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Exchange rate information

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

Rand per US dollar for the year ended 30 June or the respective month	Average[1]	High[2]	Low[2]
2010	7,59	8,36	7,20
2011	7,01	7,75	6,57
2012	7,78	8,58	6,67
2013	8,85	10,21	8,08
2014	10,39	11,32	9,59
2015[3]	10,73	11,08	10,29
April 2014	10,55	10,67	10,38
May 2014	10,40	10,57	10,29
June 2014	10,68	10,84	10,59
July 2014[3]	10,66	10,78	10,51
August 2014[3]	10,66	10,77	10,55
September 2014 (up to 19 September 2014)[3]	10,88	11,08	10,68

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

(2) Based on the closing rate of Thomson Reuters for the applicable period.

(3) The average exchange rates for the period 1 July 2014 to 19 September 2014 are calculated using the average exchange rate on the last day of each month and as at 19 September 2014 during the period. The average exchange rate for each month and as at 19 September 2014 is calculated using the average of the daily exchange rates during the period.

On 19 September 2014, the closing exchange rate of rand per US dollar as reported by Thomson Reuters was R11,08/US$1.

3.B Capitalisation and indebtedness

Not applicable.

3.C Reasons for the offer and use of proceeds

Not applicable.

3.D Risk factors

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

The rand is the principal functional currency of our operations and we report our results in rand. 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 impacted by 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.

Further, as explained below, the rand/US dollar exchange rate is a component of the basic fuel price (BFP), which impacts the price at which we can sell fuel.

A significant part of our capital expenditure is also US dollar-denominated, as it is directed to investments outside South Africa or constitutes materials, engineering and construction costs imported into South Africa. The majority of our operating costs are either rand based for South African operations or euro based for European operations. Accordingly, fluctuations in the exchange rates between the rand and US dollar and/or euro may have a material effect on our business, operating results, cash flows and financial condition.

Fluctuations in the exchange rates of the rand against the US dollar and euro as well as other currencies, also impact the comparability of our financial statements between periods due to the effects of translating the functional currency of our foreign subsidiaries into rand at different exchange rates. Accordingly, some of the changes in the reported operating results are attributable to fluctuations in exchange rates and do not necessarily reflect the underlying operating results. During 2014, the rand/US dollar exchange rate averaged R10,39 and fluctuated between a high of R11,32 and a low of R9,59. This compares to an average exchange rate of R8,85 during 2013 which fluctuated between a high of R10,21 and a low of R8,08. The rand exchange rate is affected by various international and South African economic and political factors. Subsequent to 30 June 2014, the rand has on average weakened against the US dollar and the euro. In general, a weakening of the rand would have a positive effect on our operating results. Conversely strengthening of the rand would have an adverse effect on our operating results. Refer to "Item 5A—Operating results", for further information regarding the effect of exchange rate fluctuations on our results of operations.

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 partially protect us against adverse movements in exchange rates in accordance with our group hedging policies. See "Item 11—Quantitative and qualitative disclosures about market risk".

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

Market prices for crude oil, natural gas and petroleum products may fluctuate as they are subject to local and international supply and demand fundamentals and factors over which we have no control. Worldwide supply conditions and the price levels of crude oil may be significantly influenced by international cartels, which control the production of a significant proportion of the worldwide supply of crude oil, and by political developments, especially in the Middle East, North Africa and Nigeria.

The price at which we can sell fuel in South Africa is regulated by the South African government, through a mechanism, known as the Basic Fuel Price, or BFP. The BFP is a formula driven price that considers, amongst others, the international crude oil price, the rand/US dollar exchange rate and the refining margin typically earned by coastal refineries. As a result, turnover will be impacted by factors that may be different than if fuel were sold at prices based only on market factors. For example, demand in the Northern Hemisphere during the winter months that results in an increase in the price of crude oil will increase the price—assuming other factors remain constant—we sell our fuel even if there is lower demand in South Africa. Likewise, if the international crude oil price decreases, the price we sell fuel could decrease even if there is greater demand in South Africa. The impact of using the BFP to establish prices could have a negative impact on our operating results. The price and availability of substitute fuels, changes in product inventory, product specifications and other factors will also impact our revenue. In recent years, prices for petroleum products have fluctuated widely.

During 2014, the dated Brent crude oil price averaged US$109,40/b and fluctuated between a high of US$117,13/b and a low of US$103,19/b. This compares to an average dated Brent crude oil price of US$108,66/b during 2013, which fluctuated between a high of US$119,03/b and a low of US$95,51/b.

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

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

Prolonged periods of low crude oil and natural gas prices, or rising costs, could also result in our upstream projects being delayed or cancelled, as well as in the impairment of certain assets. In 2014, we recognised an impairment of R5,3 billion with respect to our Canadian shale gas asset in Montney due to the decline in gas prices in North America and the decline in valuation of recent market transactions for similar assets in the Montney region.

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

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

The demand for chemicals and especially products such as solvents, olefins, surfactants, fertilisers and polymers is cyclical. Typically, higher demand during peaks in the industry business cycles leads producers to increase their production capacity. Although peaks in the business cycle have been characterised by increased selling prices and higher operating margins, in the past such peaks have led to overcapacity with supply exceeding demand growth. Low periods during the industry business cycle are characterised by a decrease in selling prices and excess capacity, which can depress operating margins. Failure to anticipate cyclicality in demand and appropriately adjust production capacity, as well as sustained lower prices for chemical products during downturns in the industry business cycle, 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 or competitors may develop superior technologies

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 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 and batteries, 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 of efficient distribution and gas storage systems that allow light hydrocarbons to be competitively used for mobility and transportation, effectively displacing diesel; and

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

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

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

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

Our large capital projects may not prove sufficiently viable or as profitable as planned and may be affected by delays or cost overruns

We have constructed a gas-to-liquids (GTL) plant in Qatar and are involved in commissioning a GTL plant in Nigeria. In addition, we are considering further GTL opportunities in Uzbekistan (extended front end engineering and design phase, awaiting final investment decision (FID)), the US (front end engineering and design phase) and Canada (feasibility phase has been completed and a decision on the front end engineering and design phase will be taken at a later stage), as well as the Lake Charles Chemicals Complex project (an ethane cracker and chemical derivatives plant which is in the front end engineering and design phase). The development of these projects is a capital-intensive process over long durations and requires us to commit significant capital expenditure and devote considerable management resources in utilising our existing experience and know-how.

In assessing the viability of our projects, we make a number of assumptions relating to specific variables, mainly including, but not limited to:

- relative and absolute prices of crude oil, gas, petroleum and chemical products;

- fluctuations in the exchange rate of the US dollar and other currencies against the rand;
- fluctuations in interest rates;
- access to sufficient competitively priced gas reserves;
- sales opportunities and risks in the relevant countries;
- government incentives in the countries in which we invest;
- capital and operational costs of our facilities;
- technology and catalyst performance; and
- conditions in the countries in which we operate, including factors relating to political, social and economic conditions.

Such projects are subject to risks of delay and cost overruns inherent in any large construction project, including costs or delays resulting from the following:

- scarcity of skilled labour and other personnel necessary to perform the work;
- unexpected delays in delivery times, shortages or unforeseen increases in the cost of equipment, labour and raw materials;
- unforeseen design and engineering problems, including those relating to the commissioning of newly designed equipment;
- work stoppages and labour disputes;
- delays in, or inability to obtain, access to financing;
- failure or delay of third-party service providers and disputes with suppliers;
- changes to regulations affecting the facilities, such as environmental regulations and construction standards, defective construction and the resultant need for remedial work;
- adverse weather conditions; and
- defective construction and the resultant need for remedial work.

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

Exposure related to investments in associates, joint ventures and joint operations may adversely affect our business, operating results, cash flows and financial condition

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

We may not achieve projected benefits of acquisitions or divestments

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

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

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

As at 30 June 2014, we had authorised approximately R111,4 billion of group capital expenditure in respect of projects in progress, of which we had spent approximately R52,4 billion by 30 June 2014. See "Item 5.F—Capital commitments". Our capital expenditure plans and requirements are subject to a number of risks, contingencies and other factors, some of which are beyond our control, and therefore the actual future capital expenditure and investments may differ significantly from the current planned amounts.

Our operating cash flow and banking facilities may be insufficient to meet all of these expenditures, depending on the timing and cost of development of these and other projects, as well as operating performance and utilisation of our banking facilities. As a result, new sources of capital may be needed to meet the funding requirements of these developments, to fund ongoing business activities and to pay dividends. In addition, if we opt to proceed with our US growth projects, we will need to obtain additional external financing in order to fund these projects. Our ability to raise and service significant new sources of capital will be a function of macroeconomic conditions, our credit rating, the condition of the financial markets, future prices for the products we sell, the prospects for our industry, our operational performance and operating cash flow and debt position, among other factors.

Our credit rating may be affected by our ability to maintain our outstanding debt and financial ratios at levels acceptable to the credit ratings agencies, our business prospects, the sovereign credit rating of the Republic of South Africa and other factors, some of which are outside our control. Historically, our credit rating has been affected by movements in the sovereign credit rating of the Republic of South Africa, and recent rating actions and any future downgrade of the South African sovereign credit rating may have an adverse effect on our credit rating, which could negatively impact our ability to borrow money and could increase the cost of debt finance. The sovereign credit rating of the Republic of South Africa was downgraded by Standard & Poor's Ratings Services (S&P) in 2014 from BBB to BBB-, and Fitch Ratings, Inc. changed its ratings outlook to negative from stable.

In the event of unanticipated operating or financial challenges, any dislocation in financial markets, any further downgrade of our ratings by ratings agencies or new funding limitations, our ability to pursue new business opportunities, invest in existing and new projects, fund our ongoing business activities and retire or service outstanding debt and pay dividends, could be constrained, any of which could have a material adverse effect on our business, operating results, cash flows and financial condition.

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

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

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

(a) Political, social and economic issues

We have invested, or are in the process of investing in, significant operations in African, European, North American, Asian and Middle Eastern countries that have in the past, to a greater or lesser extent, experienced political, social and economic uncertainty. Government policies, laws and regulations in countries in which we operate, or plan to operate, may change in the future. 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) Fluctuations in inflation and interest rates

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

Our sustainability and competitiveness depend on our ability to optimise our operating cost base. As we are unable to control the market price at which the products we produce are sold, it is possible that if inflation in countries in which we operate should begin to increase, it may result in significantly higher future operational costs.

In South Africa, consumer price inflation increased to 6,0% in 2014 from 5,7% in 2013, which is the upper limit of the South African Reserve Bank's (SARB) 6% inflation-target ceiling. The SARB increased the bank lending policy interest rate by 50 basis points in January 2014 and a further 25 basis points in July 2014.

The weakening rand/US dollar exchange rate remains the factor having the greatest impact on inflation, and, accordingly the significant weakening of the rand over the past two years poses a significant risk to the inflation outlook. Producers' pricing power appears relatively limited in a weak economic growth environment, but it is unclear how long producers will still be able to absorb cost increases. We expect consumer inflation to remain above the SARB inflation-target ceiling throughout 2014, which will likely lead to an interest rate hiking cycle.

(c) Transportation, water and other infrastructure

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

(d) Disruptive industrial action

The majority of our employees worldwide belong to trade unions. These employees comprise mainly general workers, artisans and technical operators. The South African labour market remains volatile and characterised by major industrial action in key sectors of the economy. For example, in 2014 the platinum sector experienced the longest industrial action ever in the history of democratic South Africa.

Wage negotiations impacting the South African operations of the Sasol group within the Petroleum and Industrial Chemicals sectors as well as within Sasol Mining have been completed. Although we have constructive relations with our employees and their unions, we cannot assure you that significant labour disruptions will not occur in the future or that our labour costs will not increase significantly in the future.

(e) Exchange control regulations

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

(f) Localisation issues

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

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

We are a participant in transformation charters in the liquid fuels and mining industry in South Africa, pursuant to which we have undertaken to enable historically disadvantaged South Africans to hold at least 25% equity ownership in our liquid fuels business and 26% equity ownership, by 2014, in our mining business. We have met these targets, with Sasol Mining's BEE ownership currently above 40%. See "Item 4.B—Empowerment of historically disadvantaged South Africans".

The President of the Republic of South Africa gazetted the new Codes of Good Practice for broad-based black economic empowerment (BBBEE) on 11 October 2013, with a transition period until 30 April 2015. These codes provide a standard framework for the measurement of BBBEE across all sectors of the economy, other than sectors that have their own sectorial transformation charters (e.g. the mining industry). Furthermore, the BBBEE Amendment Act has been assented on 27 January 2014. The Amendment Act makes compliance with the Codes of Good Practice compulsory for all industries. The increased targets of the new codes will have a negative impact on Sasol's BBBEE contributor status. Many companies in South Africa, including Sasol, may be adversely affected by the change in B-BBEE contributor status.

We have complied with the requirements of the BBBEE Codes of Good Practice as gazetted in 2007, and other requirements of the Liquid Fuels Charter and Mining Charter. We believe that the long-term benefits to the company and our country should outweigh any possible short-term adverse effects, but we cannot assure you that future implications of compliance with these requirements or with any newly imposed conditions will not have a material adverse effect on our shareholders or business, operating results, cash flows and financial condition. See "Item 4.B—Empowerment of historically disadvantaged South Africans".

(g) Ownership rights

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

(h) Stakeholder relationships

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

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

- acts of warfare and civil clashes;
- government interventions, including protectionism and subsidies;
- regulatory, taxation and legal structure changes;
- the control of oil and gas field developments and transportation infrastructure;
- failure to receive new permits and consents;
- cancellation of contractual rights;
- expropriation of assets;
- lack of capacity to deal with emergency response situations;
- the introduction of selective environmental and carbon taxes;
- social and labour unrest due to economic and political factors in host countries;
- terrorism and kidnapping threats; and
- possible demands to participate in unethical or corrupt conduct will lead us to forgo certain opportunities.

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

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

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

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

With the recent commissioning of additional power generation equipment, Sasol has an installed generation capacity of approximately 70% of its total South African power supply needs internally. However, our South African operations remain dependent on power generated by the state-owned utility, Eskom for their remaining power supply requirements. During 2008, South Africa experienced significant electricity supply interruptions, and although the situation has improved since then, the electricity supply is again critically constrained and will remain so until the commissioning of new generation capacity. Although Eskom has implemented a number of short- and long-term mitigation plans, we cannot assure you that we will not experience power supply interruptions which could have material adverse effects on our business, operating results, cash flows, financial condition and future growth.

South African electricity tariffs may increase by more than the 8% already sanctioned for the year starting 1 April 2015, after the National Energy Regulator of South Africa (NERSA) determined that Eskom had under recovered R7,82 billion in revenue between 2010 and 2013. Accordingly, our 2015 cost increase may be under pressure due to higher than expected electricity price increases. A sharp increase in electricity costs may have material adverse effects on our business, operating results, cash flows, financial condition and future growth.

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

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

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

Since the enactment of the Mineral and Petroleum Resources Development Act, 28 of 2002, (MPRDA) in May 2004, our subsidiary, Sasol Mining (Pty) Ltd, has been successful in converting its prospecting permits and mining authorisations to new order prospecting and mining rights in terms of the MPRDA. The new order mining rights, known as converted mining rights, became effective on 29 March 2011. The converted new order mining right in respect of the Secunda area have initially been granted for a period of ten years, while those in respect of the Mooikraal operations at Sasolburg have been granted for a period of thirty years. We have been successful in extending our Secunda area mining right from 10 years to 30 years (expires on 28 March 2040), which is the maximum allowable period under the MPRDA. In addition to the initial validity period, our converted mining rights may, on application, be renewed for further periods not exceeding thirty years each.

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

The MPRDA Amendment Bill, 2013 has been approved by the National Assembly of the Parliament of the Republic of South Africa and now awaits to be signed by the President of the Republic of South Africa. After the signature thereof by the President, the MPRDA Amendment Act will be implemented on a date still to be published in the Government Gazette of South Africa. The Department of Mineral Resources (DMR) is currently drafting the regulations to be promulgated under the MPRDA Amendment Bill, but no information as to the content and impact thereof is available. The DMR is currently reviewing the Mining Charter. It is uncertain to what extent the revision of the Mining Charter will impact on the mining industry. The MPRDA Amendment Bill, the Regulations to be promulgated in terms thereof and the amendment of the Mining Charter may impact our business activities.

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

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

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

The South African Petroleum Industry Association confirmed that the South African government has communicated a postponement to the 1 July 2017 introduction date of new cleaner fuels standards, (Clean Fuels 2), which are aligned to EURO 5 fuel specifications, to reduce the environmental impact caused by vehicle emissions. A new target date is awaited. The introduction of the new specifications and standards will require capital investment in our manufacturing facilities. We cannot assure you that these new specifications will not have a material adverse effect on our business, operating results, cash flow and financial condition.

The ten year regulatory dispensation negotiated with the South African government with respect to the supply of Mozambican natural gas to the South African market expired in March 2014. In accordance with the regulatory framework relating to gas prices and tariffs, NERSA has, on 26 March 2013, approved transmission tariffs and maximum gas prices which will apply to our gas business in South Africa, after the expiry of the aforesaid regulatory dispensation. Seven of Sasol Gas' largest customers initiated a pricing review, and NERSA and Sasol Gas are responding. We cannot assure you that the provisions of the Gas Act and the implementation of a new gas price and tariff methodology pursuant to the NERSA approvals, and the outcome of the review application, will not have a material adverse impact on our business, operating results, cash flows and financial condition. See "Item 4.B—Business overview—Regulation of gas related activities in South Africa".

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

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

We are subject to a wide range of general and industry-specific environmental, health and safety and other legislation in jurisdictions in which we operate. See "Item 4.B—Business overview—Regions in which Sasol operates and their applicable legislation". Compliance with these requirements is a significant factor in our business, and we incur, and expect to continue to incur, significant capital and operating expenditures in order to continue to comply with these requirements. These laws and regulations and their enforcement are likely to become more stringent over time. We may be required in some cases to incur additional expenditure in order to comply with such legislation. Similarly, public opinion is growing more sensitive to consumer health and safety associated with the manufacturing and use of chemicals, environmental and climate change protection matters, and, as a result, markets may apply pressure on us concerning certain of our products, manufacturing processes, transport and distribution arrangements. As a result of these additional pressures, the associated costs of compliance and other factors, we may be required to withdraw certain products from the market, which could have a material adverse effect on our business, operating results, cash flows and financial condition. We continue to engage with governments and other stakeholders where we operate and monitor this risk on an ongoing basis.

For example, we are subject to stringent new point source emission standards for a number of air pollutants. New facilities must comply with the new standards immediately. Existing facilities have five years from 1 April 2010 within which to comply with standards imposed thereon and must comply with the standards imposed for new facilities by 2020. These standards and time frames have profound implications, particularly for our existing plants, in terms of technical and financial feasibility. Sasol is using available regulatory mechanisms, such as making applications for postponements, in line with air quality requirements in South Africa to address these challenges.

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

In order to continue to comply with licences, laws and regulations regarding safety, health, environment and the manufacturing and use of chemicals, we may have to incur costs which we may finance from our available cash flows or from alternative sources of financing. We may be required to provide for financial security for environmental rehabilitation in the form of a trust fund, guarantee, deposit or other methods as may be required by legislation imposing obligations in respect of decommissioning and rehabilitation of environmental impacts. No assurance can be given that changes in safety, health, environmental, chemical and other product 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.

Mining is a hazardous industry and working conditions including weather, altitude and temperature can add to the inherent dangers of mining. The mining process, including blasting and processing ore bodies, can generate environmental impacts including dust and noise and may require the storage of waste materials, including in liquid form. Dust, noise or leakage of polluting substances from site operations or mine residue facilities have the potential to generate harm to our employees, the communities near our operations or the environment.

Failure to provide a safe and healthy working environment may result in government authorities forcing closure of mines on a temporary or permanent basis or refusing mining right applications. We could face civil or criminal fines and penalties, liability to employees and third parties for injury, illness or death, statutory liability for environmental remediation, and other financial consequences, which may be significant.

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

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

Continued political attention to issues concerning climate change, the role of human activity in it, and potential mitigation through regulation could have a material impact on our operations and financial results. International agreements and national or regional legislation and regulatory measures to limit greenhouse emissions are currently in various stages of discussion or implementation. Key international negotiations may possibly be concluded in 2015 where governments plan to adopt a new protocol applicable to all developed and developing countries.

A reduction of greenhouse gas emissions could be achieved through market-based regulatory programmes, technology-based or performance-based standards or a combination of them. Current measures in South Africa have already resulted in increased compliance costs for power suppliers that are passed to us in the form of levies for electricity generated from fossil fuels. These types of levies may increase substantially over time. The climate change management policy process, culminated in the publication of a National Climate Change Response White Paper (NCCRWP), in November 2011 and, in May 2013, a second carbon tax discussion document was published for comment. In the NCCRWP, South Africa reiterated its intent to, subject to certain conditions, implement nationally appropriate mitigation action to enable a 34% deviation below "business as usual" emissions growth trajectory by 2020, and 42% by 2025. The NCCRWP indicates the implementation of a carbon budget process which will be cascaded to company level and suggests significant changes to the local regulatory landscape. There is uncertainty on how this will be implemented and therefore risk remains on how these targets as well as the carbon budget approach will influence Sasol's business. In addition, government is trying to implement a carbon budget together with a carbon tax, that has been decided by the South African National Treasury. In the recent 2014 Budget Speech, the South African National Treasury indicated that the carbon tax has been delayed to 2016 and that investigations on how to integrate the carbon tax with the carbon budget process are currently underway.

The development of these and other greenhouse gas emissions-related laws, global treaties, policies and regulations may result in substantial capital, compliance, operating and maintenance costs. The level of expenditure required to comply with any laws and regulations is uncertain and will depend on a number of factors including, among others, the sectors covered, the greenhouse gas emissions reductions required by law, the extent to which we would be entitled to receive any emission allowance allocations or would need to purchase compliance instruments on the open market or through auctions, the price and availability of emission allowances and credits, and the impact of legislation or other regulation on our ability to recover the costs incurred through the pricing of our products. Material price increases or incentives to conserve or use alternative energy sources could reduce demand for products we currently sell and adversely affect our sales volumes, revenues and margins.

We are subject to competition and antitrust laws

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

The South African Competition Commission is conducting investigations into the petroleum and polymer industries. On 5 June 2014, the South African Competition Tribunal imposed administrative penalties of R534 million relating to the pricing of propylene and polypropylene by our subsidiary Sasol Chemical Industries (Pty) Limited (SCI) (previously Sasol Chemical Industries Limited). In addition, the Tribunal also ordered revised future pricing of polypropylene and propylene. SCI filed an appeal against the decision of the Competition Tribunal with the South African Competition Appeal Court.

The group has co-operated with competition authorities to deal pro-actively with non-compliance matters. We continue to interact and cooperate with the South African Competition Commission in respect of leniency applications as well as in the areas that are subject to the South African Competition Commission investigations. Refer to "Item 4.B Business overview—Legal proceedings and other contingencies".

Although it is our policy to comply with all laws, and notwithstanding training and compliance programmes, we could inadvertently contravene competition or antitrust laws and be subject to the imposition of fines, criminal sanctions and/or civil claims and damages. This could have a material adverse impact on our business, operating results, cash flows and financial condition.

The competition law compliance risks mentioned above will escalate for companies as the provisions contained in the Competition Law Amendment Act of 2009 relating to market enquiries became effective, as from 1 April 2013. The market enquiry provisions grant the Competition Commission the authority to conduct inquiries into the general state of competition in any market in South Africa for particular goods or services without referring to specific prohibited conduct or a particular firm. The remaining sections of the Competition Law Amendment Act of 2009 have not as yet come into effect. Should the remainder of the sections relating to individual criminal liability for collusion as well as the concept of a "complex monopoly", which will allow the Competition Commission to start an investigation against larger industry players without a formal complaint, become effective, the competition law compliance risks mentioned above will be further aggravated. This could have a material adverse impact on our business, operating results, cash flows and financial condition.

We may not be successful in attracting and retaining sufficiently 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, engineers, project execution skills, artisans and operators. In addition, we are dependent on highly skilled employees in business and functional roles to establish new business ventures as well as to maintain existing operations.

The quality and availability of skills in certain labour markets is impacted by the challenges within the education and training systems in certain countries in which we operate. Localisation, diversity and other similar legislation in countries in which we operate are equally challenging to the attraction and retention of sufficiently skilled employees.

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

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

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

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

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

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

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

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

Certain of our chemical production facilities are located in developed countries, including the US and Europe. Economic and political conditions in these countries result in relatively high labour costs and, in some regions, relatively inflexible labour markets. Increasing competition from regions with lower production costs and more flexible labour markets, for example the Middle East, India and China, exerts pressure on the competitiveness of our chemical products and, therefore, on our profit margins. This could result in the withdrawal of particular products or the closure of specific facilities, which may have a material adverse effect on our business, operating results, cash flows and financial condition.

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

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

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

Our products are ultimately sold to customers around the world and this exposes us to risks related to the transportation of such products by road, rail or marine vessels. Such activities take place in the public domain exposing us to incident risks over which we have limited control.

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

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

We may face the risk of information security breaches or attempts to disrupt critical information technology services, which may adversely impact our operations

The increasing use of information technology (IT) systems in operations are making all industries, including the energy and chemicals industries, much more susceptible to cyber threats. Recent global trends have shown that the energy sector is increasingly becoming the target of cyber-attacks. Although we have an information security programme in place, Sasol may be vulnerable to cyber-attacks and attempts to gain unauthorised access to our IT systems. Disruption of critical IT services, or breaches of information security, could have a material adverse effect on our disclosure control processes.

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

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

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

Reserve estimates will require revision based on actual production experience and other factors, including extensions and discoveries. In addition, regulatory changes, market prices, increased production costs and other factors may result in a revision to estimated reserves. Significantly revised estimates may have a material adverse effect on our business, operating results, cash flows and financial condition. See "Item 4.D—Property, plants and equipment".

Our international activities increase the compliance risks associated with economic and trade sanctions imposed by the United States, the European Union and other jurisdictions

Our international operations could expose us to trade and economic sanctions or other restrictions imposed by the United States or other governments or organisations, including the United Nations, the European Union and its member countries. Under economic and trading sanctions laws, governments may seek to impose modifications to business practices, and modifications to compliance programmes, which may increase compliance costs, and may subject us to fines, penalties and other sanctions.

Although we believe that we are in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations.

We are monitoring developments in the United States, the European Union and other jurisdictions that maintain sanctions programs, including developments in implementation and enforcement of such sanctions programs. Expansion of sanctions programs, embargoes and other restrictions in the future (including additional designations of countries subject to sanctions), or modifications in how existing sanctions are interpreted or enforced, could have a material adverse effect on our business, operating results, cash flows and financial condition.

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

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

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

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

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

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