1.0
Twistdraai Mine	Wet	3.8	4.1	Assigned	Steam	20.6	1.1
Syferfontein Mine	Wet	5.9	4.3	Assigned	Steam	20.8	0.7
Brandspruit Mine	Wet	4.1	3.7	Assigned	Steam	17.8	1.3
Rooipoort Area	Wet	4.2	4.3	Assigned	Steam	20.6	1.0
Evander Town	Wet	4.3	3.1	Unassigned	Steam	21.1	0.8
Secunda Town	Wet	3.8	3.1	Unassigned	Steam	20.9	1.0
Block 2, number 4 seam	Wet	4.3	4.5	Unassigned	Steam	20.8	0.9
Block 2, number 2 seam	Wet	3.9	4.5	Unassigned	Steam	19.0	0.7
Block 5 East	Wet	3.7	3.1	Unassigned	Steam	20.3	1.0
Block 3 South	Wet	3.4	3.5	Unassigned	Steam	21.1	0.7

Criteria for proven and probable

Over and above the definitions for coal reserves, probable coal reserves and proven 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 a proven 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 meters, although in some areas it may extend to 880 meters. 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.

Proven reserves are those reserves for which the drill hole spacing is generally less than 350 meters, 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

Mineral rights were substituted with interim statutory rights in accordance with the transitional provisions of the Mineral and Petroleum Resources Development Act (Act 28 of 2002), which came into effect on 1 May 2004. Sasol, therefore, hold these interim statutory rights (Old Order mining rights), to mine more than 98% of the mineral rights previously owned in the Secunda area. Sasol holds four Old Order mining rights, (previously Section 9 mining authorisations under the repealed Minerals Act), consisting of 157,000 hectares of coal rights. In terms of the aforementioned transitional provisions, Sasol must convert these interim rights to mining rights by May 2009. Applications for the conversion of the four Old Order mining rights, which comprises the total reserve area depicted in table 1 and plan in attachment page M-4, have been submitted to the Department of Minerals and

Energy during April 2006. See also "Item 4.B Business Overview Regulation of mining activities in South Africa".

Sasolburg operations

Exploration history

The Northern Free State area 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-3 includes a map showing the location of our Sasolburg coal operations.

Drilling conducted by Sasol Mining has continued to the present. All analytical work was initially done by the state laboratory, the Fuels Research Institute. More recently, it was conducted by the laboratories of the South African Bureau of Standards in Pretoria (now Coal and Mineral Technology).

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 plies and carbonaceous mudstone interburdens. The individual coal plies 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, which was closed during the year. 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 a sulphide seam a well-defined 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 minable 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, was closed during calendar year 2006.

The development of the Sigma: Mooikraal mine is on schedule and production started during 2006. The current expected production for 2008 is 1.7 Mt per year, where the number 3 B 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 28 Mt proven recoverable coal reserves for supply to Sasol Infrachem for steam generation from the number 3B coal seam. The reserve estimation is depicted in Table 4 below.

Table 4.

Coal reserve estimation[1] of proven and probable reserves, in areas where Sasol Mining has interim statutory rights (old order mining rights) in the Sasolburg mining complex, to be converted to mining rights pursuant to the Mineral and Petroleum Resources Development Act, Act 28 of 2002

Reserve area	Coal seam	Gross in situ coal resource[2] (Mt)[5]	Geological discount (Mt)[5]	Mine layout losses (Mt)[5]	Extraction Rate (%)	Recoverable Coal reserves[3&4] (MT)[5]	Proven/ probable
Sigma: Mooikraal	3B	85	10	9	42	28	Proven
Sigma: Mooikraal (Remainder)	3B	65	8	6	41	21	Probable
Sigma: Mooikraal South (devol)[6]	3B	64	8	6	42	24	Probable
Total Sasolburg area		**214**				**73**	

(1) The SAMREC Code dealing with competence and responsibility, paragraph 4.1, states: Documentation detailing exploration results, mineral resources and mineral reserves estimates from which a public report on exploration results, mineral resources and mineral reserves is prepared, must be prepared by or under the direction of, and signed by, a competent person. Paragraph 4.3 states: A competent person is a person who is a member of the South African Council for Natural Scientific Professions. Gemecs (Pty) Limited performed a comprehensive and independent audit of the coal reserve estimations, which is reflected in table 1 and 4. The estimation was certified as correct by one of the Gemecs (Pty) Ltd directors, Mr CD van Niekerk (Pr. Nat. Sci.) who signed the statement in his capacity as a competent person and auditor. The audit certificate states that the estimations of the reserves are compliant with the definitions 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.

(6) In the southern portion of the Sigma: Mooikraal reserve area, the coal is overlain by a dolerite sill, which had an effect on the coal seam which is planned to be mined. The reserves in this area are therefore indicated as probable reserves. The reserves' minebility will be proven once mining is attempted in this area.

Coal qualities per associated reserve estimation (remaining reserves at 31 March 2007)

In tables 5 and 6 additional information regarding coal qualities is provided.

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Table 5.

Coal qualities on an Air Dry Basis, per reserve estimation area, in areas where Sasol Mining has interim statutory rights (old order mining rights) in the Sasolburg mining complex, to be converted to mining rights 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	Wet	5.0	3.2	Assigned	Steam	20.3	0.5
Sigma: Mooikraal (Remainder)	Wet	5.9	3.2	Assigned	Steam	18.7	0.5
Sigma: Mooikraal South (devol)	Wet	4.7	3.2	Assigned	Steam	21.7	0.6

Table 6.

Coal qualities on an as received basis, per reserve estimation area, in areas where Sasol Mining has interim statutory rights (old order mining rights), in the Sasolburg mining complex, to be converted to mining rights pursuant to 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	Wet	5.0	3.2	Assigned	Steam	19.3	0.5
Sigma: Mooikraal (Remainder)	Wet	5.9	3.2	Assigned	Steam	17.6	0.5
Sigma: Mooikraal South (devol)	Wet	4.7	3.2	Assigned	Steam	20.7	0.6

Oil and gas production and exploration operations

SPI, our dedicated oil and gas exploration and production company, currently has reserves in two fields:

In Gabon, the company holds a 27.75% non-operated interest in the offshore Etame field. An internally determined assessment of oil reserves was conducted during June 2007. As the license held over this property is a Production Sharing Contract, reserves reported represent the net economic interest volumes attributable to the company, after deduction for royalties, grossed up for income taxes.

In Mozambique, the company holds a 70% operated interest in the Pande and Temane gas fields. An internally determined assessment of gas reserves was conducted during June 2007. In respect of Mozambican gas the standard pressure base used is 14.70 Psia and the standard temperature is 59°F in accordance with the specifications set by the Government of Mozambique. Reserves reported represent the net economic interest volumes attributable to the company, after deduction of production tax. Additionally, the Proved Developed and Undeveloped volumes booked are restricted to the take-or-pay quantities defined in the gas sales agreement for the 25-year term. A phased approach to field development has been followed and only the Temane field has currently been developed. Development of the Pande field is under way and production will commence in 2008.

Reserve and production disclosure

See unaudited supplemental oil and gas information to "Item 18 Financial statements" for further disclosures of oil and gas operations.

	Crude Oil and Condensate			Natural Gas		
	Mozambique	Other areas	Total	Mozambique	Other areas	Total
	Millions of barrels			Billions of cubic feet		
Proved developed and undeveloped reserves						
Balance at 30 June 2004		7.7	7.7	1,438.0		1,438.0
Revisions	7.5	2.7	10.2	(24.9)		(24.9)
Extensions and discoveries		1.0	1.0			
Production	(0.2)	(1.6)	(1.8)	(45.2)		(45.2)
Balance at 30 June 2005	7.3	9.8	17.1	1,367.9		1,367.9
Revisions	0.3	0.2	0.5	(6.7)		(6.7)
Extensions and discoveries	0.1		0.1			
Production	(0.4)	(1.4)	(1.8)	(55.1)		(55.1)
Balance at 30 June 2006	7.3	8.6	15.9	1,306.1		1,306.1
Revisions	**(1.0)**	**1.3**	**0.3**	**28.7**		**28.7**
Production	**(0.7)**	**(1.4)**	**(2.1)**	**(58.2)**		**(58.2)**
Balance at 30 June 2007	**5.6**	**8.5**	**14.1**	**1,276.6**		**1,276.6**
Proved developed reserves						
At 30 June 2005	3.1	4.7	7.8	385.7		385.7
At 30 June 2006	3.1	3.0	6.1	373.5		373.5
At 30 June 2007	**2.7**	**6.2**	**8.9**	**371.6**		**371.6**

The table above records estimates of the reserve quantities held by Sasol, through its various operating entities under Sasol Petroleum International (Pty) Limited.

ITEM 4A. UNRESOLVED STAFF COMMENTS

There are no unresolved written comments from the SEC staff regarding our periodic reports under the Exchange Act received more than 180 days before 30 June 2007.

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 2007 and 2006, and for the years ended 30 June 2007, 2006 and 2005, 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 IFRS. For a discussion of the principal differences between IFRS and US GAAP, refer below to "Principal differences between IFRS and US GAAP" and Note 67 to our consolidated financial statements.

The segment review included below is based on our segment results which have been prepared and presented in accordance with IFRS. Since IFRS financial information is 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, it forms the accounting basis for segmental reporting that is disclosed to the investing and reporting public. 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 integrated oil and gas company with complementary interests in coal, chemicals and the international development of synthetic-fuel ventures based on our proprietary Fischer-Tropsch (FT) technology. We mine coal in South Africa. Through Sasol Synfuels, we convert this coal, along with Mozambican natural gas, into fuels and chemical feedstock through our FT technology.

We also have chemical manufacturing and marketing operations in South Africa, Europe, Asia and the Americas. Our larger chemical portfolios include monomers, polymers, solvents, olefins, surfactants, surfactant intermediates, comonomers, waxes, phenolics and nitrogenous products.

We produce crude oil offshore Gabon and intend to increase our oil and gas production in selected regions around the world, including Mozambique and West Africa. In South Africa, we refine crude oil into liquid fuels and retail liquid fuels and lubricants produced in our refinery and by Sasol Synfuels through a growing network of Sasol-and Exel-branded retail convenience centres. We also sell liquid fuels to other distributors in South Africa and export fuels to a few sub-Saharan African countries.

We produce natural gas in Mozambique for supply to customers and as feedstock for some of our fuel and chemical production in South Africa.

During the first quarter of calendar year 2007, we started up our first international joint venture GTL plant in Qatar. A second GTL plant utilising our technology is under construction by Chevron in Nigeria, for planned commissioning in 2010. These two GTL plants will incorporate our proprietary Sasol SPD process

Formed in 1950, we commenced FT-based production in 1955. We employ more than 31,000 people and remain one of South Africa's largest investors in capital projects and skills training.

On 1 August 2005, Sasol announced that it was considering the divestment from its Sasol O&S business excluding its activities in South Africa subject to fair value being obtained. At 30 June 2006, the sales process was sufficiently advanced such that management believed that the business would be sold, as a going concern, within the next financial year.

With effect from 30 June 2006, the business was classified as a disposal group held for sale and the results reported as discontinued operations.

Following the bidding process and subsequent negotiations with interested buyers, Sasol announced on 30 March 2007 that it had decided to terminate the divestiture process and retain and restructure the Sasol O&S business.

The income statement, and related segment information, has, accordingly, been restated for all periods to include Sasol O&S in continuing operations. In the 2006 balance sheet, the assets and liabilities of Sasol O&S have been classified as held for sale. The 2006 balance sheet is not restated in accordance with IFRS.

During the year we redefined our presentation of segment information by broadly categorising our operating segments into three main clusters South African Energy Cluster, International Energy Cluster and Chemical Cluster. This categorisation more accurately reflects the way in which the group is managed and reported to our GEC and board. 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. To further facilitate this we have elected to classify Sasol Petroleum International as an additional operating segment. Although the two operating segments comprising the International Energy Cluster do not meet the quantitative thresholds reported as segments, 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 Synfuels

Sasol Oil

Sasol Gas

International Energy Cluster:

Sasol Synfuels International

Sasol Petroleum International

Chemical Cluster:

Sasol Polymers

Sasol Solvents

Sasol Olefins & Surfactants

Other Chemicals which consists of Sasol Wax, Sasol Nitro, Sasol Infrachem and other chemical businesses

Other:

Other which consists of Sasol Technology, Sasol Financing and the group's corporate head office functions.

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 effect of fluctuations in the currency markets, most notably in the exchange rate

between the rand and the US dollar, fluctuations in the international price of crude oil, cyclicality in the prices of chemical products, the effect of coal prices on export coal operations and the effects of inflation on our costs. Other factors which may influence our business and operating results include economic, social, political and regulatory conditions and developments in the countries in which we operate our facilities or market our products. See "Item 3.D Key information Risk factors".

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 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.

After the significant weakening of the rand against the US dollar in 2002, the rand appreciated against the US dollar between 2003 and 2005. This appreciation had a negative impact on our operating results over this period. There was a marginal weakening of the rand against the US dollar in 2006 of approximately R0.20 per US dollar. During 2007, the rand has weakened further against the US dollar, with the average exchange rate for 2007 being R7.20 per US dollar compared to R6.41 per US dollar in 2006. This weakening in the rand had a positive impact on our operating results in 2007. Similarly, the strengthening of the Euro against the US dollar over the last two years has negatively impacted the profitability of our European operations where our costs are Euro-based and a significant portion of our turnover is US-dollar based.

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".

The average exchange rate for the year has a significant effect on our turnover and our operating profit. In 2008, for budgeting and 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 R600 million as applicable.

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. Forward exchange contracts which result in exposure of R100 million

or more require the pre-approval of our Group Executive Committee. We apply the following principal policies in order to protect ourselves against the effects (on our South African operations) of a 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 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 on commitment by way of forward exchange contracts.

See "Item 11 Quantitative and qualitative disclosure about market risk".

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 gasoline) 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.

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 calendar years and to 28 September in the 2007 calendar year:

	US dollars per barrel (US$/b)		
Calendar year	**Average[1]**	**High**	**Low**
1997	19.11	24.83	15.86
1998	12.76	16.28	9.10
1999	17.90	26.46	9.77
2000	28.66	37.43	21.05
2001	24.46	30.68	16.51
2002	24.99	32.02	18.17
2003	28.85	34.94	23.23
2004	38.26	52.28	29.02
2005	54.57	67.26	40.75
2006	65.16	77.93	55.82
2007 (six months through 30 June)	63.15	72.05	50.98
July 2007	76.31	78.35	72.75
August 2007	71.39	76.53	68.54
September 2007	77.17	80.97	74.22

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 2007, the price of European Brent crude oil was US$80.97/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 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 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. For 2005, we hedged the equivalent of approximately 30% of Sasol Synfuels' production (45,000 bpd) by entering into a forward sale agreement. This resulted in a charge to the income statement of R1,147 million for 2005. After revising our hedging strategy, for 2006, we again hedged the equivalent of approximately 30% of Sasol Synfuels' production by entering into a zero cost collar pursuant to which the group was protected at average crude oil prices below US$45.00/b but able to take advantage of higher crude oil prices, only incurring a cash outflow should average crude oil prices be above US$82.61/b. The crude oil price traded within the range of this collar throughout the hedging period and therefore the collar had no cash flow effect. The market value of the collar resulted in a charge to the income statement of R93 million for the year ended 30 June 2006.

In 2007, we hedged the equivalent of approximately 30% of Sasol Synfuels' production (45,000 bpd) by entering into a zero cost collar pursuant to which the group was protected at average crude oil prices below US$63.00/b but able to take advantage of higher crude oil prices, only incurring a cash outflow should average crude oil prices be above US$83.60/b. This strategy is believed to be more appropriate in the context of high but volatile crude oil prices and, as a result of our continued requirement to fund our extensive capital investment programme, we have again for 2008, hedged the crude oil equivalent of approximately 30% of our Sasol Synfuels' production (45,000 bpd) by means of a zero cost collar. In respect of the hedged portion of production, the group is protected at average crude oil prices below US$62.40/b and will incur a cash outflow should average crude oil prices exceed US$76.75/b during the period of the hedge. A net profit of R211 million was achieved after a realised profit of R408 million related to the 2007 hedge, as a result of the crude oil price falling below the floor of the hedge, and a revaluation loss of R197 million related to the 2008 hedge. See "Item 11. Quantitative and qualitative disclosure about market risk".

In 2008, for budgeting and 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 US$43 million (approximately R317 million). Should the average annual crude oil price move outside the range of our zero cost collar hedging instrument, the effect of the hedge on operating profit will be approximately US$16 million (R108 million) for each US$1/b change in the average crude oil price above or below the range of the collar.

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. However, over the past years, in which significant increases in the crude oil price have been experienced, we have been unable to pass all of these increases in raw materials costs on to our customers. We saw a 16% and 3% increase in the polymer and ammonia product prices in 2007 compared to 2006, respectively, and a 29% increase in solvent product prices.

Although peaks in these cycles have in the past been characterised by increased market prices and higher operating margins, such peaks have prompted further world wide capital investment which has led to supply exceeding demand and a resultant reduction in selling prices and operating margins.

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 chemical prices and lower feedstock prices, the profit margin shifts towards the downstream activities. Our strategy for our commodity chemicals business, therefore, is to 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.

Reclassification of Sasol Olefins & Surfactants (Sasol O&S)

During the prior financial year, after months of preparation and negotiation with interested parties, we classified the Sasol O&S business as a disposal group held for sale and its results were accordingly presented as discontinued operations.

Following the bidding process and subsequent negotiations with potential buyers, we decided to terminate the divestiture process and restructure Sasol O&S. The primary reason for terminating the divestiture process was that fair value for the business could not be obtained. The business has been reclassified accordingly and its results included in continuing operations.

This change has significantly impacted the presentation of our financial results.

On classifying the business as a disposal group held for sale, we removed the assets and liabilities attributable to Sasol O&S from the line items on the 2006 balance sheet to which they related and presented them as a single line in assets and in liabilities as held-for-sale. This classification was reversed during the year under review, but comparative information may not be restated in accordance with IFRS. As a result the comparability of the two balance sheets has been made more difficult.

In contrast, on classifying the business as held for sale, the results of Sasol O&S were presented in the income statement as discontinued operations for all periods presented. The accounting treatment of the subsequent reintegration of the business requires that we restate the income statements for all periods presented to include the results of Sasol O&S in continuing operations.

On classification as a disposal group held for sale at 30 June 2006, we performed a review of the Sasol O&S business and determined that a write-down to fair value less costs to sell was necessary. This review was based on our estimate of the expected selling price of this business.

Upon reclassification as held for use, the assets are measured at the lower of value-in-use at the date of the decision not to sell and the carrying amount before the assets were classified as held for sale, adjusted for depreciation, amortisation or impairments that would have been recognised had the assets not been classified as held for sale. The reversal is due to the fact that the assets were written down to fair value less cost to sell at the date of classification as held for sale and is recorded at value-in-use on the date of the decision not to sell.

Taking cognisance of our communicated plans to restructure Sasol O&S, primarily in the USA and Italy, certain provisions amounting to R405 million have been recognised relating mainly to restructuring and environmental rehabilitation costs.

The net effect of the reversal of the fair value write-down and restructuring and environmental rehabilitation costs is set out below:

	Rand in millions
Reversal of fair value write-down recognised in 2006	3,196
Effect of exchange rates to 30 March 2007	181
"Catch-up" depreciation charge to 30 March 2007	(644)
	2,733
Impairments	(1,930)
Net reversal of fair value write-down	803
Provisions recognised	(405)
Effect of exchange rates to 30 June 2007	(12)
Net income statement effect	386

Coal prices

Approximately 11% of our coal production is sold to external markets (3.7 Mt sold to the export market, predominantly in Europe and 1.3 Mt sold to the South African market). External sales to these markets represented approximately 28% of the total turnover generated by Sasol Mining during 2007.

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 prices. Sales at fixed prices are not extended beyond nine months forward. Internal coal sales are made to Sasol Synfuels and Infrachem. Coal sales prices into this market are negotiated on a five year contractual basis and are subject to periodic price adjustments. Transfer price negotiations are at arms length. Sasol Mining entered into a three year contract with Eskom, South Africa's state-owned power company, during the 2004 financial year. This contract will terminate in December 2007 Eskom uses the coal for the purposes of power generation.

The average free on board Richards Bay price index for the past six financial years:

Inflation

Whilst over recent years, inflation and interest rates have been at relatively low levels, the economy of South Africa, though currently well managed, at various times in the past has had high inflation and interest rates compared to the USA 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. Sasol expects the impact of changes in the inflation rates on our international operations to be less significant.

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 calendar year 2007:

Calendar year	CPI	PPI
1997	8.6%	7.0%
1998	6.9%	3.6%
1999	5.2%	5.8%
2000	5.4%	9.2%
2001	5.7%	8.4%
2002	9.2%	14.2%
2003	5.8%	1.7%
2004	1.4%	0.6%
2005	3.4%	3.1%
2006	4.7%	7.7%
January 2007	6.0%	9.8%
February 2007	5.7%	9.5%
March 2007	6.1%	10.3%
April 2007	7.0%	11.1%
May 2007	6.9%	11.3%
June 2007	7.0%	10.4%
July 2007	7.0%	10.3%
August 2007	6.7%	9.4%

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 Bill;

The National Energy Regulator Act;

The Petroleum Products Act and the Petroleum Products Amendment Act;

The Petroleum Pipelines Act;

The Petroleum Pipelines Levies 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.

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 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, the MPRD Act and the Restitution of Land Rights Act. See "Item 4.B Business overview".

We announced on 16 March 2006, the first phase implementation of Sasol Mining's broad-based empowerment strategy for compliance with the Mining Charter and the MPRDA through the formation of Igoda Coal (Pty) Limited (Igoda Coal), a 65:35 BEE venture with Eyesizwe Coal (Pty) Limited. Igoda Coal will comprise the full value chain of Sasol Mining's coal export business the Twistdraai Colliery and beneficiation plant at Secunda in Mpumalanga Province, the marketing and logistics components of its coal export business, as well as Sasol Mining's interest in the Richards Bay Coal Terminal. The finalisation of this transaction is still subject to the granting of the new order rights.

In compliance with the Liquid Fuels Charter, we entered into a R1.45 billion transaction with our BEE partner Tshwarisano LFB Investment (Pty) Limited (Tshwarisano). Tshwarisano acquired a 25% shareholding in Sasol Oil (Pty) Limited 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 amended its dividend policy such that it is required to pay out up to a maximum of one times 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) 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.

On 11 May 2006, we announced our intention to review our equity ownership strategy and to possibly implement a major BEE transaction or further transactions. In September 2007, we announced our intention to conclude a broad-based BEE transaction which should result in the transfer of beneficial ownership of 10% of Sasol Limited's issued share capital to our employees and a wide spread of black South Africans (BEE participants). This transaction is subject to the approval of our shareholders. The transaction will be financed through a combination of equity, third party funding and Sasol facilitation. A further announcement will be made during the first half of 2008 after the relevant agreements have been signed and third party financing arrangements have been finalised. Thereafter, shareholder approval and other required regulatory approvals will be sought.

In February 2006, the South African Minister of Finance announced the appointment of a task team to investigate the issue of windfall profits in the liquid fuels industry, in particular the synthetic fuels industry, and whether a windfall tax should be imposed on such profits.

On 6 August 2007, the Minister announced that the National Treasury would not pursue a windfall tax on the South African liquid fuels industry and that it will explore a levy on refined products to contribute to the construction of excess capacity in relation to the proposed new multi-product pipeline in South Africa.

Competition from products originating from countries with low production costs

Certain of our chemical production facilities are located in developed countries, including the USA and the 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 and feedstock prices, 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

The increase worldwide in large engineering contracts has resulted in a shortage of engineering resources and strains in that industry. These have impacted on some of our projects and have affected construction timing schedules and costs. Whilst higher international crude oil prices may boost post-commissioning income streams and compensate for construction delays and higher capital costs, these strains in the engineering industry are nevertheless a cause for concern and may impact on our project plans and growth ambitions.

Human Immune Deficiency Virus (HIV)/Acquired Immune Deficiency Syndrome (AIDS) in sub-Saharan Africa

HIV/AIDS is a healthcare challenge faced by our South African and other sub-Saharan operations. Managing AIDS remain a priority for Sasol and for South Africa as a whole. Accurate data regarding the actual prevalence of AIDS in South Africa is not available. To date, 7% of our tested South African employees have tested HIV-positive, which is well below South Africa's estimated actuarial prevalence rate of 19%. Based on an actuarial study, which excludes the positive impact of any prevention and management intervention programme, we estimate that, while the percentage of infected employees may not rise significantly in the forthcoming years, there will be a significant increase in the number of AIDS-related fatalities. See "Item 6.D Employees".

Our integrated Sasol HIV/AIDS Response Programme (SHARP) remained focused on reducing the rate of HIV infection throughout our South African operations and extending the quality of life of infected employees by providing managed health care.

As a result of our collaborative approach, we have had one of the highest uptakes of voluntary counselling and testing (VCT) in South Africa. By 30 June 2006, 80% of our employees in South Africa had undergone VCT. This is significantly higher than the typical 50% to 60% uptake rates achieved by most corporate VCT programmes.

We incur costs relating to the medical treatment and loss of infected personnel, as well as the related loss of productivity. We also incur costs relating to the recruitment and training of new personnel. We are not in a position to accurately quantify these costs, specifically where costs are dependent on the rate of employee participation and changes in treatment costs.

Although Sasol does not expect HIV/AIDS currently to materially and adversely affect its operations and results, it is not possible to determine with certainty that costs incurred in managing HIV/AIDS and the impact of HIV/AIDS in general would remain at current levels and no assurance can be given in this regard.

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 judgments and estimates by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments 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 note 2 to the consolidated financial statements. See "Item 18 Financial statements". This discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included "Item 18 Financial statements".

Management believes that the significant accounting policies affecting more significant judgments and estimates used in the preparation of Sasol's consolidated financial statements, could potentially impact our financial results and future financial performance.

We evaluate our estimates, including those relating to asset retirement obligations, trade receivables, inventories, investments, intangible assets, income taxes, 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 judgments 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.

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

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.

In terms of the scheme, options to a maximum of 60,000,000 ordinary shares may be offered to eligible group employees. Each employee is limited to holding a maximum of 1,000,000 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 retirement the options vest immediately and the nine year expiry period remains unchanged.

It is group policy that employees who have access to price sensitive information should not deal in Sasol Limited shares 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 share-based payment expense for the years indicated:

	2007	2006	2005
Share-based payment expense (Rand in millions)	**186**	169	137
Weighted average grant-date fair value (Rand per share)	**64.35**	58.74	33.44

The total unrecognised share-based payment expense related to non-vested share options, expected to be recognised over a weighted average period of 3 years, amounted to R349 million at 30 June 2007.

The weighted average assumptions at grant date that were used for option grants in the respective periods are as follows:

		2007	2006	2005
Risk free interest rate at grant date	%	**7.75**	8.00	9.25
Expected volatility	%	**34**	34	34
Expected dividend yield	%	**3.8**	4.0	4.3
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 options is based on South African government bonds in effect at the time of grant and the expected volatility in the value of the share options granted is determined using the historical volatility of the Sasol share price. The valuation of share-based payments requires a significant degree of judgement to be applied by management.

Following the introduction of the Share Appreciation Rights Scheme, no further options are expected to be issued in terms of the Sasol Share Incentive Scheme. Unimplemented share options will not be affected by the Share Appreciation Rights Scheme.

The Sasol share appreciation rights scheme

A new share appreciation rights scheme was adopted during March 2007. 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 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. Allocations are linked to the performance of both the group and the individual. 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.

In terms of the new share appreciation rights scheme, the number of rights available through the scheme together with the number of share options available under the previous Sasol Share Incentive Scheme shall not at any time exceed 80 million shares/rights.

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 retirement the appreciation rights vest immediately and the nine year expiry period remains unchanged.

It is group policy that employees who have access to price sensitive information should not deal in Sasol Limited shares 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 share-based payment expense for the years indicated:

	2007
Share-based payment expense (Rand in millions)	**4**
Weighted average grant-date fair value (Rand per right)	**69.06**

No unimplemented share appreciation rights have vested at year end. The total unrecognised share-based payment expenditure related to non-vested share options, expected to be recognised over a weighted average period of 4 years, amounted to R63 million at 30 June 2007.

These rights are recognised as a liability at fair value in the balance sheet 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 option grants in the respective periods are as follows:

		2007
Risk free interest rate at date of valuation	%	**9.02 - 9.05**
Expected volatility	%	**29.22**
Expected dividend yield	%	**3.60**
Expected forfeiture rate	%	**3.25**
Vesting period	years	**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 options granted is determined using the historical volatility of the Sasol share price. The valuation of share-based payments requires a significant degree of judgement to be applied by management.

Estimation of oil and gas reserves

The estimation of oil and gas reserves under SEC rules requires "geological and engineering data (that) demonstrate with reasonable certainty (reserves) to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Refer to Table 4, "Proved reserve quantity information," on page G-4 for the estimates for the year ending 30 June 2007 and to Table 5, "Standardised measure of discounted future net cash flows", on page G-5 for our standardised discounted future net cash flow information in respect of proved reserves for year end 30 June 2007, which were based on year-end prices at the time.

Estimates of oil and gas reserves are inherently imprecise, require the application of judgment and are subject to future revision. Accordingly, financial and accounting measures (such as the standardised measure of discounted cash flows, depreciation and amortisation charges and asset retirement obligations), that are based on proved reserves are also subject to change.

Proved reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs, in some cases, subject to definitional limits. Proved reserves estimates are attributed to future development projects only where there is significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured.

Furthermore, estimates of proved reserves only include volumes for which access to markets is assured with reasonable certainty. All proved reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans. See "Item 4.D Information on the company Property, plants and equipment". Upward revisions in oil reserve estimates for 2007 were enabled by additional performance history resulting in increased confidence in reserve levels and the effect of higher crude prices in the extension of the economic production profile. There were no material revisions to our oil and gas reserves during 2006 and 2005.

Our mineral assets included under property, plant and equipment on the balance sheet consist of the following:

5% interest in the OPL249 (Nsiko) licence in deepwater Nigeria;

0.375% interest in OPL249 (Bswap) licence in deepwater Nigeria;

6% interest in the OPL247 licence in deepwater Nigeria;

5% interest in the OPL214 licence in deepwater Nigeria;

5.1% interest in the JDZ1 licence in the Joint Development Zone between Nigeria and Sao Tome/Principe;

85% of the Block $^{16}/_{19}$ licence offshore Mozambique; and

100% of the PSA licence onshore Mozambique.

None of these assets currently hold any reportable reserves and development plans will be filed once exploration work is completed at which time any discovered reserves will be reported separately.

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 amortisation charge recorded in our consolidated financial statements, as well as our estimated asset retirement obligations. See "Item 4.D Information on the company Property, plants and equipment".

Fair value and useful life of intangible assets

In assessing the recoverability of goodwill (which requires the assessment of fair value of the reporting unit) and other intangible assets, we must make assumptions (including inflation, exchange rates and oil and chemicals product prices amongst others) regarding estimated future cash flows and other factors to determine the fair value of the respective assets. If these estimates or their fair value assessments change in the future, we may need to record impairment charges for these assets. Identifiable intangible assets with definite useful lives, such as patents, trademarks and licenses, are currently amortised on a straight-line basis, over their estimated useful lives.

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.

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 2007 and 2006. The assessment performed during 2005 of the useful lives of certain items of property, plant and equipment resulted in a reduction in our depreciation charge of approximately R1.5 billion. The assessment was undertaken due to recent significant capital expenditure incurred, for example Project Turbo, primarily designed to enable our facilities to produce fuel which meets the new South African fuel specifications with effect from 1 January 2006 and to expand our polymers portfolio. As Sasol Synfuels is the primary downstream

feedstock provider to a number of the chemical plants in the Secunda complex, the useful lives of these assets were also assessed. This resulted in a substantial increase in the expected remaining useful life of our assets in Secunda to a maximum remaining life of 25 years. In Sasolburg, the introduction of natural gas as the primary feedstock towards the end of 2004 and the replacement of coal resulted in a similar assessment of the useful lives of the assets in the Sasolburg region as well as the group's gas pipeline infrastructure. As part of this process the useful lives of the assets in our overseas facilities were also evaluated.

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 2007, was 11.75% for our South African operations and 7.25% for our operations in Europe and the USA. Discount rates for all other countries are based on their specific risk rate. Refer to the discussions included below under the Segment Review for the financial impact of the impairment assessments performed during the current year.

Environmental and asset retirement 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 and asset retirement obligations are primarily associated with our mining and petrochemical operations around the world.

An accrual for environmental matters is 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 these 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 judgments 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 and asset retirement obligation accrued at 30 June 2007 was R3,355 million compared to R3,184 million in 2006.

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.

An increase in the discount rate by one percentage point would result in a decrease in the long-term obligations recognised of approximately R404 million and a decrease of one percentage point would result in an increase of approximately R450 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 22 to "Item 18 Financial statements" and include, among others, the discount rate, the expected long-term rate of return on pension plan assets, 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 percentage point increase in assumed healthcare cost trend rates would increase the accumulated post-retirement benefit obligation by R417 million to R2,444 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 post-retirement benefits. The gross obligation is determined by estimating the future benefit attributable to employees in return for services rendered to date.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in the income statement over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Where the plan assets exceed the gross obligation, the asset recognised is limited to the total of unrecognised net actuarial losses, unrecognised past service costs related to improvements to the defined benefit pension plan and the present value of any future refunds from the plan or reductions in future contributions to the plan.

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 to former members have commenced and an amount of R319 million has been set aside for this purpose. The surplus due to the Company amounted to approximately R7 million as at 31 March 2007 and has been included in the pension asset recognised in the current year. The trustees of the fund have, in principle agreed that the company can utilise in terms of applicable legislation any surplus that arises in the defined benefit portion of the fund.

Fair value estimations of financial instruments

We base fair values of financial instruments on listed market prices, where available. If listed 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 are 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 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 judgment 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 balance sheet 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

In South Africa, we pay both income tax and Secondary Taxation on Companies (STC). STC is levied on companies currently at a rate of 12.5% of dividends distributed. The Minister of Finance in his budget speech delivered during February 2007, announced that the rate of STC would be reduced from 12.5% to 10% with effect from 1 October 2007 and, thereafter, with effect from a date to be determined, STC would be replaced by a dividend withholding tax imposed on shareholders. The effective date is expected to be during the latter part of 2008. In the case of liquidation STC is only payable on undistributed earnings earned after 1 April 1993. The tax becomes due and payable on declaration of a dividend. When dividends are received in the current year that can be offset against future dividend payments to reduce the STC liability, a deferred tax asset is recognised to the extent of the future reduction in STC payable.

We do not provide for deferred tax 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.

If we were to provide for deferred taxes on the potential STC arising on our undistributed earnings, should these be declared as dividends, there would be the following effects on our reported results:

Balance sheet	**2007**	**2006**
	(Rand in millions)	
Net deferred tax liability as reported	**7,459**	5,465
Increase in the deferred tax liability	**6,524**	6,322
Net deferred tax liability based on the tax rate applicable to distributed earnings	**13,983**	11,787
Shareholders' equity as reported	**61,617**	52,605
Decrease in shareholders' equity	**(6,524)**	(6,322)
Shareholders' equity after the effect of providing for deferred tax using the tax rate applicable to distributed earnings	**55,093**	46,283

Income statement	**2007**	**2006**	**2005**
	(Rand in millions)		
Income tax as reported	**(8,153)**	(6,534)	(4,573)
Increase in income tax	**(202)**	(1,328)	(745)
Income tax after providing for deferred tax at the rate applicable to distributed earnings	**(8,355)**	(7,862)	(5,318)
Earnings attributable to shareholders as reported	**17,030**	10,406	9,449
Decrease in earnings attributable to shareholders	**(202)**	(1,328)	(745)
Earnings attributable to shareholders after providing for deferred tax at the rate applicable to distributed earnings	**16,828**	9,078	8,704

We expect that R1,877 million of undistributed earnings earned before 1 April 1993 of two dormant companies will be distributed without attracting STC of R171 million.

Commitments and contingencies

Management's current estimated range of liabilities relating to certain pending liabilities for claims, litigation, tax matters and environmental remediation is based on management's judgment 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. Where there is a range of possible loss outcomes and no amount within the range is more likely than the others, the mid-point in that range is recorded as a liability. 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 5.E Off-balance sheet arrangements".

OUR RESULTS OF OPERATIONS

The financial results for the years ended 30 June 2007, 2006 and 2005 below are stated in accordance with IFRS as approved by the IASB. For a discussion of the principal differences between IFRS and US GAAP, refer below "Principal differences between IFRS and US GAAP" and Note 67 to our consolidated financial statements.

Results of operations

	2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
		(Rand in millions)		(%)		(Rand in millions)	(%)
Turnover	**98,127**	82,395	15,732	19	69,239	13,156	19
Cost of sales and services rendered	**(59,997)**	(48,547)	(11,450)	(24)	(42,250)	(6,297)	(15)
Other operating income	**639**	533	106	20	417	116	28
Other operating expenditure	**(13,148)**	(17,169)	4,021	23	(13,020)	(4,149)	(32)
Operating profit	**25,621**	**17,212**	**8,409**	49	**14,386**	**2,826**	20
Net other income/(expenses)	**82**	(96)	178	185	(254)	158	62
Profit before tax	**25,703**	**17,116**	**8,587**	50	**14,132**	**2,984**	21
Income tax	**(8,153)**	(6,534)	(1,619)	(25)	(4,573)	(1,961)	(43)
Profit	**17,550**	**10,582**	**6,968**	66	**9,559**	**1,023**	11
Attributable to							
Shareholders	**17,030**	10,406	6,624	64	9,449	957	10
Minority interest	**520**	176	344	195	110	66	60
	17,550	**10,582**	**6,968**	66	**9,559**	**1,023**	11

Overview

Higher average annual international oil prices (dated Brent US$63.95/b compared to US$62.45/b for 2006 and US$46.17/b in 2005) boosted operating profit in all three years. The benefit of higher oil prices was, however, mostly realised in the energy and fuel-related businesses and to a lesser extent in the group's chemical businesses which have been adversely impacted by the effect of higher crude oil prices on the cost of their feedstock. This benefit was further enhanced by the positive impact of the slightly weaker rand during 2007 (average rate R7.20 per US dollar for the 2007 year compared to R6.41 per US dollar for the 2006 year and R6.21 per US dollar in the 2005 year).

Turnover

Turnover consists of the following categories:

	2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
		(Rand in millions)		(%)		(Rand in millions)	(%)
Sale of products	**96,785**	81,172	15,613	19	68,432	12,740	19
Services rendered	**918**	714	204	29	448	266	59
Commission and marketing income	**424**	509	(85)	(17)	359	150	42
Turnover	**98,127**	**82,395**	**15,732**	19	**69,239**	**13,156**	19

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The primary factors contributing to these increases were:

	Change 2007/2006		Change 2006/2005	
	(Rand in millions)	(%)	(Rand in millions)	(%)
Turnover, 2006 and 2005 respectively	**82,395**		69,239	
Exchange rates effects	**8,512**	10	1,283	2
Product prices	**6,672**		11,827	
crude oil	***694***	1	*5,902*	9
other products (including chemicals)	***5,978***	7	*5,925*	9
Net volume increases	**548**	1	46	
Turnover, 2007 and 2006 respectively	**98,127**		82,395	

Cost of sales and services rendered

Cost of sales. The cost of sales in 2007 amounted to R59,434 million, an increase of R11,309 million, or 23%, compared to R48,125 million in 2006 which increased by 15% from R41,978 million in 2005. The increase over the past two years is due to the increase in the crude oil price and other feedstock prices. Compared to turnover from the sale of products, the cost of sales was 61% in 2007, 58% in 2006 and 61% in 2005. The marginal increase in 2007 was mainly due to the weakening of the rand/US dollar exchange rate.

Cost of services rendered. Cost of services rendered amounted to R563 million in 2007, an increase of R141 million, or 33%, compared to R422 million in 2006 which increased by 55% from R272 million in 2005. The increase is in line with turnover from services rendered. The cost of services rendered compared to turnover was 61% in 2007, 59% in 2006 and 61% in 2005.

Other operating income

Other operating income in 2007 amounted to R639 million, which represents an increase of R106 million or 20%, compared to R533 million in 2006. Included in operating income for the 2007 year is a gain on hedging activities of R91 million, bad debts recovered of R60 million and R185 million in respect of income recognised relating to the deferred income received in respect of emission rights received.

Other operating income in 2006 amounted to R533 million, which represents an increase of R116 million or 28%, compared to R417 million in 2005. Included in other operating income for 2006 is a gain on hedging activities of R84 million, insurance proceeds of R40 million and R185 million in respect of income recognised relating to emission rights received.

Other operating expenditure

Other operating expenditure consists of the following categories:

	2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
		(Rand in millions)		(%)	(Rand in millions)		(%)
Net foreign exchange (losses)/gains	**(232)**	243	(475)	(195)	91	152	167
Marketing and distribution costs	**(5,818)**	(5,234)	(584)	11	(5,097)	(137)	3
Administrative expenses	**(6,094)**	(4,316)	(1,778)	41	(4,212)	(104)	2
Other operating expenses	**(1,004)**	(7,862)	6,858	(87)	(3,802)	(4,060)	52
Other operating expenditure	**(13,148)**	(17,169)	4,021	23	(13,020)	(4,149)	32

The variances in operating costs and expenses are described in detail in each of the various reporting segments, included in the segment review below.

Net foreign exchange (losses)/gains. Net foreign exchange losses arising primarily from the translation of monetary assets and liabilities amounted to R232 million in 2007. The closing rate is used to translate to rand all our monetary assets and liabilities denominated in a currency other than the rand at balance sheet date and as a result a net loss was recognised on these remeasurements in 2007. When the rand weakens, this has a positive impact on the translation of our monetary assets, whilst when the rand strengthens, the translation of our monetary liabilities is negatively impacted. Foreign exchange gains of R243 million and R91 million were recognised in 2006 and 2005, respectively. The loss recognised in 2007 is due to the strengthening of the rand/US dollar exchange rate towards the end of the year closing at R7.04 per US dollar at 30 June 2007 compared to the closing exchange rate at 30 June 2006 of R7.17 per US dollar.

Marketing and distribution costs. 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 2007 amounted to R5,818 million, R5,234 million in 2006 and R5,097 million in 2005. Compared to sales of products, selling and distribution costs represented 6% in 2007 and 2006 compared to 7% in 2005. The variation in these costs has been contained to inflationary levels during the years under review.

Administrative expenses. These costs comprise expenditure of personnel and administrative functions, including accounting, information technology, human resources, legal and administration, pension, post-retirement healthcare benefits and Sasol Share Incentive Scheme costs. Administrative expenses in 2007 amounted to R6,094 million, an increase of R1,778 million, or 41%, compared to R4,316 million in 2006 which increased by 2% from R4,212 million in 2005. The main factors contributing to the increase include the cost of restructuring the Sasol O&S business following the decision to retain and restructure the business (R405 million), the costs related to corporate projects (R117 million), the fair value of the financial guarantee issued in respect of the Tshwarisano transaction (R39 million), the cost of the group incentive bonus recognised in 2007 (R143 million) and the group insurance expense of (R74 million).

Other operating expenses. Other operating expenses in 2007 amounted to R1,004 million, a decrease of R6,858 million, or 87%, compared to R7,862 million in 2006 which increased by 107% from R3,802 million in 2005. This amount includes impairments of R208 million (2006 R897 million and 2005 R660 million), scrapping of assets of R204 million (2006 R281 million and 2005 R290 million) and net profit on the disposal of property, plant and equipment of R53 million (2006 a net loss of R66 million and 2005 a net profit of R20 million). Other operating expenses also includes the effects of our crude oil hedging activities amounting to a net gain of R211 million (2006 a loss of R93 million and 2005 a loss of R1.2 billion) and in 2006 the fair value write-down of disposal group held for sale of R3,196 million relating to Sasol O&S. In 2007, we recorded the reversal of a portion of the fair value write-down of disposal group held for sale of R803 million due to the termination of the divestiture process (refer to "Item 5A Operating results Reclassification of Sasol Olefins & Surfactants (Sasol O&S)"). In addition, a profit of R696 million (2006: R198 loss) was realised on the disposal of businesses. Details of the impairments, scrapping of assets and profit/(loss) on disposals are detailed in the Segment Review.

The effects of capital items[1] recognised for the year ended 30 June are set out below:

	2007	2006	2005
		(Rand in millions)	
South African Energy Cluster			
Sasol Mining	**13**	16	(23)
impairments			*16*
scrapping of assets	***16***	*25*	*4*
profit on disposal of property, plant and equipment	***(3)***	*(9)*	*(36)*
profit on disposal of business			*(7)*
Sasol Synfuels	**64**	187	110
impairments			*16*
scrapping of assets	***72***	*205*	*111*
profit on disposal of property, plant and equipment	***(8)***	*(18)*	*(17)*
Sasol Oil	**2**	8	63
impairments	***10***	*5*	*53*
scrapping of assets	***13***	*3*	
(profit)/loss on disposal of property, plant and equipment	***(21)***		*10*
Sasol Gas	**(370)**	(138)	
impairments		*67*	
scrapping of assets	***1***		
profit on disposal of business	***(371)***	*(205)*	
International Energy Cluster			
Synfuels International			(33)
profit on sale of participation rights in GTL project			*(33)*
Petroleum International		82	(4)
loss/(profit) on disposal of property, plant and equipment		*82*	*(4)*
Chemical Cluster			
Sasol Polymers	**9**	17	12
impairments		*23*	*5*
scrapping of assets	***5***	*2*	*5*
(profit)/loss on disposal of property, plant and equipment	***(3)***	*(8)*	*2*
profit on disposal of business	***7***		
Sasol Solvents	**152**	(105)	593
impairments	***57***	*(114)*	*442*
scrapping of assets	***89***	*7*	*151*
loss on disposal of property, plant and equipment	***6***		
loss on disposal of business		*2*	
Sasol Olefins & Surfactants	**(707)**	4,143	572
impairments	***118***	*912*	*522*
reclassification (from)/to disposal group held for sale[2]	***(803)***	*3,196*	
scrapping of assets		*21*	*16*
(profit)/loss on disposal of property, plant and equipment	***(22)***	*14*	*23*
loss on disposal of business			*11*
Other Chemicals	**8**	52	(25)
impairments	***20***	*34*	*4*
scrapping of assets	***7***	*9*	*3*
(profit)/loss on disposal of property, plant and equipment	***(2)***	*9*	*2*
(profi)/loss on disposal of business	***(17)***		*(34)*
Other businesses	**(311)**	10	10
impairments	***3***		*20*
scrapping of assets	***1***	*10*	
profit on disposal of business and equipment	***(315)***		*(1)*
profit on disposal of investments			*(9)*
Capital items included in other operating expenses	**(1,140)**	4,272	1,275

	2007	2006	2005

(1) Capital items include impairments, scrapping of assets and (profits)/losses on disposals of businesses and property, plant and equipment.

(2) See "Item 5A Operating results Reclassification of Sasol Olefins & Surfactants (Sasol O&S)".

Operating profit

The main factors contributing to the increase in operating profit were:

	Change 2007/2006		Change 2006/2005	
	(Rand in millions)	(%)	(Rand in millions)	(%)
Operating profit, 2006 and 2005 respectively	**17,212**		14,386	
Exchange rates effects positive[1]	**3,935**	23	1,289	9
Net product and feedstock price[2]	**2,754**	16	6,903	48
crude oil effects	***696***	4	*5,568*	*39*
effect of the crude oil hedge	***326***	2	*(1,032)*	*(7)*
other products (including chemicals)	***1,732***	10	*2,367*	*16*
Inflation on other operating costs	**(1,780)**	(10)	(1,380)	(9)
Net volume and productivity effects[3]	**(1,912)**	(11)	(987)	(7)
Capital items effects[4]	**5,412**	31	(2,997)	(21)
Other effects			(2)	
Operating profit, 2007 and 2006 respectively	**25,621**		17,212	

(1) This arises primarily from the effects of the average US dollar exchange rate during the year on both turnover and operating expenses.

(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 costs of sales and services rendered.

(4) This arises primarily from the effects of capital items refer to previous analysis.

Net other income/(expenses)

Net other income/(expenses) consist of the following:

	2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
		(Rand in millions)		(%)	(Rand in millions)		(%)
Dividends received	**34**	36	(2)	(6)	28	8	29
Income from associates	**405**	134	271	202	184	(50)	(27)
Interest received	**791**	305	486	159	121	184	152
Finance costs	**(1,148)**	(571)	(577)	(101)	(587)	16	(3)
interest incurred	**(2,137)**	(2,019)	(118)	(6)	(1,703)	(316)	19
interest capitalised	**989**	1,448	(459)	(32)	1,116	332	30
Net other income/(expenses)	**82**	(96)	178	(185)	(254)	158	(62)

Income from associates amounted to R405 million in 2007 compared to R134 million in 2006 and R184 million in 2005. The increase in the income from associates during 2007 is attributable to the increase in the associates income during the year.

Interest received amounted to R791 million in 2007 compared to R305 million in 2006 and R121 million in 2005. The increase in the interest received during 2007 and 2006, respectively, is attributable to the significant increase in cash and cash equivalents available to the group during 2007 and 2006.

Interest incurred in 2007 amounted to R2,137 million, an increase of 6% from 2006, of which R989 million was capitalised, compared to interest incurred of R2,019 million in 2006 and R1,703 million in 2005, of which R1,448 million and R1,116 million was capitalised for the respective years. The increase in 2007 is mainly due to increasing interest rates from 2006 to 2007 of approximately 300 basis points. Capitalised interest decreased due to the completion of significant key projects during 2007 year, which include Oryx GTL (Qatar) and the Mooikraal underground coal mine, and the limitation of capitalisation having been reached. Once these projects have been brought into use, interest capitalisation ceases and depreciation begins. Included in interest incurred is an amount of R263 million in 2007, R264 million in 2006 and R177 million in 2005 related to notional interest primarily in respect of environmental and asset retirement obligations.

Income tax

Income tax expense in 2007 amounted to R8,153 million, an increase of 25%, compared to R6,534 million in 2006 which increased by 43% from R4,573 million in 2005.

The income statement charge consists of the following:

	2007	2006	2005
		(Rand in millions)	
Current tax			
South African normal tax	**6,016**	5,644	3,211
Secondary tax on companies (STC)	**529**	555	379
Foreign tax	**248**	421	736
Total current tax	**6,793**	6,620	4,326
Deferred tax			
South African	**952**	236	314
Foreign	**408**	(322)	(67)
Total deferred tax expense/(income)	**1,360**	(86)	247
Income tax expense for the year	**8,153**	6,534	4,573

The increase in taxation is broadly in line with the increase in net income before taxation. The effective tax rate was 31.7% in 2007, 38.2% in 2006 and 32.4% in 2005. The difference between the South African statutory tax rate of 29% in 2007, 2006 and 2005 and the effective tax rate results mainly from STC which is levied at a rate of 12.5% on dividends paid, differences in foreign tax rates, disallowed expenditure and the effect of changes in tax rates. The decrease in average effective tax rate from 2006 to 2007 is due to the increase in the average rate of earnings to dividend distributions ratio from 2.3 times in 2006 to 3.0 times in 2007 which reduces the effect of STC on the effective tax rate. Further, the fair value reversal in 2007 and write-downs in 2006, had minimal tax implications, which resulted in the lower effective tax rate and the higher effective tax rate in 2007 and 2006, respectively.

Minority interest

Minority interest in 2007 amounted to R520 million compared to R176 million in 2006 and R110 million in 2005. The significant increase in 2007 is mainly attributable to the sale of a 25% shareholding in Sasol Oil (Pty) Limited to Tshwarisano effective 1 July 2006. In addition, Sasol disposed of a further 25% in Rompco during 2007, resulting in the minority interest in this entity increasing to 50%. The increase in 2006 was attributable to the increase in profits earned from certain operations of Sasol Oil, in which outside shareholders had a 2% interest.

Segment overview

The following is a discussion of our segment results. Segmental financial performance is measured on a management basis which is prepared in accordance with IFRS. This approach is based on the way in which the Group Executive Committee (GEC) organises segments within our group for making operating decisions and assessing performance. The Segment review included below is based on our segment results which have been prepared and presented in accordance with IFRS. For a discussion of the principal differences between IFRS and US GAAP, refer below "Principal differences between IFRS and US GAAP" and Note 62 to our consolidated financial statements.

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.

Following an announcement on 30 March 2007, the disposal process of Sasol Olefins & Surfactants (O&S) was terminated and the assets and liabilities that were classified as a disposal group held for sale have subsequently been reclassified to continuing operations. The segment information for 2006 and 2005 has been restated for the classification of Sasol O&S as management evaluates the segments in this manner.

Turnover per segment

	South African Energy Cluster				International Energy Cluster		Chemical Cluster					
	Sasol Mining	Sasol Synfuels	Sasol Oil	Sasol Gas	Sasol Synfuels International	Sasol Petroleum International	Sasol Polymers	Sasol Solvents	Sasol Olefins & Surfactants	Other Chemicals	Other businesses	Total
	(Rand in millions)											
2007												
External turnover	1,694	976	37,816	2,075	65	777	9,305	12,509	22,012	10,471	427	98,127
% of external turnover	2%	1%	39%	2%		1%	9%	13%	22%	11%		100%
Inter-segment turnover	4,348	28,108	375	1,627		623	105	1,257	570	2,652	2,416	42,081
% of inter-segment turnover	10%	67%	1%	4%		2%		3%	1%	6%	6%	100%
Aggregated turnover	**6,042**	**29,084**	**38,191**	**3,702**	**65**	**1,400**	**9,410**	**13,766**	**22,582**	**13,123**	**2,843**	**140,208**
2006												
External turnover	1,517	915	32,243	1,663	161	649	7,537	10,485	18,545	8,531	149	82,395
% of external turnover	2%	1%	39%	2%		1%	9%	13%	23%	10%		100%
Inter-segment turnover	3,949	24,734	544	1,546		588	102	1,181	550	2,353	1,301	36,848
% of inter-segment turnover	11%	67%	1%	4%		2%		3%	2%	6%	4%	100%
Aggregated turnover	**5,466**	**25,649**	**32,787**	**3,209**	**161**	**1,237**	**7,639**	**11,666**	**19,095**	**10,884**	**1,450**	**119,243**
2005												
External turnover	1,471	820	23,525	1,408		396	7,199	9,361	16,742	8,093	224	69,239
% of external turnover	2%	1%	34%	2%		1%	10%	14%	24%	12%		100%
	3,744	17,864	187	996		445	83	947	354	2,047	1,042	27,709

	South African Energy Cluster				International Energy Cluster		Chemical Cluster					
Inter-segment turnover												
% of inter-segment turnover	14%	64%	1%	4%	2%		3%	1%	7%	4%	100%	
Aggregated turnover	**5,215**	**18,684**	**23,712**	**2,404**	**841**		**7,282**	**10,308**	**17,096**	**10,140**	**1,266**	**96,948**

Operating profit/(loss) per segment

	South African Energy Cluster				International Energy Cluster		Chemical Cluster					
	Sasol Mining	Sasol Synfuels	Sasol Oil	Sasol Gas	Sasol Synfuels International	Sasol Petroleum International	Sasol Polymers	Sasol Solvents	Sasol Olefins & Surfactants	Other Chemicals	Other businesses	Total
Operating profit/(loss) 2007 (Rm)	1,171	16,251	2,417	1,936	(763)	300	1,089	1,106	1,140	958	16	25,621
% of total (%)	5%	63%	9%	8%	(3)%	1%	4%	4%	5%	4%		100%
Operating profit/(loss) 2006 (Rm)	1,227	13,499	2,432	1,526	(642)	600	822	873	(3,567)	401	41	17,212
% of total (%)	7%	79%	14%	9%	(4)%	4%	5%	5%	(21)%	2%		100%
Operating profit/(loss) 2005 (Rm)	1,256	7,546	1,892	931	(201)	280	1,475	1,021	(14)	297	(97)	14,386
% of total (%)	9%	52%	13%	7%	(1)%	2%	10%	7%		2%	(1)%	100%

Segment review

South African Energy Cluster

Sasol Mining results of operations

	2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	1,694	1,517	177	12	1,471	46	3
Inter-segment	4,348	3,949	399	10	3,744	205	5
Aggregated turnover	**6,042**	**5,466**	**576**	11	**5,215**	**251**	5
Operating costs and expenses[1], [2]	(4,871)	(4,239)	(632)	15	(3,959)	(280)	7
Operating profit	**1,171**	**1,227**	**(56)**	(5)	**1,256**	**(29)**	(2)
Operating margin %	19	22			24		

(1) Operating costs and expenses net of other income.

(2) The 2006 results have been restated as a result of the change in accounting policy with regard to the costs incurred to develop the operations of existing operating mines. These costs are now capitalised and depreciated accordingly. This resulted in an increase in earnings of R47 million in 2006 and R17 million in 2005.

Results of operations 2007 compared to 2006

Aggregated turnover increased by 11% from R5,466 million to R6,042 million mainly due to a 12% increase in the coal rand per ton selling price for 2007 compared to 2006, improved coal quality, higher export volumes with record sales of 3.74 Mt (2006: 3.59 Mt) and the positive impact of the weaker rand during 2007 (average rate R7.20 per US dollar for the 2007 year compared to R6.41 per US dollar for the 2006 year).

Against the backdrop of reduced production volumes, operating costs and expense increases were contained to 15%, including the price of higher coal purchases and inflation.

The main factors contributing to the decrease in operating profit were:

	Change 2007/2006	
	(Rand in millions)	%
Operating profit 2006	1,227	
Exchange rate effects	118	10
Net product price increases	381	31
Inflation on other operating costs	(196)	(16)
Net volume and productivity effects	(362)	(30)
Capital items effects	3	
Operating profit 2007	1,171	

Results of operations 2006 compared to 2005

Sasol Mining's aggregated turnover increased by 5% from R5,215 million to R5,466 million in 2006. Sales volumes increased from 46.5 Mt to 47.7 Mt mainly because of higher planned short-term sales to Eskom of 1.7 Mt compared with 0.2 Mt in 2005. Contributing to the increased aggregated turnover was higher Eskom sales volumes and higher sales to Sasol Synfuels mainly because of a higher transfer price. Export sales volumes for 2006 and 2005 was 3.6 Mt for each year, however, the average free on board Richards Bay coal price decreased by 3% in rand terms.

Against the backdrop of reduced production volumes, operating costs and expenses increases were contained to 7%, including the higher price of coal purchases from Anglo Operations of 3.1 Mt during 2006.

The main factors contributing to the decrease in operating profit were:

	Change 2006/2005	
	(Rand in millions)	%
Operating profit 2005	1,256	
Exchange rate effects	44	4
Net product price increases	16	1
Inflation on other operating costs	(157)	(13)
Net volume and productivity effects	107	9
Capital items effects	(39)	(3)
Operating profit 2006	1,227	

Capital items for the years ended 30 June

Operating costs and expenses include the effect of the following capital items:

	2007	2006	2005
		(Rand in millions)	
Impairment of property, plant and equipment			16
Scrapping of property, plant and equipment	**16**	25	4

	2007	2006	2005
Profit on disposal of property, plant and equipment	**(3)**	(9)	(36)
Profit on disposal of business			(7)
Total loss/(gain)	**13**	16	(23)

During 2007 and 2006 numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off.

The Syferfontein opencast mine was sold on 1 April 2005 to Anglo Operations. Whilst a profit of R36 million was realised on the sale of mining assets, certain assets excluded from the disposal were impaired. An impairment of R16 million was recognised in 2005.

Sasol Synfuels results of operations

	2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	976	915	61	7	820	95	12
Inter-segment	28,108	24,734	3,374	14	17,864	6,870	38
Aggregated turnover	**29,084**	**25,649**	**3,435**	13	**18,684**	**6,965**	37
Operating costs and expenses[(1)]	(12,833)	(12,150)	(683)	6	(11,138)	(1,012)	(9)
Operating profit	**16,251**	**13,499**	**2,752**	20	**7,546**	**5,953**	79
Operating margin %	56	53			40		

(1) Operating costs and expenses net of other income.

Results of operations 2007 compared to 2006

Aggregated turnover increased by 13% from R25,649 million to R29,084 million on the strength of higher product prices and the weakening of the rand against the US dollar. Overall production volumes decreased by 2.8% due to two maintenance shutdowns of the plant and instability in our support utilities.

Operating costs and expenses increased mainly because of higher coal and gas feedstock prices, as well as the need to import high-octane fuel blending components to meet demand during the plant shutdowns.

The main factors contributing to the increase in operating profit were:

	Change 2007/2006	
	(Rand in millions)	
Operating profit 2006	13,499	
Exchange rate effects	2,836	21
Net product and feedstock price	1,561	12
crude oil effects	1,265	10
effect of crude oil hedge	322	2
other products	(26)	
Inflation on other operating costs	(920)	(7)
Net volume and productivity effects	172	1
Management interventions[(1)]	(1,020)	(8)
Capital items effects	123	1
Operating profit 2007	16,251	

(1) Primarily includes the effects of the delay of the scheduled maintenance shutdown of the plant from 2006 to 2007.

Results of operations 2006 compared to 2005

Sasol Synfuels had benefited from a combination of higher oil prices, focused cost containment and an all-round effort to streamline operations and lift productivity, which resulted in a record operating profit in 2007. Aggregated turnover increased by 37% from R18,684 million to a record R25,649 million on the strength of higher product prices and marginally higher sales volumes. Overall production was below target due to instability in our support utilities. Despite this, we increased production by 1%.

Our costs increased mainly because of higher coal and gas feedstock prices, as well as the unscheduled plant interruptions, including power outages.

The main factors contributing to the increase in operating profit were:

	Change 2006/2005	
	(Rand in millions)	
Operating profit 2005	7,546	
Exchange rate effects	704	9
Net product and feedstock price	6,769	90
crude oil effects	6,013	80
effect of crude oil hedge	1,032	14
other products	(276)	(4)
Inflation on other operating costs	(728)	(10)
Net volume and productivity effects	(862)	(11)
Management interventions[1]	147	2
Capital items effects	(77)	(1)
Operating profit 2006	13,499	

(1) Includes the effects of the delay of the scheduled maintenance shutdown of the plant to 2007.

Capital items for the years ended 30 June

Operating costs and expenses include the effect of the following capital items:

	2007	2006	2005
		(Rand in millions)	
Impairment of property, plant and equipment			16
Scrapping of property, plant and equipment	**72**	205	111
Profit on disposal of property, plant and equipment	**(8)**	(18)	(17)
Total loss	**64**	187	110

The capital items in 2007 include the scrapping of property, plant and equipment during the year primarily related to the scrapping of the sulphur debottlenecking project in Secunda (R64 million).

The capital items in 2006 primarily include the scrapping of property, plant and equipment during the year of the remaining carrying value of costs capitalised as part of the C4 Skeletal Isomerisation scheme of R81 million, R79 million for items of property, plant and equipment which formed part of the sulphur recovery project and the remaining carrying value of R10 million on the Circulating Fluidised Bed reactors were scrapped during the year.

The capital items in 2005 include:

Impairment of property, plant and equipment following a business decision to utilise an alternative kiln for processing low sulphur coke, the electrical kiln was idle for a period of eight months. Although potential uses for this asset were being investigated, there are presently no expected future cash flows to be derived from this asset and as a result an impairment of the carrying value of the asset was recognised; and

Scrapping of property, plant and equipment various items of property, plant and equipment were scrapped during the year. These consist mainly of development costs for certain projects as well as certain smaller assets which are no longer being used by Sasol Synfuels.

Sasol Oil results of operations

	2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	37,816	32,243	5,573	17	23,525	8,718	37
Inter-segment	375	544	(169)	(31)	187	357	191
Aggregated turnover	**38,191**	**32,787**	**5,404**	16	**23,712**	**9,075**	38
Operating costs and expenses[(1)]	(35,774)	(30,355)	(5,419)	(18)	(21,820)	(8,535)	(39)
Operating profit	**2,417**	**2,432**	(15)	(1)	**1,892**	**540**	28
Operating margin %	6	7			8		

(1) Operating costs and expenses net of other income.

Results of operations 2007 compared to 2006

The results of Sasol Oil remained fairly static for this year. Turnover increased by 16% from R 32,787 million to R38,191 million on the back of high international product prices, the weakening of the rand/US dollar exchange rate as well as improved sales volumes. Total liquid fuel sales increased to 9.69 million m^3 compared to 9.61 million m^3 for 2006. Both wholesale and retail volumes contributed to this improvement. Sasol Oil operates retail convenience centres under the Sasol and Exel banners and we have extended our retail network to 391 service stations (169 Sasol retail convenience centres and 222 Exel service stations). This compares favourably with the 376 reported last year.

Operating costs increased by 18% from R30,355 million to R35,744 million due to increased international feedstock prices together with higher levels of petrol, diesel and fuel component imports. Imports were necessitated due to the lower production volumes resulting from refinery shutdowns and difficulties at the Sasol Synfuels operations.

The main factors contributing to the decrease in operating profit were:

	Change 2007/2006	
	(Rand in millions)	
Operating profit 2006	2,432	
Exchange rate effects	136	6
Net product and feedstock price increases	(151)	(6)
Inflation on other operating costs	(138)	(6)
Net volume and productivity effects	132	5
Capital items effects	6	
Operating profit 2007	2,417	

Results of operations 2006 compared to 2005

We increased our complement of Sasol retail convenience centres and Exel service stations in South Africa by 8% from 345 in 2005 to 376 in 2006.

The business increased aggregated turnover by 38% from R23,712 million to R32,787 million due to a 3% increase in refining margins during 2006 and the weakening of the rand against the US dollar. Operating profit rose by 29% from R1,892 million to R2,432 million, due mostly to better refining margins and greater efficiency. On the downside, a drop in production volumes from the Sasol Synfuels operations and the Natref refinery restrained profit growth.

Operating costs and expenses increased by 39% as a result of higher feedstock costs, such as crude oil.

The main factors contributing to the decrease in operating profit were:

	Change 2006/2005	
	(Rand in millions)	
Operating profit 2005	1,892	
Exchange rate effects	139	7
Net product and feedstock price increases	608	32
Inflation on other operating costs	(52)	(3)
Net volume and productivity effects	(210)	(11)
Capital items effects	55	3
Operating profit 2006	2,432	

Capital items for the years ended 30 June

Operating costs and expenses include the effect of the following capital items:

	2007	2006	2005
		(Rand in millions)	
Impairment of property, plant and equipment		4	53
Impairment of intangible assets	**10**	1	
Scrapping of property, plant and equipment	**13**	3	

	2007	2006	2005
(Profit)/loss on disposal of property, plant and equipment	(**21**)		10
Total loss	**2**	8	63

The capital items in 2007 include the impairment of commercial contracts. Sasol Oil will no longer supply fuel products to a specific bulk customer in terms of an existing commercial contract as a result of the implication of new wholesale licensing legislation which came into effect during 2007. This necessitated the impairment of a commercial contact of R10 million. Further during 2007, numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off.

The capital items in 2006 include:

Impairment of property, plant and equipment Due to worse than expected performance of the truckstop in Sasolburg it was necessary to recognise an impairment of R4 million; and

Impairment of intangible assets During the 2004 year Sasol acquired Exel Petroleum. The carrying value of intangible assets of R1 million for 6 commercial contracts established in the allocation of the purchase price was impaired during the year as these contracts were performing worse than expected.

The capital items in 2005 include:

Impairment of intangible assets Of the commercial contracts acquired through the acquisition of Exel Petroleum, fourteen were terminated during 2005. The carrying value of these contracts amounting to R8 million was impaired; and

Impairment of equity accounted investee As part of the acquisition of Exel Petroleum we acquired an investment in Black Top Holdings (Pty) Limited (BTH). It was anticipated that this investment would be sold in the near future and it was therefore valued at fair value. During 2005, business problems surfaced at BTH which resulted in the deterioration of the cash flow position of the company and it was unable to meet its obligations. Accordingly, the investment in BTH was impaired by R42 million to a zero carrying value

Sasol Gas results of operations

		2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
		(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover								
External		2,075	1,663	412	25	1,408	255	18
Inter-segment		1,627	1,546	81	5	996	550	55
Aggregated turnover		**3,702**	**3,209**	**493**	15	**2,404**	**805**	33
Operating costs and expenses[(1)]		(1,766)	(1,683)	(83)	(5)	(1,473)	(210)	14
Operating profit		**1,936**	**1,526**	**410**	27	**931**	**595**	64
Operating margin	%	52	48			39		

(1) Operating costs and expenses net of other income.

Results of operations 2007 compared to 2006

Sasol Gas experienced strong growth and achieved a 15% increase in aggregated turnover from R3,209 million to R3,702 million in 2007. The increase was attributable to higher sales to the Sasol chemicals plant at Sasolburg, Sasol Synfuels at Secunda and to South African industrial and commercial customers, mostly in Gauteng, Mpumalanga and KwaZulu-Natal. The business again benefited from higher selling prices, which are based on indices linked to producer price inflation and alternative energy prices, specifically oil products and the weakening of the rand against the US dollar.

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Operating costs and expenses increased by 5% after the effects of the profit of R346 million recognised on the disposal of a 25% interest in Rompco to CMG. This increase was in line with the increased external gas sales through continued cost containment.

The main factors contributing to the increase in operating profit were:

	Change 2007/2006	
	(Rand in millions)	
Operating profit 2006	1,526	
Exchange rate effects	(2)	
Net product price increases	142	9
Inflation on other operating costs	(28)	(2)
Net volume and productivity effects	66	5
Capital items effects	232	15
Operating profit 2007	1,936	

Results of operations 2006 compared to 2005

Sasol Gas experienced strong growth and delivered pleasing financial results on the strength of higher pipeline-gas sales and prices. The business completed its second full financial year as a supplier and marketer of natural gas, which is produced in Mozambique. Sasol Gas achieved a 22% increase in sales volumes from 87 MGJ to 106 MGJ. The increase was attributable to higher sales to the Sasol chemicals plant at Sasolburg, Sasol Synfuels at Secunda and to South African industrial and commercial customers, mostly in Gauteng, Mpumalanga and KwaZulu-Natal. The business again benefited from higher selling prices, which are based on indices linked to producer price inflation and alternative energy prices, specifically oil products.

Operating costs and expenditure increased by 14% after the effects of the profit of R205 million recognised on the disposal of a 25% interest in Rompco to iGas and the impairment of R67 million of the Sasol Gas dedicated pipeline during 2006. The increase was maintained in line with the increased gas sales.

The main factors contributing to the increase in operating profit were:

	Change 2006/2005	
	(Rand in millions)	
Operating profit 2005	931	
Exchange rate effects	(3)	
Net product price increases	201	21
Inflation on other operating costs	(10)	(1)
Net volume and productivity effects	269	29
Capital items effects	138	15
Operating profit 2006	1,526	

Capital items for the years ended 30 June

Operating costs and expenses include the effect of the following capital items:

	2007	2006	2005
		(Rand in millions)	
Impairment of property, plant and equipment		67	
Scrapping of property, plant and equipment	**1**		
Profit on disposal of business	**(371)**	(205)	
Total gain	**(370)**	(138)	

During 2007, numerous assets with small carrying values were retired from use and the remaining carrying values attributable to these assets were written off. The profit on the disposal of business relates to the sale of a 25% interest in Rompco to CMG in 2007.

The impairment in 2006 is a result of the fact that Sasol Gas was required to supply both hydrogen-rich and natural gas during the period of converting customers to natural gas. A dedicated pipeline was built from Sasolburg to continue to supply hydrogen-rich gas. Upon completion of the natural gas conversion project, this pipeline was intended to be utilised in a number of applications which have proved not to be feasible. A portion of the pipeline with no alternative use to Sasol Gas has been impaired.

International Energy Cluster

Sasol Synfuels International results of operations

	2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	65	161	(96)	(60)		161	
Aggregated turnover	**65**	**161**	**(96)**	(60)		**161**	
Operating costs and expenses[(1)]	(828)	(803)	(25)	(3)	(201)	(602)	(300)
Operating loss	**(763)**	**(642)**	**121**	19	**(201)**	**441**	219

(1) Operating costs and expenses net of other income.

Results of operations 2007 compared to 2006

Sasol Synfuels International (SSI) hosts the growth ambitions of the group relating to gas-to-liquids (GTL) and coal-to-liquids (CTL) ventures. The Oryx GTL facility was started up during the year and produced on specification product. The business is confident that we will resolve the remaining technical challenges and steadily increase production throughput.

The turnover generated during 2007 relates to sales of catalyst for our Oryx GTL plant. External sales decreased in 2007 compared to 2006 due to lower catalyst sales resulting from the operational challenges experienced at Oryx GTL. The operating costs are associated with establishing and advancing the various GTL and CTL opportunities. An operating loss of R763 million was incurred in the year as a direct consequence of our increased activity in this respect. Provisions raised in respect of guarantees related to the Oryx and EGTL operations increased by R140 million in 2007.

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Results of operations 2006 compared to 2005

The turnover generated during 2006 relates to the external portion of sales of catalyst for our GTL plants. Its costs are associated with establishing and advancing the various GTL and CTL opportunities. An operating loss of R642 million was incurred in the year as a direct consequence of our increased activity in this respect.

Capital items for the years ended 30 June

Operating costs and expenses include the effect of the following capital items:

	2007	2006	2005
	(Rand in millions)		
Profit on sale of participation rights in GTL project			(33)

Sasol Petroleum International results of operations

	2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	777	649	128	20	396	253	64
Inter-segment	623	588	35	6	445	143	32
Aggregated turnover	**1,400**	**1,237**	**163**	13	**841**	**396**	47
Operating costs and expenses[(1)]	(1,100)	(637)	(463)	(73)	(561)	(76)	(14)
Operating profit	**300**	**600**	**(300)**	(50)	**280**	**320**	114

(1) Operating costs and expenses net of other income and including exploration costs.

Results of operations 2007 compared to 2006

The increase in Sasol Petroleum International's (SPI) aggregated turnover of 13% was mainly due to higher oil prices and the positive impact of the weakening of the rand against the US dollar.

Natural gas sales from the Temane plant in Mozambique to Sasol Gas in 2007 amounted to 97.8 MGJ, a 3.8% increase on the previous year's 94.2 MGJ.

In Gabon, gross production from the Etame Permit averaged 18,600 bpd during 2007 (2006: 18,000 bpd), with net sales revenue per barrel of R376.23/b compared to R327.76/b in 2006.

Operating costs increased due to total exploration costs amounting to R526 million for 2007 compared to R123 million for 2006.

Results of operations 2006 compared to 2005

SPI, through our partnership with Mozambique's state-owned company, Empresa Naçional de Hidrocarbonetos de Moçambique and the International Finance Corporation produced and sold 94.2 MGJ of natural gas from the Temane field. SPI's share of the sales was 66 MGJ, a

22% increase on the previous year's 54 MGJ. Our share of gas condensate sales doubled from 225,000 barrels to 450,000 barrels. Through our 27.75% stake in Gabon's Etame field, we sold for our own account 1.7 million barrels of crude oil. Higher oil and gas prices, the weakening of the rand against the US dollar and increased volumes enabled SPI to increase aggregated turnover by 47% and to more than double operating profit from R280 million to R600 million. A loss of R82 million was recognised on the disposal of a 30% interest in the Temane central processing facility to Companhia Moçambicana

Hidrocarbonetos and the International Finance Corporation effective 1 April 2006 mainly due to the strengthening of the rand since the construction of the facility.

Total exploration costs expensed against operating profit amounted to R123 million for 2006 compared to R121 million for 2005. Drilling will be concentrated in the Pande and Temane field areas and targeted at increasing annual gas production over the next few years beyond 120 MGJ.

Capital items for the years ended 30 June

Operating costs and expenses include the effect of the following capital items:

	2007	2006	2005
	(Rand in millions)		
Loss/(profit) on disposal of property, plant and equipment		82	(4)

Chemical Cluster

Sasol Polymers results of operations

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

		2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
		(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover								
External		9,305	7,537	1,768	23	7,199	338	5
Inter-segment		105	102	3	3	83	19	23
Aggregated turnover		**9,410**	**7,639**	**1,771**	23	**7,282**	**357**	5
Operating costs and expenses[(1)]		(8,321)	(6,817)	(1,504)	(22)	(5,807)	(1,010)	(17)
Operating profit		**1,089**	**822**	**267**	32	**1,475**	**(653)**	(44)
Operating margin	%	12	11			20		

(1) Operating costs and expenses net of other income.

Results of operations 2007 compared to 2006

The increase in Sasol Polymers aggregated turnover from R7,639 million in 2006 to R9,410 million in 2007, was mainly due to higher international polymer selling prices and a weaker rand.

The weaker rand, however, negatively impacted on feedstock prices and coupled with higher oil prices resulted in increased cost of sales. Other operating costs and depreciation increased in 2007 compared to 2006 as a result of project Turbo.

In the first half of 2007, the South African operations were impacted by the planned maintenance shutdowns of Synfuels and resulting in feedstock restrictions. The depressed volumes and operating efficiencies led to lower operating profits, which were also impacted by higher

feedstock prices. In the second half of 2007, plant operations stabilised and domestic demand for our products strengthened, led by the construction boom in South Africa. Despite the impact of the plant shutdowns, Sasol Polymers' operating profit increased by 32% to R1,089 million.

The main factors contributing to the increase in operating profit were:

	Change 2007/2006	
	(Rand in millions)	
Operating profit 2006	822	
Exchange rate effects	396	48
Net product and feedstock price	532	65
crude oil	(212)	(26)
other products	744	91
Inflation on other operating costs	(84)	(10)
Net volume and productivity effects	(585)	(71)
Capital items effects	8	
Operating profit 2007	1,089	

Results of operations 2006 compared to 2005

Sasol Polymers experienced tougher trading conditions, but retained focus on optimising production, marketing and logistics with particular emphasis on improving safety, productivity and customer service. Harsher trading conditions were attributable mostly to higher oil-derived feedstock costs and relatively low international polymer prices. Polymer selling prices tend to move with oil prices, but during 2006 there was a significant squeeze on our operating margin. On average, international oil prices rose by almost 35%, but average international polymer selling prices increased by only 3%. Having reported an 11% drop in production volumes in the previous year, due primarily to the explosion at the Secunda ethylene plant, we increased production volumes by 5% during 2006. A greater increase was targeted, but we had to contend with lower production mostly due to upstream feedstock constraints, the impact of Project Turbo work at Sasolburg and Secunda and unplanned power outages at Sasolburg. Sasol Polymers increased turnover by 5% on the basis of the increased sales volumes, however, the impact of a decrease in the operating margin, through increased feedstock prices, decreased operating profit by 44%.

The main factors contributing to the increase in operating profit were:

	Change 2006/2005	
	(Rand in millions)	
Operating profit 2005	1,475	
Exchange rate effects	153	10
Net product and feedstock price	(851)	(58)
crude oil	(764)	(52)
other products	(87)	(6)
Inflation on other operating costs	(56)	(4)
Net volume and productivity effects	252	17
Other[(1)]	(146)	(10)
Capital items effects	(5)	(1)
Operating profit 2006	822	

(1) Includes the effect of the insurance proceeds received during 2005.

Capital items for the years ended 30 June

Operating costs and expenses include the effect of the following capital items:

	2007	2006	2005
	(Rand in millions)		
Impairment of property, plant and equipment		23	5
Scrapping of property, plant and equipment	5	2	5
(Profit)/loss on disposal of property, plant and equipment	(3)	(8)	2
Loss on disposal of business	7		
Total loss	9	17	12

During 2007, various projects and assets were retired from use resulting in miscellaneous assets with a carrying value of R5 million being scrapped. In 2007, Sasol Polymers disposed of their 50% interest in DPI Holdings (Pty) Limited and realised a loss of R7 million.

In 2006, the impairment of property, plant and equipment was mainly due to DPI Holdings, in which Sasol had a 50% interest, which was classified as a disposal group held for sale during 2006, after identifying a potential buyer and approval by the Sasol Polymers divisional board to divest. The classification of DPI Holdings as held for sale necessitated the impairment of the net assets to the fair value less costs to sell.

Sasol Solvents results of operations

		2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
		(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover								
External		12,509	10,485	2,024	19	9,361	1,124	12
Inter-segment		1,257	1,181	76	6	947	234	25
Aggregated turnover		**13,766**	**11,666**	**2,100**	18	**10,308**	**1,358**	13
Operating costs and expenses[(1)]		(12,660)	(10,793)	(1,867)	(17)	(9,287)	(1,506)	(16)
Operating profit		**1,106**	**873**	**233**	27	**1,021**	**(148)**	(14)
Operating margin	%	8	7			10		

(1) Operating costs and expenses net of other income.

Results of operations 2007 compared to 2006

Sasol Solvents produced a solid performance with aggregated turnover increasing by 18%. This was mainly due to higher product prices and the positive impact of the weakening of the rand against the US dollar. This performance was offset by lower sales volumes due to the lack of product availability brought about by lower than planned production in the first half of fiscal 2007 and an unplanned shutdown in March 2007 for the South African operations. In Germany operational difficulties and compressed margins for iso propyl alcohol, forcing a cut back in production, negatively impacted sales volumes. Total sales volumes decreased from 1.79 Mt to 1.69 Mt.

Operating costs and expenses increased due to higher feedstock costs, the loss of Rhodium catalyst of R54 million and the impairment of emission rights of R30 million.

The main factors contributing to the increase in operating profit were:

	Change 2007/2006	
	(Rand in millions)	
Operating profit 2006	873	
Exchange rate effects	269	31
Net product and feedstock price	312	36
crude oil	(106)	(12)
other products	418	48
Inflation on other operating costs	(39)	(5)
Net volume and productivity effects	(52)	(6)
Capital items effects	(257)	(29)
Operating profit 2007	1,106	

Results of operations 2006 compared to 2005

Sasol Solvents performed well in 2006 considering the previous year's exceptional performance. Demand for most of the business's product portfolios remained robust. Plants ran well mostly at or above design capacity; logistical and marketing operations were well coordinated. While demand remained largely buoyant in most regional markets, with some growth being achieved for certain portfolios, escalating oil and related commodity prices impacted on margins, with some products being more harshly affected. Mostly on the strength of higher sales volumes and some price increases, turnover increased by 13%, however, operating costs and expenses increased by 16% primarily because of increased feedstock prices, thus reducing operating margins, and the negative impact of increased expenditure on capital items. Total sales volumes increased from 1.58 Mt to 1.79Mt

The main factors contributing to the decrease in operating profit were:

	Change 2006/2005	
	(Rand in millions)	
Operating profit 2005	1,021	
Exchange rate effects	60	5
Net product and feedstock price	(761)	(75)
crude oil	(864)	(85)
other products	103	10
Inflation on other operating costs	(66)	(6)
Net volume and productivity effects	(79)	(8)
Capital items effects	698	68
Operating profit 2006	873	

Capital items for the years ended 30 June

Operating costs and expenses include the effect of the following capital items:

	2007	2006	2005
	(Rand in millions)		
Impairment of property, plant and equipment	**12**		437
Reversal of impairment of property, plant and equipment		(140)	
Impairment of intangible assets	**30**	26	5
Impairment of investments	**15**		
Scrapping of property, plant and equipment	**89**	7	151
Loss on disposal of business		2	
Profit on disposal of property, plant and equipment	**6**		
Total loss/(gain)	**152**	(105)	593

During 2007 the following impairments were recognised:

Fine chemicals business a R12 million impairment was recognised on the fine chemicals business as a result of recurring losses in this business.

Emission rights as a result of the decrease in the market price of emission allowances during 2007, an impairment of R30 million was recognised.

European Pipeline Development Company (EPDC) In March 2007, EPDC was liquidated and an impairment of the investment in EPDC was recognised amounting to R15 million.

During 2007, the following items of property, plant and equipment assets were scrapped:

Rhodium catalysts in Secunda R54 million.

Triethoxy Butane plant in Sasolburg R14 million.

Hexene Dedicated Control System in Secunda R6 million.

Bottom section of Synthol Light Oil plant in Secunda R6 million.

Other smaller assets R9 million.

The capital items in 2006 include:

Reversal of a previously recognised impairment During 2005 an impairment was recognised of R140 million for Octene train 3 project due to increases in the capital costs. The successful outcome of negotiations over the selling price of the product which were finalised during the last quarter of 2005, has resulted in the return (based on a discounted cash flow model) expected to be generated by this plant exceeding the expected cost of construction. As a result, due to the change in economic circumstances, the impairment has been reversed.

Impairment of intangible assets includes:

1. Impairment of Acrylates train 2 technology license (South Africa) An impairment of the technology license for the second train of R14 million was recognised due to uncertainty regarding the expected product mix that will be manufactured and the decision to postpone the project due to the current de-bottlenecking of train one.

2. Impairment of emission rights (carbon credits) The group accounts for emission rights granted by government as an indefinite life intangible asset. This intangible asset is recognised at the fair value of the allowance on the date it is granted. No amortisation is provided and the intangible asset is tested for impairment at least annually. Due to the

decrease in the market price of emission rights during the year, from €26.00 to €16.00 per right (one right unit entitles the holder the right to emit one ton of carbon dioxide per year), the carrying value of the intangible asset at year-end was impaired by R12 million.

The capital items in 2005 include:

Impairment of property, plant and equipment includes:

1. Impairment of Octene train 3 (South Africa) The economic evaluation of the project indicated that it will be substantially more expensive than the original approved amount. As a result the entire amount of capital expenditure (including interest capitalised of R8 million) of R140 million was impaired. On 9 September 2005 the Sasol Limited board of directors approved the continuation of the project at a substantially higher capital cost subject to successful renegotiations of the product selling price to recover the cost of the capital to be invested;

2. Impairment of ketones and alcohols plants (Germany) Both the ketones and ethanol plants were evaluated for impairment during 2005. The impairment assessment resulted in an impairment of the ketones plant of R13 million and of the ethanol plant of R71 million including an impairment of R5 million of intangible assets; and

3. Impairment of n-butanol plant (South Africa) Both the lower than budgeted economic performance and final cost of the n-butanol plant led Solvents to perform an assessment of impairment on the n-butanol plant. The results of the impairment assessment yielded an impairment of R218 million which is primarily attributed to the interest capitalised on the construction of the n-butanol plant.

Scrapping of property, plant and equipment (South Africa) During 2005, as a result of decisions taken by the Solvents board, the following items of property, plant and equipment assets that were scrapped consist mainly of:

1. Crotonaldehyde plant R16 million;

2. Propylene oxide and glycol ethers plants R47 million;

3. Acetic acid plant R 2 million; and

4. Certain study costs written off R12 million.

Sasol Olefins & Surfactants results of operations

	2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	22,012	18,545	3,467	19	16,742	1,803	11
Inter-segment	570	550	20	4	354	196	55
Aggregated turnover	**22,582**	**19,095**	**3,487**	18	**17,096**	**1,999**	12
Operating costs and expenses[(1)]	(21,442)	(22,662)	1,220	5	(17,110)	(5,552)	(32)
Operating profit/(loss)	**1,140**	**(3,567)**	**4,707**	(132)	**(14)**	**(3,553)**	

(1) Operating costs and expenses net of other income.

Results of operations 2007 compared to 2006

On 30 March 2007, it was announced that Sasol Olefins & Surfactants would be retained within Sasol and that the divesture process had ceased, with the intention to improve the division's business performance. The business has continued to build on its groundwork of the last four years, with emphasis on reducing other operating costs in a sustainable manner, improving customer relations, lifting productivity and optimising its portfolio of surfactants, surfactant intermediates and specialty inorganic chemicals in the face of tougher market conditions.

However, in 2007, the business was once again hampered by tougher market conditions in the form of higher feedstock and energy costs combined with declining midcut alcohol prices, mainly on the alcohol part of the business.

Aggregated turnover increased by 18% from R19,095 million in 2006 to R22,582 million in 2007 due to higher selling prices.

Higher feedstock prices adversely affected operating profit, but this was offset by lower other operating costs.

Included in operating costs and expenses is the net reversal of the fair value write-down recorded on Sasol O&S of R803 million as part of the process of reclassifying Sasol O&S to continuing operations. In addition, a restructuring provision associated with the retention of the Sasol O&S business of R405 million was recognised in 2007.

The main factors contributing to the increase in operating profit were:

	Change 2007/2006	
	(Rand in millions)	**%**
Operating loss 2006	(3,567)	
Exchange rate effects	53	1
Net product and feedstock price	(551)	(15)
crude oil	(277)	(8)
other products	(274)	(7)
Net volume and productivity effects	90	10
Capital items effects	4,850	136
Operating profit 2007	1,140	

Results of operations 2006 compared to 2005

In 2006, despite ongoing optimisation, the business was again severely hampered by largely unfavourable market conditions which impacted more harshly on some businesses. Most markets remain highly competitive due to continuing and, in some cases, increasing oversupply. Further substantial increases in oil prices and related feedstock prices, as well as natural gas and utility prices, could not be fully accommodated in higher selling prices. This led to sustained margin pressure and, in some instances, severe margin erosion. Turnover increased by 12% due mostly to higher sales prices. This benefit was fully absorbed by the higher feedstock and energy costs. Our global sales volumes were largely unchanged and, in general, the markets we sell into remained stable to stronger with the dominating characteristic being the oversupply of many products.

The financial impact of changes in the input costs of the business together with current market-place dynamics exceeds the benefits of significant reductions that have successfully been achieved in the other operating costs of the business and various other productivity improvements.

The main factors contributing to the increase in operating profit were:

	Change 2006/2005	
	(Rand in millions)	%
Operating loss 2005	(14)	
Exchange rate effects	(4)	
Net product and feedstock price	280	27
crude oil	(674)	(66)
other products	954	93
Management intervention	(24)	(2)
Net volume and productivity effects	(234)	(23)
Capital items effects	(375)	(37)
Fair value write-down	(3,196)	(313)
Operating loss 2006	(3,567)	

Capital items for the years ended 30 June

During the years under review operating costs and expenses include the effect of the following capital items:

	2007	2006	2005
		(Rand in million)	
Impairment of property, plant and equipment	**12**	825	313
Impairment of intangible assets	**106**	83	
Impairment of goodwill		4	209
Scrapping of property, plant and equipment		21	16
Loss on disposal of business			11
(Profit)/loss on disposal of property, plant and equipment	**(22)**	14	23
Fair value (reversal of write down)/write down[(1)]	**(803)**	3,196	
Total (gain)/loss	**(707)**	4,143	572

(1) See "Item, 5A Operating results Reclassification of Sasol Olefins& Surfactants (Sasol O&S)".

The capital items in 2007 include:

Impairment of property, plant and equipment includes:

1. Impairment of Sasol Germany R12 million.

Impairment of intangible assets -Due to the decrease in the market price of emission rights during the year, the carrying value of the intangible asset at year-end was impaired by R106 million.

The capital items in 2006 include:

Impairment of property, plant and equipment includes:

1. Impairment of the organics business unit (Sasol Italy) The organics business unit of Sasol Italy comprises the Augusta alkylates and alcohols plants, the Sardinian alkylates plant and the Terranova surfactants plant. Based on current market conditions (i.e. high oil derived feedstock prices, pressure on sales prices due to over supply in the market,

amongst other) the assets of the cash generating unit have been impaired by R791 million to their estimated recoverable amount based on the value in use.

2. Impairment of Sasol Gulf assets (Sasol United Arab Emirates) A significant increase in the production capacity in the Middle East and the Gulf has increased the competitiveness of the surfactants market. After the performance of an impairment review, based on value in use, the entire carrying value of the assets of R18 million was impaired.

3. Impairment of inorganic specialities plant (Sasol Italy) In the previous year, the carrying value of this plant was impaired. During the current year, in order to support the business requirements of the global Sasol O&S business unit, further capital expenditure was incurred on continuing operation of this plant. This expenditure, while meeting the requirements for capitalisation in order to continue operating the plant, was reviewed for impairment. The plant continues to incur losses and therefore all additional expenditure of R16 million on this asset has been impaired.

Impairment of intangible assets The group accounts for emission rights (carbon credits) granted by government as an indefinite life intangible asset. This intangible asset is recognised at the fair value of the allowance on the date it is granted. No amortisation is provided and the intangible asset is tested for impairment at least annually. Due to the decrease in the market price of emission rights during the year, from €26.00 to €16.00 per right (one right unit entitles the holder the right to emit one ton of carbon dioxide per year), the carrying value of the intangible asset at year-end was impaired by R83 million.

After a review of valuations and bids received from interested parties, which confirmed our valuation, it was necessary to write-down the net asset value of the Sasol O&S business to its fair value less costs to sell. This resulted in a reduction of net asset value and a charge to the income statement of R3,196 million (R2.8 billion after tax).

The capital items in 2005 include:

Impairment of property, plant and equipment and goodwill includes:

1. Impairment of the alkylates plant (Sasol North America) The alkylates cash generating unit comprises the assets of the Baltimore and Lake Charles alkylate plants and the Lake Charles paraffin and solvents plants. An impairment was recognised of R288 million which is allocated first to goodwill (R79 million) and then to the underlying property, plant and equipment (R209 million);

2. Impairment of inorganic specialties plant (Sasol Italy) Due to prolonged losses being incurred by the inorganic business unit in Sasol Italy the long-lived assets were assessed for impairment. The net present value of estimated future cash flows is less than the carrying value of the asset and accordingly an impairment of R103 million was recognised;

3. Goodwill of R130 million in Sasol Italy was impaired as a result of the losses incurred in this business.

Scrapping of property, plant and equipment In Sasol North America miscellaneous assets with a carrying value of R16 million were scrapped.

Loss on disposal of business The final purchase price for the disposal of Sasol Servo to Elementis in 2004 was finalised. A reduction in the settlement proceeds and the profit on disposal realised in 2004 of R11million was recognised during the current year.

Loss on disposal of assets A loss on disposal of various items of property, plant and equipment of R23 million was incurred.

Other chemical results of operations

Other chemical business includes Sasol Nitro, Sasol Wax, Merisol, Infrachem and various smaller chemical businesses.

	2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	10,471	8,531	1,940	23	8,093	438	5
Inter-segment	2,652	2,353	299	13	2,047	306	15
Aggregated turnover	**13,123**	**10,884**	2,239	21	**10,140**	**744**	7
Operating costs and expenses[(1)]	(12,165)	(10,483)	(1,682)	(16)	(9,843)	(640)	(7)
Operating profit	**958**	**401**	557	139	**297**	**104**	35
Sasol Nitro							
Aggregated turnover	4,170	3,402	768	23	3,485	83	2
Operating profit	610	466	144	31	449	17	4
Sasol Wax							
Aggregated turnover	5,574	4,584	990	22	4,075	509	12
Operating profit	629	276	353	128	208	68	33
Merisol							
Aggregated turnover	740	27	713	2,641	535	(508)	(95)
Operating profit/(loss)	27	(11)	38	345	27	(38)	(141)
Infrachem							
Aggregated turnover	2,526	2,270	256	11	2,013	257	13
Operating loss	(237)	(2,970)	2,733	92	(364)	2,606	716

(1) Operating costs and expenses net of other income.

Results of operations 2007 compared to 2006

Sasol Nitro, which comprises our South African ammonia, fertilisers and explosives portfolios, benefited from a strong performance with sales volumes up R144 million and margins up R25 million compared to 2006. The weaker rand against the US dollar contributed R42 million compared to the prior year. In addition, the business benefited from a once off bad debt recovery of R57 million related to a previously impaired long-term receivable. This has been offset by inflation on cost of R44 million, higher other operating costs of R41 million to grow the business and an increase in the asset retirement obligation mainly at the Phalaborwa plant of R41 million.

Sasol Wax produces and markets wax and wax related products to commodity and specialty wax markets globally. Sasol Wax has experienced strong growth and has increased operating profit by 128%, primarily as a result of improved product margins across all product ranges and a focus on higher value-add blends. The strategy to focus on higher margin business has led the division in Germany to become substantially less dependent on candle wax sales and has materialised in increased volumes into higher value adding markets and applications such as industrial waxes, adhesives, coatings and construction board.

Merisol, our 50:50 cresylic acids joint venture with Merichem Company, produces about a third of the world's phenolics. A ramp-up in production in South Africa, and the closure of the labour intensive front-end business in Houston, USA, in the first half of 2007, led to a significant reduction in our cost

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base and a better financial performance., In the second half of 2007, we experienced a recovery in the US business and reported stable production in South Africa. Merisol increased sales to 105 kt from 99 kt due to the completion of the turnaround project, and fewer disruptions to production. Higher volumes, coupled with an increase in selling prices, boosted turnover to R740 million from R27 million. Amid higher feedstock prices, the average price of phenol rose by more than a quarter, while cresylic prices were on average 6% stronger leading to operating profit of R27 million for the year compared to an operating loss of R11 million for last year.

Infrachem's actual 2007 operating loss of R237 million is R61 million, or 20%, lower in 2006. This was made possible by the higher than normal inflationary increases in sales prices due to the new Sasol Infrachem pricing model for utilities provided and services rendered, and the change in the environmental rehabilitation provision as a result of scheduling changes of projects and the effect of PPI and discount rates (R32 million). Gas production decreased by 3% from 37.7 MGJ to 36.6 MGJ.

Results of operations 2006 compared to 2005

Sasol Nitro, which comprises our South African ammonia, fertilisers and explosives portfolios, benefited from high ammonia prices and a strong performance from explosives being partially offset by a substantial decrease in fertiliser sales. Sales volumes for our combined nitrogen value chain decreased by 20% mostly as a result of lower fertiliser sales and the switch of our Phalaborwa phosphoric acid operation to toll manufacturing in September 2005. Capital items in the previous year included a R28 million profit on the sale of our US operation, whereas 2006 includes a net loss of R28 million mostly due to the disposal of our electronic detonator business. The average ammonia price was significantly higher than that of the previous year and benefited Sasol Nitro by making a higher contribution to operating profit, which was also boosted by higher margins and strong sales for our non-fertiliser products. The ammonia production volumes at Sasolburg also increased. Fertiliser sales were down substantially due to an estimated 44% decline in South African maize plantings.

Sasol Wax produces and markets wax and wax related products to commodity and specialty wax markets globally. Sasol Wax maintained steady production and increased sales with the advantage of achieving better margins than in the previous year. High oil prices, however, impacted on feedstock prices in South Africa, Europe and the US, with the effects being more dramatic in the latter two regions. The second half of 2006 was characterised by a worldwide shortage of paraffin waxes due to an overall buoyant global market and, more so, because of strong growth in general demand for waxes and related products. Shortages drove sales prices up significantly for most wax grades, including those produced through Sasol's Fischer-Tropsch process. An impairment of R17 million was recognised for the Pass Christian plant in the US which was damaged by Hurricane Katrina.

Sasol Infrachem has settled into its new role as a dedicated producer of reformed gas derived from natural gas, which it produces at Sasolburg through two auto thermal reformers operated on behalf of Sasol Gas. Reformed gas production was stable during the year and above the set target. Gas production increased by almost 46% from 25.9 MGJ to 37.7 MGJ. Greater gas production along with the increased provision of onsite utilities and ongoing cost containment enabled an increase in turnover by 13%.

Merisol, our 50:50 cresylic acids joint venture with Merichem Company, had a tough year because of feedstock constraints at Secunda in South Africa early in 2006 and the disruptive impact of Hurricane Rita on its US operations at Houston, Texas, which lowered production. The hurricane interrupted the supply of gas and process chemicals to our plants for an extended period. This necessitated plant idling and a subsequent interruption in our supply of products to customers. Sales volumes decreased by almost 5% from 103 kt to 99 kt. Turnover increased by 5% on the strength of higher prices necessitated by higher energy and feedstock prices. Variable costs increased by 20% because of higher utility and feedstock prices worldwide.

Capital items for the years ended 30 June

Operating costs and expenses includes the effect of the following capital items:

	2007	2006	2005
	(Rand in millions)		
Impairment of property, plant and equipment	**20**	34	4
Scrapping of property, plant and equipment	**7**	9	3
(Profit)/loss on disposal of property, plant and equipment	**(2)**	9	2
(Profit)/loss on disposal of business	**(17)**		(34)
Total loss/(gain)	**8**	52	(25)

Other businesses results of operations

Other businesses include Sasol Financing, Sasol Technology and the group's corporate head office function.

	2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
	(Rand in millions)			(%)	(Rand in millions)		(%)
Turnover							
External	427	149	278	186	224	(75)	(33)
Inter-segment	2,416	1,301	1,115	86	1,042	259	25
Aggregated turnover	**2,843**	**1,450**	**1,393**	96	**1,266**	**184**	15
Operating costs and expenses[(1)]	(2,827)	(1,409)	(1,418)	(101)	(1,363)	(46)	(3)
Operating profit/(loss)	**16**	**41**	**(25)**	(61)	**(97)**	**138**	142

(1) Operating costs and expenses net of other income.

Operating profit for 2007 includes a realised profit of R315 million related to the sale of Sasol Limited's 25% interest in Sasol Oil to Tshwarisano with effect from 1 July 2006. Operating profit was adversely impacted by the additional costs incurred on specific corporate projects (R117 million), the cost related to incentive bonuses at corporate level (R143 million) and the cost of the guarantee issued in respect of the Tshwarisano transaction (R39 million). In addition, Sasol Technology under recovered its costs from group entities for 2007.

Capital items for the years ended 30 June

During the years under review operating costs and expenses includes the effect of the following capital items:

	2007	2006	2005
	(Rand in millions)		
Impairment of assets	**3**		20
Scrapping of property, plant and equipment	**1**	10	
Profit on disposal of business	**(315)**		(1)

	2007	2006	2005
Profit on disposal of investments			(9)
Total (gain)/loss	**(311)**	10	10

Principal differences between IFRS and US GAAP

The group's consolidated financial statements are prepared in accordance with IFRS. Our net income in 2007 under IFRS was R 17,030 million compared with R10,406 million in 2006 and R9,449 million in 2005. Under US GAAP, the group would have reported net income of R16,765 million in 2007 compared with R11,299 million in 2006 and R9,719 million in 2005.

The principal differences between IFRS and US GAAP that affect our net income attributable to shareholders, as well as our shareholders' equity, relate to the accounting of business combinations and joint ventures, impairment of assets, asset retirement obligations, pensions and other post-retirement benefits, and derivative instruments. See Note 67 to our consolidated financial statements included in Item 18 of this annual report on Form 20-F for a description of the principal differences between IFRS and US GAAP and for a description of the anticipated impact on the consolidated financial statements of the adoption of recently issued US GAAP accounting standards.

RECENT ACCOUNTING PRONOUNCEMENTS

The following IFRS accounting standards, interpretations and amendments to published accounting standards which are applicable to the group have been issued by the IASB, but not yet effective, have not been adopted in the current year:

IAS 1 (Amendment), Presentation of Financial Statements

This standard will be adopted by Sasol for the financial year ending 30 June 2008. The standard will have minimal impact on the financial statements of the group, requiring additional information to be disclosed regarding the capital of the group and an adjustment to the presentation of the financial statements.

IFRS 7 Financial Instruments: Disclosures

This standard will be adopted by Sasol for the financial year ending 30 June 2008. Certain additional disclosures required by the standard has been presented in the current year financial statements. The standard will have no impact on the financial statements of the group, except for the additional information that is required to be disclosed regarding the financial instruments of the group.

IAS 23 (Revised) Borrowing Costs

This standard will be adopted by Sasol for the year ending 30 June 2009. The standard will have minimal impact on the financial statements of the group as in prior years the threshold for borrowing costs that can be capitalised has been reached.

IFRIC 12 Service Concession Arrangements

This interpretation will be adopted by Sasol for the year ending 30 June 2008. Management is in the process of identifying service concession arrangements and considering the relevant financial implications. This interpretation is, however, not expected to have a significant impact on the group.

IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interpretation

This interpretation will be adopted by Sasol for the year ending 30 June 2008. Management is in the process of considering the relevant financial implications. This interpretation is, however, not expected to have a significant impact on the group.

The following US GAAP recent accounting pronouncements which are applicable to the group have been issued by the FASB but not yet effective have been issued and have not been adopted by the group:

FASB Interpretation No. 48, Accounting for uncertainty in income taxes an interpretation of FASB Statement No. 109

In July 2006, the FASB issued FIN No. 48 which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The evaluation of a tax position in accordance with this interpretation firstly requires the determination whether it is more likely than not that a tax position will be sustained upon examination, based on the technical merits of the position and secondly the position is measured to determine the amount of benefit to be recognised in the financial statements. The Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN No. 48 is effective in fiscal years beginning after 15 December 2006. The provisions of FIN No. 48 are to be applied to all tax positions

upon initial adoption, with the cumulative effect adjustment reported as an adjustment to the opening balance of retained earnings.

The group is in the process of evaluating the impact of this pronouncement. It is not expected to have a material impact on our results of operations, financial position or liquidity.

Statement of Financial Accounting Standards No. 157, Fair Value Measurements

In September 2006, the FASB issued SFAS 157 which establishes a framework for measuring fair value under US GAAP and expands disclosures about fair value measurements. SFAS 157 applies under all other accounting pronouncements that require or permit fair value measurements. The standard does not change the circumstances under which fair value is recorded, but provides increased consistency and comparability of fair value measurements within an organisation and between organisations. SFAS No. 157 introduces the concept that fair value should generally be considered as the exit price for an asset or liability rather than the entry price. Additionally, the standard requires analysis of the markets available for purchase of assets or transfers of liabilities. The provisions of SFAS No. 157 are applied prospectively, except in limited circumstances and are applicable for fiscal years beginning after 15 November 2007.

The group is in the process of evaluating the impact of this pronouncement and it is believed that is will not have a material impact on our results of operations, financial position or liquidity.

Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115

In February 2007, the FASB issued SFAS No. 159 providing entities the option to choose to measure many financial instruments and certain other items at fair value. By electing the measurement attribute for most financial instruments (i.e., either historical cost or fair value) entities will be able to mitigate potential "mismatches" that arise under the current mixed measurement attribute model. For example, potential "mismatches" may arise because certain financial assets are required to be measured at fair value but the related financial liabilities are required to be measured at amortised historical cost. Once made, this election is irrevocable. Entities will be able to offset changes in the fair values of a derivative instrument and the related hedged item by selecting the fair value option (FVO) for the hedged item. The provisions of SFAS No. 159 are effective for the first fiscal year that begins after 15 November 2007.

The group is in the process of evaluating the impact of this pronouncement. It is not expected to have a material impact on our results of operations, financial position or liquidity.

EITF Issue No. 06-1, Accounting for Consideration Given by a Service Provider to a Manufacturer or Reseller of Equipment Necessary for an End-Customer to Receive Service from the Service Provider

In September 2006, the FASB ratified the consensus reached by the Emerging Issues Task Force that if the consideration given by a service provider to a manufacturer or reseller (that is not a customer of the service provider) can be linked contractually to the benefit received by the service provider's customer, a service provider should use the guidance in EITF No. 01-9 to characterise the consideration. The provisions of EITF No. 06-1 are effective for the first fiscal year that begins after 15 June 2007.

The group is in the process of evaluating the impact of this pronouncement. It is not expected to have a material impact on our results of operations, financial position or liquidity.

EITF Issue No. 06-9, Reporting a Change in (or the Elimination of) a Previously Existing Difference between the Fiscal Year-End of a Parent Company and That of a Consolidated Entity or between the Reporting Period of an Investor and That of an Equity Method Investee

In November 2006, the FASB ratified the consensus reached by the Emerging Issues Task Force on issue 06-9. The task force addressed the question of how a parent or investor should treat the change in a previously existing difference in the fiscal year-end of the parent and a consolidated entity or between the reporting period of an investor and that of an equity method investee. Such a change should be reported as a change in accounting principle and accounted for in accordance with SFAS No. 154 (retrospective application unless impracticable). The consensuses reached in EITF Issue No. 06-9 are effective for changes occurring in interim and annual reporting periods beginning after 29 November 2006.

The group is in the process of evaluating the impact of this pronouncement and not yet able to make an assessment of the impact on our results of operations, financial position or liquidity.

5.B Liquidity and capital resources

Liquidity

Management believes that cash on hand and funds from operations, together with our existing borrowing facilities, will be sufficient to cover our reasonably foreseeable working capital and debt requirements. We finance our capital expenditure from funds generated out of our business operations, existing borrowing facilities and, in some cases, additional borrowings to fund specific projects.

The following table provides a summary of our cash flows for each of the three years ended 30 June 2007, 2006 and 2005:

	2007	2006	2005
	(Rand in millions)		
Net cash generated by operating activities	**15,804**	14,177	10,939
Net cash utilised in investing activities	**(10,538)**	(12,275)	(12,317)
Net cash (utilised)/generated by financing activities	**(2,893)**	(1,277)	2,268

The cash generated from 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 remaining cash is applied primarily to invest in our capital investment programme and during the last year has also been applied to reduce the group's debt.

Operating activities

Net cash generated by operating activities has increased for the past three years in succession to R15,804 million in 2007 from R14,177 million in 2006 and R10,939 million in 2005. Cash flows generated by operating activities include the following significant cash flows:

	2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
	(Rand in millions)			(%)	(Rand in millions)		(%)
Cash generated by operating activities	**28,425**	24,527	3,898	16	18,902	5,625	30
Income tax paid	**(7,251)**	(5,389)	(1,862)	35	(3,753)	(1,636)	44
Dividend paid	**(4,613)**	(3,660)	(953)	26	(2,856)	(804)	28

In 2007, we saw a further increase in the average dated Brent crude oil price to US$63.95/b from the average of US$62.45/b in 2006 and US$46.17/b in 2005. This increase in the crude oil price has had a positive impact on our operating profit and cash generated by operating activities. Cash generated by operating activities has increased by 16% to R28,425 million in 2007 and by 30% to R24,527 million in

2006. 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 as discussed under the operating results above.

Investing activities

Net cash utilised in investing activities has decreased over the past three years from R12,317 million in 2005 to R12,275 million in 2006 and R10,538 million in 2007. Cash flows utilised in investing activities include the following significant cash flows:

	2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
	(Rand in millions)			(%)	(Rand in millions)		(%)
Purchases of non-current assets[1]	**(12,045)**	(13,296)	1,251	(9)	(12,616)	(680)	5
Disposal of businesses	**2,200**	587	1,613	275	36	551	1,531

(1) Includes additions to property, plant and equipment, additions to assets under construction and intangible assets.

The increase in purchases of property, plant and equipment is primarily due to an increase in capital expenditure on projects to expand our operations which includes the following key projects:

Projects and investments[1]	Business categories	30 June 2007	30 June 2006	30 June 2005
			(Rand millions)	
Sasol Oil distribution network	Sasol Oil	**91**	59	294
Oryx GTL and Escravos GTL[1]	Sasol Synfuels International	**2,426**	1,734	1,245
Mozambique expansion	Sasol Petroleum International	**266**		
West Africa expansion projects	Sasol Petroleum International	**339**		
Arya Sasol Polymer (Iran)	Sasol Polymers International Investments	**774**	1,590	945
Project Turbo polymers project	Sasol Polymers	**1,169**	2,608	3,321
2nd and 3rd Octene trains	Sasol Solvents	**708**	714	288
Other smaller projects	Various	**1,172**	1,010	1,198
		6,945	**7,715**	**7,291**

(1) The amounts include business development costs and our group's share of capital expenditure of proportionately consolidated investees. The amounts exclude borrowing costs capitalised. These amounts were approved by our board of directors and are stated in terms of IFRS. We hedge all our major capital expenditure in foreign currency immediately upon commitment of the expenditure or upon approval of the project.

In addition we invested R5,100 million, R5,581 million and R5,325 million on property, plant and equipment in 2007, 2006 and 2005, respectively, to enhance existing operations.

During 2007, we disposed of businesses for a net amount of R2,200 million (2006: R587 million and 2005: R36 million). The 2007 disposals comprise primarily of the sale of a 25% interest in Rompco (R755 million) and the sale of 25% in Sasol Oil (R1,450 million).

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 floating 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 effect of financing activities was cash utilised of R2,893 million, R1,277 million in 2007 and 2006, respectively, and cash generated of R2,268 million in 2005. The following significant cash flows are included in financing activities:

	2007	2006	Change 2007/2006	Change 2007/2006	2005	Change 2006/2005	Change 2006/2005
	(Rand in millions)			(%)	(Rand in millions)		(%)
Share repurchase programme	**(3,669)**		(3,669)	100			
Repayment of short-term debt	**(1,053)**	(3,911)	2,858	(73)	(4,968)	1,057	(21)
Repayment of long-term debt	**(1,034)**	(1,326)	292	(22)	(2,421)	1,095	(45)
Proceeds from borrowings	**1,021**	2,631	(1,610)	(61)	6,586	(3,955)	(60)

Dividends paid amounted to R4,613 million in 2007 compared to R3,660 million in 2006 and R2,856 million in 2005. Our dividend distribution policy is to distribute increasing dividends on a regular basis, to the extent permitted by our earnings. In particular, we intend to distribute dividends, provided our annual attributable earnings represent a range of 2.5 to 3.5 times the amount distributed in the form of dividends. The average rate of earnings to dividend distributions in the past five years was approximately 2.6 times. Our dividend cover for 2007 is 3.0 which is within target range.

At the annual general meeting held on 22 November 2006, the shareholders authorised the directors to undertake a general repurchase by Sasol Limited, or its subsidiaries, to repurchase Sasol Limited shares up to 10% of our issued share capital. At 30 June 2007, we had repurchased, since 7 March 2007, 14,919,592 shares at an average price of R245.94 per share.

During 2005, a Eurobond of €300 million (R2.4 billion) was raised. The proceeds of the Eurobond were used to reduce our short-term borrowings in South Africa and assist in diversifying and extending the average tenure of our portfolio. In addition, we replaced specific asset based financing used to acquire Condea with group debt. This debt has reduced the value of assets pledged as security, as well as facilitating the negotiation of better interest rates and less onerous covenants.

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 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 has been primarily financed through a combination of funds generated from operations and borrowings. In our opinion, our working capital is sufficient for present requirements.

Our long-term capital expansion projects are financed by means of a combination of floating and fixed-rate long-term debt. This debt is normally financed 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:

	2007	2006
	(Rand in millions)	
Long-term debt, including current portion	**16,434**	16,015
Short-term debt	**2,546**	1,727
Bank overdraft	**545**	442
Total debt	**19,525**	18,184
Less cash and cash equivalents	**(6,633)**	(3,686)
Net debt	**12,892**	14,498

Our debt profile has moved significantly toward 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 R41,112 million (2006

R40,368 million). Of these facilities, R19,525 million (2005 R13,259 million) has been utilised at year end.

There were no events of default for the years ended 30 June 2007 and 30 June 2006.

Banking facilities and debt arrangements at 30 June 2007

	Expiry date	Currency	Rand equivalent	Utilisation
			Rm	Rm
Sasol Financing				
Uncommitted facilities				
Commercial banking facilities	Various (short-term)	Rand	**12,880**	**98**
Commercial paper programme	None	Rand	**6,000**	
Committed facility				
Revolving credit facility (syndicated)	May 2008	Euro	**1,430**	
Debt arrangements				
RSA Bond	August 2007	Rand	**2,000**	**1,999**
Japan Bank for International Co-operation	June 2013	US dollar	**412**	**412**
Sasol Financing International				
Uncommitted facilities				
Commercial banking facilities	Various (short-term)	Euro	**148**	
Committed facility				
Revolving credit facility	May 2008	Euro	**2,383**	**2,107**
Debt arrangement				
Eurobond	June 2010	Euro	**2,850**	**2,850**
Other Sasol businesses				
Asset based finance				
Republic of Mozambique Pipeline Investments Company (Pty) Limited	December 2015	Rand	**2,642**	**2,642**
Oryx GTL Limited (QSC)[1]	December 2015	US dollar	**2,414**	**2,346**
Sasol Petroleum Temane Limitada	June 2015	Euro and Rand	**1,077**	**1,077**
Debt arrangements				
Arya Sasol Polymer Company[1]	May 2015	Euro	**2,168**	**2,168**
National Petroleum Refiners of South Africa (Pty) Limited	Various	Rand	**1,130**	**1,057**
Sasol Dia Acrylates (South Africa) (Pty) Limited[1]	March 2008	US dollar and Rand	**651**	**651**
Property finance leases				
Sasol Oil Pty (Ltd) and subsidiaries	Various	Rand	**845**	**720**
Other banking facilities and debt arrangements	Various	Various	**2,082**	**1,398**
			41,112	**19,525**
Comprising				
Long-term debt				**16,434**
Short-term debt				**2,546**
Bank overdraft				**545**
				19,525

(1) These amounts relate to our joint ventures which are proportionately consolidated in accordance with IFRS and represent our proportionate share of the banking facilities and debt arrangements.

Besides our normal commercial banking facilities, the majority of which is in South Africa, another facility to fund short-term funding requirements in South Africa is our commercial paper programme of R6 billion, normally at fixed interest rates. We had no exposure on the programme at 30 June 2007.

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 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)				
Maturity profile long-term debt	3,075	1,553	6,930	4,876	16,434

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, net asset value, amongst others. There were no events of default in the year ended 30 June 2007.

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 financial statements of Sasol prepared in terms of IFRS for any year and adjusted in terms of the agreed definitions.

Moody's assigned Sasol Aa3.za long-term and Prime-1.za short-term South African national scale credit ratings and a global Baa1 rating. Standard and Poors affirmed the long-term foreign-currency rating as BBB+ equivalent to Moody's global Baa1 rating.

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 2007, 2006 and 2005 was R690 million, R249 million and R227 million, respectively. Development costs capitalised in 2007, 2006 and 2005 amounted to R55 million, R60 million and negative R13 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 2007 have been principally affected by fluctuations in dated Brent crude oil prices and a further weakening of the rand to US dollar.

In recent months, the derived European Brent crude oil spot price has increased from the year-end level as at 30 June 2007 of US$77.22/b to US$78.88/b on 28 September 2007 with a high of US$79.09/b and a low of US$67.73/b during that period. Given the current 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 R7.04 at 30 June 2007. After trading in a range of between R6.78 and R7.62 to the US dollar during July to September 2007, the rand strengthened further reaching R6.92 per US dollar at 30 September 2007 with a high of R7.60 per US dollar and a low of R6.79 per US dollar during that period. Whilst the exchange rate during the current year has been relatively less volatile than in previous years we are unable to 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, special purpose entities or unconsolidated affiliates.

Guarantees

As at 30 June 2007, the group has issued the following guarantees for which the liabilities have not been included in the balance sheet.

	Note	Maximum potential amount 2007
		Rand in millions
In respect of GTL ventures	i	**8,006**
Commercial paper holders	ii	**6,000**
Guarantees issued in respect of letter of credit	iii	**1,476**
To RWE-DEA AG	iv	**286**
Customs and excise	v	**110**
Other guarantees and claims	vi	**488**

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 and Escravos GTL in Nigeria, including amongst others:

A completion guarantee has been issued for Sasol's portion of the project debt of Oryx GTL Limited capped at US$343 million (R2,414 million) plus interest and costs subject to the project demonstrating a minimum level of sustained production over a continuous period of ninety days and catalyst deactivation within acceptable parameters for at least two hundred and seventy days, after commissioning. The project was commissioned during the year.

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$123 million (approximately R867 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 during the current year.

A guarantee has been issued for the obligation of a wholly owned subsidiary to contribute 49% of the required equity in respect of the investment in Oryx GTL Limited. Sasol's equity contribution is estimated at US$160 million (R1,126 million). The project was commissioned during the current year.

A performance guarantee for the obligations of subsidiaries has been issued in respect of the construction of Escravos GTL in Nigeria for the duration of the investment in Escravos GTL Limited to an amount of US$250 million (R1,760 million).

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$250 million (R1,760 million). Sasol Chevron Holdings Limited is a joint venture between a wholly owned subsidiary of Sasol Limited and Chevron Texaco Corporation.

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

ii. A guarantee has been issued for the commercial paper facility of a wholly owned subsidiary. As at 30 June 2007 no outstanding obligation to third parties existed.

iii. Various guarantees issued in respect of letters of credit issued by subsidiaries.

iv. Various performance guarantees issued in favour of RWE-DEA AG.

v. Various guarantees were issued in respect of the group's customs and excise obligations.

vi. Included in other guarantees are environmental guarantees of R133 million.

Product warranties

The group provide 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 group financial statements.

5.F Tabular disclosure of contractual obligations

Contractual obligations / commitments. The following significant contractual obligations existed at 30 June 2007:

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	7,413	459	427	469	428	401	5,229
External long-term debt	16,434	3,075	1,553	4,398	1,276	1,256	4,876
External short-term debt	2,546	2,546					
Purchase commitments	15,418	2,518	2,244	1,656	1,215	987	6,798
Bank overdraft	545	545					
Capital leases	1,531	144	154	129	128	127	849
Total	**43,887**	**9,287**	**4,378**	**6,652**	**3,047**	**2,771**	**17,752**

Purchase commitments have increased from R273 million in 2006 to R15,418 million in 2007 as a result of additional purchase contracts entered into by Sasol O&S during 2007 following the decision in March 2007 to retain and restructure the Sasol O&S business.

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	2007
	(Rand in millions)
Authorised and contracted for	28,367
Authorised but not yet contracted for	11,697
Authorised capital expenditure	40,064
Less expenditure to date	(21,527)
Unspent capital commitments	**18,537**

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:

Contractual commitments	Total amount	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
		(Rand in millions)			
Capital commitments	18,537	12,671	4,105	1,522	239

The above amounts are as reported to our Board. They exclude capitalised interest but include business development costs and our group's share of capital expenditure of proportionately consolidated investees.

We make use of forward exchange contracts and cross currency swaps to hedge all our major capital expenditure in foreign currency (i.e. 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".

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A Directors and senior management

We are managed by our Board of Directors (Board), the Group Executive Committee (GEC) and the chief executive. Corporate governance structures and processes are regularly reviewed and adapted to accommodate internal corporate developments and to reflect national and international best practice.

We comply with the JSE Listings Requirements and the applicable US corporate governance requirements of the SEC, the New York Stock Exchange (NYSE) and legislation such as the Sarbanes- Oxley Act. In addition we have compared our corporate governance practices to those required to be applied by domestic US companies listed on the NYSE and have confirmed to the NYSE that we comply in all significant respects with such NYSE corporate governance standards. We endorse the principles of the South African Code of Corporate Practices and Conduct (SA Code) as recommended in the King II report.

The board of directors

Our Articles of Association provide that our Board consists of a maximum of sixteen directors of whom a maximum of five may be executive directors. As of 8 March 2007, our Board of Directors comprised fifteen directors, of which eleven were non-executive and four were executive directors. During the reporting year all the non-executive directors, with the exception of Messrs. Pieter Cox, Anshuman Jain, Dr. Mandla Gantsho and Ms. Hixonia Nyasulu, were considered to be independent in accordance with the SA Code and the rules of the NYSE.

The offices of chairman and chief executive are separate and the office of the chairman is filled by a non-executive director. Mr. Pieter Cox has been our chairman since 1 January 2006 and Mr. Pat Davies our chief executive since 1 July 2005.

Our Board currently comprises the following:

Name	Position	Age	Member since	Current term expires[1]
Pieter Vogel Cox	Non-executive chairman	64	January 1996	November 2008
Lawrence Patrick Adrian Davies	Chief executive	56	August 1997	November 2008
Elisabeth le Roux Bradley	Independent non-executive director	68	February 1998	November 2007
Brian Patrick Connellan	Independent non-executive director	67	November 1997	November 2008
Hendrik George Dijkgraaf	Independent non-executive director	60	October 2006	November 2009
Victoria Nolitha Fakude	Executive director	42	October 2005	November 2007
Mandla Sizwe Vulindlela Gantsho	Non-executive director	45	June 2003	June 2008
Anshuman Jain	Non-executive director	44	July 2003	July 2008
Imogen Nonhlanhla Mkhize	Independent non-executive director	44	January 2005	November 2008
Anthony Madimetja Mokaba	Executive director	46	May 2006	November 2009
Sam Montsi	Independent non-executive director	62	March 1997	November 2008
Thembalihle Hixonia Nyasulu	Non-executive director	53	June 2006	November 2009
Kandimathie Christine Ramon	Executive director	40	May 2006	November 2009
Jürgen E Schrempp	Independent non-executive director	63	November 1997	November 2009
Thomas Alexander Wixley	Independent non-executive director	67	March 2007	November 2007

(1) Under our Articles of Association, 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 expires.

Pieter Cox has been our non-executive chairman since January 2006. He joined the group in 1971 and became a director in 1996. From 1997 to 2005, he served as chief executive of our group. He is also a director of a number of major companies in the group. In 1993, he was appointed managing

director and chief executive of Polifin Limited. In May 1996, he became chief operating officer of Sasol Limited and served in this role prior to assuming the position of chief executive of Sasol. He received a Bachelor of Science Engineering (Metallurgy) degree in 1966 and a Bachelor of Science Engineering (Mining) degree in 1968 from the University of the Witwatersrand, South Africa. He attended the Executive Program at Stanford Business School in the United States in 1990. He received honourary doctorates from the University of the Free State, South Africa and the University of St Andrews, Scotland in 2006.

Pat Davies became our chief executive on 1 July 2005 and has been our director since 1997. He is also a director of several other companies in the group. He joined the group in 1975 and has been responsible for various portfolios, the most recent of which was the oil, gas and liquid fuels businesses, including Sasol Synfuels, Sasol Petroleum International, Sasol Synfuels International, Sasol Oil, Sasol Gas and Sasol Technology. He was also responsible for the globalisation of Sasol's GTL technology. He received a Bachelor of Science Engineering (Mechanical) from the University of Natal, South Africa in 1975 and attended the Management Programme at Harvard Business School in the United States in 1986.

Elisabeth Bradley has been a director since 1998. She is currently chairman of Toyota SA (Pty) Limited and Wesco Investments Limited. She is also a director of several other companies, including Standard Bank Group Limited, the Tongaat-Hulett Group Limited and Anglogold Ashanti Limited. She is deputy chairman of the South African Institute of International Affairs and chairman of the Centre for Development and Enterprise. She received her Bachelor of Science from the University of the Free State, South Africa in 1961 and a Master of Science from the University of London in 1964.

Brian Connellan has been a director since 1997. From 1990 to 2000, he served as executive chairman of Nampak Limited and from 2000 to 2001 as non-executive chairman of Nampak. He was a director of Nampak until September 2005. He is also a director of several other companies, including Tiger Brands Limited, ABSA Group Limited, Reunert Limited and Illovo Sugar Limited. He is past councilor of the South African Foundation, The Corporate Forum and The Institute of Directors and a contributor to both King Reports on Corporate Governance in South Africa. He received his Certificate in Theory of Accountancy from Witwatersrand University, South Africa in 1961 and became a chartered accountant in 1963.

Henk Dijkgraaf became a director on 16 October 2006. He is the former chief executive officer of the Dutch natural gas companies, GasTerra, Gasunie and NAM 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 B.V., Director, Shell Exploration and Production and Chief Executive, Gas, Power and Coal. He is a member of the Boards of Eneco Holding and of the Royal Tropical Institute KIT and deputy chairman of the Netherlands Institute for the Near East (NINO). 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.

Nolitha Fakude became a director on 1 October 2005. She is responsible for the world-wide Human Resources for the group as well as stakeholder relationships, corporate affairs and transformation. She is also a director of several other companies in the group. Before joining Sasol, she was a member of the Group Executive Committee at Nedbank Group 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 a director since 2003. He is the Vice President Operations: Infrastructure, Private Sector & Regional Integration of the African Development Bank, prior to which he was chief executive officer and managing director of the Development Bank of Southern Africa. Between 1999 and 2000 he was seconded as advisor to a vice-president of the International Finance

Corporation in Washington. He obtained a Bachelor of Commerce from the University of Transkei in 1983 and 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 became a chartered accountant in 1987. He also obtained a Masters in Science from The George Washington University in 2002 and a Doctorate in Philosophy from the University of Pretoria, South Africa in 2006. He was appointed by the Board on the understanding with the South African government that he will represent the government's interests in our major shareholders, the Public Investment Corporation Limited and the Industrial Development Corporation Limited.

Anshu Jain has been a director since 2003. He has been a member of the Group Executive Committee of Deutsche Bank AG since 2002. He joined Deutsche Bank in 1995 and is currently a managing director and head of global markets at Deutsche Bank. Prior to this appointment he was a managing director of Merrill Lynch in New York. He obtained a Bachelor of Arts (Honours) in economics from Delhi University in 1983 and a Master of Business Administration in Finance from the University of Massachusetts in 1985.

Imogen Mkhize has been a director since 2005. She is a director of Murray & Roberts Holdings Limited, Illovo Sugar Limited, Mondi plc and Mondi Limited, Datacentrix Holdings Limited, Allan Gray Limited and Mobile Telephone Networks (Pty) Limited. She is also a member of the Financial Markets Advisory Board and the Harvard Business School Alumni Board. Previously, she was the executive chairman of the Zitek Group and the managing director of Lucent Technologies South Africa. In 2001, the World Economic Forum recognised her as a Global Leader for Tomorrow. She obtained a Bachelor in Science in Information Systems from Rhodes University in 1984 and a Masters in Business Administration from Harvard Business School in 1995.

Benny Mokaba became a director on 1 May 2006. He is responsible for the South African energy cluster including Sasol Mining, Sasol Synfuels, Sasol Oil and Sasol Gas. He is also a director of several other companies in the group. Before joining Sasol, he was the executive chairman and regional vice president of Shell Southern Africa (Pty) Limited. He also worked for, among others, the Development Bank of Southern Africa. He was acting director general in the national department of welfare, headed Steinmüller Africa (Pty) Limited and was chairman of Siemens Southern Africa (Pty) Limited. He obtained a Bachelor of Arts (Honours) degree from Fort Hare University, South Africa in 1986 and a MSW from Boston College. He completed a PhD on a Fulbright Scholarship at Brandeis University in Waltham, Massachusetts in the United States in 1993. He completed the Advanced Executive Programme at the University of South Africa in 1997.

Sam Montsi has been a director since 1997. He is chairman of Montsi Investments (Pty) Limited. He is a director of Independent News and Media (SA) (Pty) Limited, Business Arts South Africa and all companies in which Montsi Investments has invested. He received a Bachelor of Arts in Development Economics from the University of Botswana, Lesotho and Swaziland in 1970 and a Masters in Development Economics from Williams College in Massachusetts in the United States in 1973.

Hixonia Nyasulu became a director on 1 June 2006. She is the executive chairman of Ayavuna Women's Investments (Pty) Limited. She indirectly owns 5.1% of the shares in Tshwarisano LFB Investment (Pty) Limited, which has acquired 25% of our subsidiary, Sasol Oil (Pty) Limited, on 1 July 2006. Ms. Nyasulu is also a director of Tshwarisano and Sasol Oil. She is also a director of Anglo Platinum Limited, the Tongaat-Hulett Group Limited, Unilever plc/NV and a member of the JP Morgan SA advisory board. 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 a director on 1 May 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 is also a non-executive director of Transnet Limited. In 2006, the World Economic Forum recognised her as a Young Global Leader. She obtained a Bachelor of Accounting Science and Honours degrees from the University of South Africa in 1988 and 1989, respectively and became a chartered accountant in 1990. She attended the Senior Executive Programme at Harvard Business School in the United States in 1999.

Jürgen Schrempp has been a director since 1997. He is the former chairman of the board of management of Daimler AG and a director of Vodafone Group, Compagnie Financière Richemont SA, South African Airways and non-executive chairman of Daimler Chrysler South Africa (Pty) Limited. He is founding chairman of the Southern Africa Initiative of German Business (SAFRI), and a 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.

Tom Wixley became a director on 8 March 2007. He was the chairman of Ernst & Young (South Africa) from 1991 until his retirement in 2001. He joined Ernst & Young in 1960 and became a partner in 1970. He is a member of the Actuarial Governance Board of the Actuarial Society of South Africa and the chairman of the ad hoc Committee on Corporate Law Reform of the South African Institute of Chartered Accountants. He is deputy chairman of Anglo Platinum Limited, chairman of New Corpcapital Limited, and a director of African Life Assurance Company Limited, Clover Industries Limited and Johnnic Communications Limited. He obtained a Bachelor of Commerce from the University of Cape Town in 1959 and qualified as a chartered accountant in 1963.

Chief executive

Our chief executive, who is appointed by the Board, is responsible for the day-to-day management and the strategic direction of the company. Our Board may from time to time confer upon our chief executive any of their powers as they deem fit, and may confer, recall, revoke, vary or alter these powers.

Senior management

The following is a list of our senior executive officers, constituting the Group Executive Committee, whose current areas of responsibility we set out below:

Name	Position and areas of responsibility
Lawrence Patrick Adrian Davies	Chief executive.
Kandimathie Christine Ramon	Chief financial officer.
Johannes Albertus Botha	Group general manager, responsible for Sasol Olefins & Surfactants.
Abraham de Klerk	Group general manager, responsible for operations excellence, including health, safety and the environment, integration across business units and skills development.
Victoria Nolitha Fakude	Executive director responsible for group human resources, key stakeholder relationships and transformation.
Reiner Konrad Groh	Group general manager, responsible for Sasol's chemicals business.
Nereus Louis Joubert	Group general manager and Company Secretary, responsible for legal, procurement and supply, insurance, risk management and internal audit functions.
Bridgeman Bhekumzi Khumalo	Group general manager, responsible for corporate affairs, which includes corporate communications, government relations and black economic empowerment.
Anthony Madimetja Mokaba	Executive director responsible for the energy businesses in South Africa, including Sasol Mining, Sasol Synfuels, Sasol Oil and Sasol Gas.
Giullean Johann Strauss	Group general manager responsible for Sasol Petroleum International, Sasol Synfuels International and Sasol Chevron.
Jan Adrian van der Westhuizen	Group general manager responsible for the establishment of an organisational approach suitable for Sasol's future, Sasol Shared Services and group information management.
Rynhardt van Rooyen	Group general manager, responsible for strategic projects such as our future black economic empowerment (BEE) equity ownership strategy and our future joint venture business and partnership model, particularly for our envisaged offshore CTL and GTL ventures.

Hannes Botha has been a group general manager since 2003. As from 1 July 2007, he became responsible for Sasol Olefins and Surfactants, prior to which he was responsible for Sasol Technology, Sasol's liquid fuel business, gas business and Sasol Synfuels. He joined Sasol in 1981 as a divisional manager and after acting as general manager responsible for manufacturing facilities and engineering activities of various plants, was promoted to managing director of Sasol Synfuels in 1993 and the managing director of Sasol Oil in 1998. He is a director of several companies in the group. He obtained his Bachelor of Science (Electrical Engineering) in 1970 from the University of Pretoria, South Africa and in 1980 his Master of Business Leadership from the University of South Africa in 1980.

Bram de Klerk became a group general manager in 2003. He has been responsible for operations excellence, including health, safety and the environment, integration and skills development since August 2006. Prior to that he was responsible for Sasol Technology and safety, health and the environment. He was the managing director of Sasol Synfuels from 1998 until 2003 and was appointed a director of Sasol Technology in September 2003. He joined Sasol in 1973 as an assistant design engineer and became managing director of National Petroleum Refiners of SA (Pty) Limited in 1993. He is a director of several companies in the Sasol group. He received a Bachelor of Science (Mechanical Engineering) from the University of Pretoria, South Africa in 1973 and a Master of Business Administration from the University of Potchefstroom, South Africa in 1978.

Reiner Groh became the group general manager responsible for Sasol's global chemical business on 1 January 2007. He joined Sasol in 2000 as a result of the Condea acquisition where he had been Managing Director of Condea Germany GmbH. In 2002 he became responsible for Sasol Solvents. He also serves on a number of boards in the Sasol group. He obtained a Doctorate in Chemistry from the University of Saarbrücken in Germany in 1979.

Nereus Joubert has been our company secretary since joining Sasol in 1994 and a group general manager since 2003. Currently he is responsible for the group company secretarial, legal, procurement and supply, insurance, risk management and internal audit functions and serves on the boards of several of the companies of the Sasol group. He obtained a Bachelor of Law degree, a post-graduate Bachelor of Law degree and a Doctor of Law degree from Rand Afrikaans University, South Africa (now the University of Johannesburg) in 1978, 1980 and 1985, respectively, and attended the Advanced Management Programme at Harvard Business School in the United States in 2000. He also conducted post doctoral research at the University of Saarland, Germany as an Alexander Von Humboldt scholar during 1989 and 1993. Prior to joining the company, he was a professor of law and vice dean of the faculty of law of the Rand Afrikaans University, South Africa (now the University of Johannesburg).

Bheki Khumalo became the group general manager responsible for corporate affairs on 1 January 2007. He is a former spokesperson for the President of South Africa and joined Sasol from Siemens Southern Africa where he was the executive director responsible for Corporate Affairs. He obtained a Bachelor of Arts from the University of Fort Hare in South Africa in 1990 and a Bachelor of Arts (Honours) from the same university in 1992.

Lean Strauss became the group general manager in August 2005, responsible for Sasol Synfuels International, Sasol Petroleum International and Sasol Chevron. 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 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 also 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.

Jannie van der Westhuizen has been a group general manager since 2003. He is responsible for the establishment of an organisational approach suitable for Sasol's future, Sasol Shared Services, and group information management, previous to which he was the group general manager responsible for group human resources, mining and group information management. He joined Sasol Mining in 1986 and was the general manager of Brandspruit Colliery, Sasol Mining when he left in 1993 to join Eskom as Fuel and Water Manager. In 1996, he joined Organisation Development International as the Director and Head of Mining Practice and in April 1997 rejoined Sasol as managing director, Sasol Mining. He is a director of several companies in the group. He obtained his Bachelor of Science (Industrial Engineering) in 1972, a Master of Business Administration in 1975 and in 1979 a Post Graduate Diploma in Mining (Cum Laude) from the University of Pretoria, South Africa. He attended

the Executive Management Programme in 1991 at the Pennsylvania State University, United States and in 2002, attended the Stanford Executive Programme at Stanford University, United States.

Rynhardt van Rooyen has been a group general manager since 2001. He is responsible for strategic projects such as our future black economic empowerment equity ownership strategy and our future joint venture business and partnership model, particularly for our envisaged offshore CTL and GTL ventures. Prior to this he was responsible for the group financial function. He joined Sasol in 1977 as a senior accounting officer. He is a director of several companies in the group. He obtained a Bachelor of Commerce from the University of the Orange Free State, South Africa in 1971 and a Bachelor of Computationis (with Honours) degree from the University of South Africa in 1975. He became a chartered accountant in 1976 and is registered with the South African Institute of Chartered Accountants. In 1986, he attended the Executive Management Program and in 1994, the Strategic Purchasing Management Program at the Pennsylvania State University in the United States.

See above for biographies of our executive directors.

6.B Compensation

Compensation of senior management under the JSE Listings Requirements. We are not required to, and do not otherwise, disclose compensation paid to individual senior managers.

For details on the shares and shares options held by our Board named in Item 6.A see "Item 6.E Share ownership".

The following tables summarise the compensation received by our executive and non-executive directors in 2007.

Compensation

Executive directors' remuneration for the year was as follows:

Executive Directors	Salary[2]	Annual incentives[1][2]	Retirement funding	Other benefits	Total 2007	Total 2006
	R'000	R'000	R'000	R'000	R'000	R'000
Pat Davies	4,945	5,739	896	504	**12,084**	7,808
Nolitha Fakude	2,498	1,372	501	387	**4,758**	2,692[3]
Benny Mokaba	2,788	260	561	349	**3,958**	979[3]
Trevor Munday[4]	4,161	3,964	828	807	**9,760**	6,894
Christine Ramon	2,486	229	488	344	**3,547**	510
Pieter Cox	n/a	1,038	n/a	n/a	**1,038**	5,730[5]
Total	16,878	12,602	3,274	2,391	**35,145**	24,613

(1) Refers to incentives awarded, based on the group results for the 2006 financial year.

(2) The determined cash salary and incentives are apportioned on the basis of time related to services rendered offshore. Rand equivalent at actual exchange rates.

(3) The total remuneration for 2006 includes the once-off sign-on bonus paid to Ms Fakude and Dr Mokaba.

(4) Retired as an employee at the end of June 2007 after stepping down as a director with effect from 1 January 2007.

(5)

Annual incentives to Mr Cox as executive director for the period 1 July to 30 September 2005 and calculated as a percentage of fixed remuneration as at 30 September 2005.

Benefits disclosed in the table above as "other benefits" include:

Executive directors	Vehicle benefits	Medical benefits	Vehicle insurance fringe benefits	Security benefits	Leave encashment at retirement	Exchange rate fluctuation[1]	Total other benefits 2007	Total other benefits 2006
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Pat Davies	357	22	3	62	n/a	60	**504**	388
Nolitha Fakude	280	26	3	71	n/a	7	**387**	246
Benny Mokaba	280	23	n/a	46	n/a		**349**	48
Trevor Munday[2]	357	25	3	78	302	42	**807**	400
Christine Ramon	280	25	3	36	n/a		**344**	48
Pieter Cox	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**	238

(1) The cash salary and incentives as apportioned on the basis of time related to services rendered offshore. Rand equivalent at actual rates result in exchange rate fluctuation.

(2) Retired as an employee at the end of June 2007 after stepping down as a director with effect from 1 January 2007

The group executive committee's remuneration (excluding the executive directors disclosed separately above who are members of the group executive committee) for the year was as follows:

Group executive committee	Salary[2]	Annual incentive[1][2]	Retirement funding	Other benefits	Total 2006	Total 2005
	R'000	R'000	R'000	R'000	R'000	R'000
Total	17,078	10,967	3,005	4,150	**35,200**	23,356
Number of members[3]					**8**	7

(1) Refers to incentives awarded, based on the company results for the 2006 financial year.

(2) The determined cash salary and incentives are apportioned on the basis of time and related to services rendered offshore. Rand equivalent at actual exchange rates.

(3) Two new members were appointed as group executive committee members and one member retired with effect from 1 January 2007.

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

Non-executive directors	Board meeting fees[9]	Paid by subsidiaries	Committee fees	Share incentive trustee fees	Total 2007	Total 2006
	R'000	R'000	R'000	R'000	R'000	R'000
Elisabeth Bradley	271		258	52	**581**	408
Warren Clewlow[1]	141		178		**319**	509
Brian Connellan	293		464	52	**809**	651
Pieter Cox (chairman)	520	2,608	530		**3,658**	2,479[2]
Henk Dijkgraaf[3]	435		60		**495**	n/a
Mandla Gantsho	293		130		**423**	364
Anshuman Jain[4]	676		n/a		**676**	519
Paul Kruger[5]	n/a		n/a			1,713
Imogen Mkhize	293		80		**373**	316
Sam Montsi	282		342	52	**676**	553
Hixonia Nyasulu[6]	271		80		**351**	26
Jürgen Schrempp[4]	691		130		**821**	601
Conrad Strauss[7]	n/a	n/a	n/a	n/a	**n/a**	258
Tom Wixley[8]	98		43		**141**	n/a
Total	4,264	2,608	2,295	156	**9,323**	8,397

(1) Retired as a non-executive director of Sasol Limited with effect from 1 January 2007.

(2) Deputy Chairman of the Board thereafter appointed Chairman from 1 January 2006.

(3) Appointed as a non-executive director of Sasol Limited with effect from 16 October 2006.

(4) Board meeting fees paid in US dollars. Rand equivalent of US$90 000 at actual exchange rates.

(5) Retired as a non-executive director of Sasol Limited with effect from 1 January 2006.

(6) Appointed as a non-executive director of Sasol Limited with effect from 1 June 2006.

(7) Retired as a non-executive director of Sasol Limited with effect from 2 December 2005.

(8) Appointed as a non-executive director of Sasol Limited with effect from 8 March 2007.

(9) Includes fees for *ad hoc* board and committee meetings attended during the year.

Directors' service contracts

There are no fixed-term service contracts for executive and non-executive directors. Executive directors have standard employee service agreements with notice periods ranging between 30 and 90 days.

An executive director is required to retire from the Board at the age of 60, unless requested by the Board to extend his or her term. A non-executive director is required to retire from the Board at the end of the year in which the director turns 70, unless the Board, subject to the articles of association and by unanimous resolution on a year-to-year basis, extends the direct