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)
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	11,45	12,58	10,51
2016(3)	13,22	14,07	12,25
April 2015	12,01	12,22	11,78
May 2015	11,97	12,16	11,79
June 2015	12,28	12,58	12,10
July 2015(3)	12,46	12,70	12,25
August 2015(3)	12,93	13,30	12,65
September 2015(3)	13,65	14,07	13,27
October 2015 (up to 2 October 2015)(3)	13,83	13,92	13,73

(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 2015 to 2 October 2015 are calculated using the average exchange rate on the last day of each month and as at 2 October during the period. The average exchange rate for each month and as at 2 October 2015 is calculated using the average of the daily exchange rates during the period.

On 2 October 2015, the closing exchange rate of rand per US dollar as reported by Thomson Reuters was R13,73/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 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 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 (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, our turnover will be impacted by factors that may be different than if fuel were sold at prices based only on market factors. Likewise, if the crude oil price decreases, the price at which 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.

The group's profitability was adversely impacted by the 33% decline in oil prices. During 2015, the dated Brent crude oil price averaged US$73,46/b and fluctuated between a high of US$106,64/b and a low of US$48,18/b. This compares to an average dated Brent crude oil price of US$109,40/b during 2014, which fluctuated between a high of US$117,13/b and a low of US$103,19/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 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 fluctuations in US dollar oil prices as well as in the rand to US dollar exchange rate which affects 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 projects being delayed or cancelled, as well as in the impairment of certain assets. In Canada, low gas prices have continued to persist resulting in a partial impairment of our shale gas assets in 2014 of R5,3 billion and a further impairment of R1,3 billion in 2015. We have also recognised a partial impairment in 2015 of R1,3 billion with respect to our Etame assets in Gabon, due to the decline in oil 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.

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 above, the rand/US dollar exchange rate is a component of the BFP, which impacts the price at which we can sell fuel in South Africa.

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, US dollar based for our operations in the United States or euro based for European operations. Accordingly, fluctuations in 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 2015, the rand/US dollar exchange rate averaged R11,45 and fluctuated between a high of R12,58 and a low of R10,51. This compares to an average exchange rate of R10,39 during 2014 which fluctuated between a high of R11,32 and a low of R9,59. The rand exchange rate is affected by various international and South African economic and political factors. Subsequent to 30 June 2015, 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".

Cyclicality in petrochemical product prices and demand 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. 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 are unable to accurately forecast fluctuations in petroleum product prices, which 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 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 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 gas-to-liquids (GTL) plants in Qatar and Nigeria as well as the first phase of the Fischer-Tropsch Wax Expansion Project (FTWEP) in Sasolburg. During the 2015 financial year, we made the final investment decision on the Lake Charles Chemical Project (LCCP) (an ethane cracker and chemical derivatives plant) and started detailed engineering and infrastructure work. In Mozambique, we submitted a field development plan (FDP) for the Production Sharing Agreement (PSA) licence area to the regulatory authorities. The PSA FDP proposes an integrated oil, Liquefied Petroleum Gas (LPG) and gas project adjacent to the Petroleum Production Agreement (PPA) area. A further update on the investment strategy and monetisation plan will be provided once approval has been received from the relevant authorities in Mozambique. The development of these projects is a capital-intensive process carried out 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 or plan to 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;
- 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 oil and gas and downstream 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 invalid assumptions or materially different market conditions, or other factors. Furthermore, we could be found liable, regardless of extensive due diligence reviews, 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

In December 2014, in response to the low oil price environment, we started to formulate a comprehensive Response Plan to conserve cash. We set ourselves a cash conservation target range of R30 billion to R50 billion over 30 months from 31 December 2014. One of the levers of the Response Plan is to conserve cash of between R13 billion to R22 billion through capital portfolio phasing and reductions. We revised our forecasted capital expenditure for the 2015 financial year from R50 billion to R45 billion. Actual capital expenditure (cash flow) during the year amounted to R45,1 billion. As a result of the weakening rand against the US dollar, we updated our capital expenditure forecast for 2016 to R70 billion and to R65 billion for 2017.

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 our operating performance and the utilisation of our banking facilities. Refer to "Item 18—Financial Statements—note 18" for a breakdown of our banking facilities and the utilisation thereof. As a result, new sources of capital may be needed to meet the funding requirements of these projects, to fund ongoing business activities and to pay dividends. In addition, should we decide to proceed with any further projects in the United States, we will need to obtain external financing to fund such projects. To date, we have secured 80% of the funding required for the construction of the LCCP. Our ability to raise and service significant new sources of capital will be a function of macroeconomic conditions, our credit rating, our gearing and other debt metrics, 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 any future adverse rating actions or 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–. The outlook is currently stable. The Moody's Investors Service (Moody's) rating of the Republic of South Africa is Baa2, with a stable outlook. Sasol's credit rating was not impacted by the recent change in the sovereign credit rating of the Republic of South Africa.

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 United States, the Middle East and Asia, a joint venture in a GTL facility in Qatar, joint arrangements in the United States, 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

Macroeconomic 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 is influenced by 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 decreased to 5,1% in 2015 from 6,1% in 2014. Following the decline in the oil price, domestic consumer price inflation trended lower into the early part of the 2015 calendar year. However, upside risks to the inflation outlook prompted the South African Reserve Bank (SARB), to increase the policy interest rate by 25 basis points in July 2015.

The rand/US dollar exchange rate remains one of the factors having a significant impact on inflation, and, accordingly the weakening of the rand over the past few years poses a risk to the inflation outlook.

It is expected that rand weakness and rising inflation could see the SARB lifting interest rates further in the coming months. 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.

(c) Transportation, water, 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. 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 plant 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.

In South Africa, the supply of electricity will remain extremely tight into 2019 and 2020, until substantial new generation capacity is commissioned. Sasol has an installed generation capacity of approximately 70% of its total South African power supply needs internally, and hence has a limited exposure. Although Eskom has implemented a number of short- and long-term mitigation plans, we could experience power supply interruptions which could have material adverse effects 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.

Wage negotiations impacting the South African operations of the Sasol Group within the Petroleum and Industrial Chemicals sectors have been concluded. 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, corporate social responsibility 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, 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 pursuing them.

The President of the Republic of South Africa originally gazetted the revised Codes of Good Practice for broad-based black economic empowerment (B-BBEE) the "Revised Codes" on 11 October 2013, with a transition period until 30 April 2015.

The Revised Codes became effective on 1 May 2015. These codes provide a standard framework for the measurement of B-BBEE across all sectors of the economy, other than sectors that have their own sectorial transformation charters (e.g. the mining industry). The B-BBEE Amendment Act was assented on 27 January 2014.

The Revised Codes provide more stringent targets which will have an impact on Sasol's current B-BBEE contributor status. The more stringent targets comprise both increased pillar-specific targets (For example, in preferential procurement the target for black ownership of suppliers increased from 25% to 51%) and the generic scorecard requiring more points to be obtained in order to qualify for a given level. (For example, under the previous codes, a Level 4 B-BBEE status was achieved by scoring at least 65 points, whereas under the Revised Codes, the threshold has been increased to 80). In 2015, we reported a level 4 B-BBEE contributor status. However like many other companies, we expect this to decline. We have embarked on a project to assess our B-BBEE strategies.

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-governmental 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 the resettlement of communities or relocation of infrastructure, have increased substantially 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, xenophobia and kidnapping threats; and
- possible demands to participate in unethical or corrupt conduct that 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. Currently the electricity supply system in South Africa is critically constrained due to several factors, such as significant delays with new power station build projects, insufficient maintenance opportunities on the ageing power station fleet and an increasing trend of unplanned outages forcing the country into regular load shedding or load curtailment in the residential, commercial and industrial sectors. It is expected that the current tight supply situation will remain until the anticipated commissioning of substantial new generation during 2019 and 2020. Although Eskom has implemented a number of short- and long-term mitigation plans, we could experience power supply interruptions which could have material adverse effects on our business, operating results, cash flows, financial condition and future growth.

South African industrial electricity tariffs increased by 12,69% on 1 April 2015, and may increase further, pending the outcome of a public consultation process announced by the National Energy Regulator of South Africa (NERSA). Eskom applied for a selective re-opener of the current Multi-Year Price Determination (MYPD), which was rejected by NERSA. Although Eskom has not made any official announcement on its course of action, it is our understanding that they will submit a full application to NERSA for the next MYPD period. 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

Ethical misconduct and non-compliance with applicable laws could have a material adverse impact on our reputation, operations and authorisation to operate. Petrochemical companies need to be particularly vigilant with regard to the risk of bribery, especially when the scale of investments and the corruption perception of the countries where operations take place are considered. We, like other international petrochemical companies, have a geographically diverse portfolio and conduct operations in countries, some of which have a perceived high prevalence of corruption.

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 and competition and anti-corruption laws in our South African and global operations. Non-compliance can impact business performance adversely. 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. For example, non-compliance with environmental, health or safety laws may occur, among other ways, from systems or human errors in monitoring our emissions of hazardous or toxic substances into the environment, such as our use of incorrect methodologies or defective or inappropriate measuring equipment, errors in manually capturing results, or other mistaken or unauthorised acts of our employees. Any failure to comply with applicable laws and regulations could result in regulatory enforcement against us, third party claims against us for loss or injury, the imposition of civil or criminal fines or penalties, loss of our relevant licenses, the requirement for us to implement costly corrective actions, or other liabilities, any of which 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 mining rights in respect of the Secunda as well as the Mooikraal operations at Sasolburg are valid for 30 years (expiring during 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 30 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. The entity, upon receiving a notice of breach from the Minister has a specific period of time 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, after initial approval by the National Assembly, was referred back to the National Assembly for reconsideration. The referral was due to concerns of the President that the Bill would not stand constitutional muster.

Disagreement exists between the Department of Mineral Resources (DMR) and the mining industry regarding the interpretation of the ownership element of the Mining Charter. The disagreement centers around the so-called "once empowered always empowered" principle. The Minister of Mineral Resources and the mining industry agreed to obtain a declaratory order on this principle. Subsequently the Chamber of Mines lodged an application with the High Court to obtain the declaratory order. It is expected that the process can take at least 12 months before clarification is obtained. Considering Sasol Mining's Black Economic Empowerment (BEE) ownership status it is possible that the outcome of this application could have an adverse effect on Sasol Mining. The DMR is currently reviewing the Mining Charter. It is uncertain what impact the revision of the Mining Charter will have on the mining industry.

The proposed changes to the MPRDA, the regulations to be promulgated in terms thereof and the amendments of the Mining Charter, and mining and petroleum rights in the future may 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 Secunda Synfuels submitted applications for their respective operations. The Sasol Oil and Secunda Synfuels wholesale and manufacturing 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, are deemed to be holders of a licence until their applications have been finalised. Until these applications have been finalised, we cannot provide assurance 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 fuel industry, inter alia through the South African Petroleum Industry Association, is involved in discussions with the South African government regarding a postponement of the 1 July 2017 introduction date of new cleaner fuels standards, (Clean Fuels 2), which are aligned to EURO V emission standards enabling fuel specifications, to reduce the environmental impact caused by vehicle emissions. These discussions are at an advanced stage, but a new target date has yet to be announced by the government. 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 10 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 25 March 2014, approved transmission tariffs and maximum gas prices which apply to our gas business in South Africa, after the expiry of the regulatory dispensation. Seven of Sasol Gas' largest customers initiated a judicial review of the NERSA decisions relating to its maximum price and tariff methodologies and NERSA's decision on Sasol Gas's maximum price application. The review application proceedings have been completed and Sasol is awaiting the judgement. 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

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".

One of the most material challenges facing Sasol relates to our ability to anticipate and respond to the changing regulatory and policy context, particularly relating to environmental legislation in South Africa. Evolving legislation relating to air quality, climate change and waste management introduce profound regulatory challenges to our existing plants in South Africa. These laws and regulations and their enforcement are likely to become more stringent over time. 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.

The promulgation of the South African National Environmental Management: Air Quality Act in 2004, followed by the publication of minimum emission standards for point sources in April 2010, introduced a fundamental new approach to air quality management. Accordingly, our existing plants have to meet more stringent point source standards up to 2020 as governed in terms of our atmospheric emission licences. From 2020 onwards, our plants have to comply with emission standards applicable to newly commissioned plants. These requirements, which may require retrofitting of some of our existing plants, pose significant compliance challenges for our existing plants from a technical and financial feasibility point of view.

To mitigate these compliance risks in the short and long term, Sasol will be reliant on mechanisms available in law and associated decisions thereon by the relevant environmental authorities in instances where technical solutions have not yet been identified to timely achieve the prescribed emission limits. We are likely to submit applications for postponements, to obtain extensions on the requisite compliance time frames. Sasol remains concerned about the limitations of the postponement mechanism to provide longer-term certainty in the face of these significant compliance challenges. We may also rely on other available mechanisms, such as, implementation of air quality offsets, to address our longer term compliance challenges. However, these may not be granted or formally recognised as part of our licensing dispensations. In this regard, Sasol continues to investigate solutions that may enable us to comply over the longer term, and to conduct collaborative and constructive engagements with the Department of Environmental Affairs and other stakeholders to further highlight and resolve these challenges.

Ongoing changes to waste management legislation in South Africa are compelling our South African operations, in collaboration with service providers, to find alternative solutions to waste management and disposal. The changing regulatory landscape introduces increasingly stringent waste disposal restrictions, to be phased in from August 2016. The potential costs associated with meeting these requirements are being quantified. We will be dependent on clarifying the interpretation and applicability of specific requirements to our waste streams with the regulatory authorities for purposes of determining whether there would be compliance challenges associated with technical and feasibility constraints. Sasol may have to rely on mechanisms in law, such as exemption applications, to address its potential waste management compliance challenges, the outcome of which cannot be guaranteed.

Public opinion is growing more sensitive to community and consumer health and safety associated with the manufacturing and use of chemicals. 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 to eliminate or mitigate associated potential risks, including the Chemical and Allied Industries' Association Responsible Care® programme, we may be subject to liabilities as a result of the use or exposure to these materials or emissions.

Consequently, 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.

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

Climate change poses a significant risk for our business, both in meeting anticipated legislative requirements and in adapting to its potential physical impacts. Identifying the appropriate responses that balance the needs for economic development, job creation, energy security and emissions reductions represent a profound challenge for Sasol's South African operations in particular.

Sasol's highly energy intensive-operations exist largely in South Africa in the midst of rapidly evolving national legislation on greenhouse gas emissions. In the National Climate Change Policy (NCCP), South Africa reiterated its intent to, subject to certain conditions, implement nationally appropriate mitigation actions to enable a 34% deviation below "business as usual" emissions growth trajectory by 2020, and 42% by 2025. The NCCP indicates the implementation of a carbon budget process which is now being cascaded to company level, and potentially suggests significant changes to the South African regulatory landscape as of 2021. The first phase of five years for the carbon budget process is a pilot phase where no sanctions will apply. Uncertainty remains as to the next phase, the details of which will be developed during the first phase on how this target as well as the carbon budget and its link to the potential carbon tax will influence Sasol's business. A high risk also remains that National Treasury in South Africa will still pursue a stand-alone carbon tax. The potential double compliance burden may pose additional financial implications for Sasol's business.

A reduction of greenhouse gas emissions could be achieved through market-based regulatory programmes, technology 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 on to consumers in the form of levies for electricity generated from fossil fuels. These types of levies have increased substantially over time and are likely to increase further due to the electricity supply constraint experienced in South Africa in particular.

Our international operations are less carbon intensive and have been operating in a more mature greenhouse gas regulatory regime for a period of time already. However, continued political attention to issues concerning climate change, and potential mitigation through regulation, could have a material impact on our operations and financial results. Key international negotiations are likely to be concluded by the end of calendar year 2015, where governments plan to adopt a new protocol applicable to both developed and developing countries, with the potential impact of stricter standards that would apply to our operations.

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.

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

Although it is our policy to comply with all laws, and notwithstanding training and compliance programmes, we could 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 reputation, business, operating results, cash flows and financial condition.

The competition law compliance risks mentioned above escalated 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. In this regard, the Competition Commission commenced a market inquiry into the South African liquefied petroleum gas (LPG) market in June 2014. 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 also key considerations in the attraction and retention of sufficiently skilled employees. In an increasingly competitive market for limited skills, 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.

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, 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 in relation to 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, 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 Secunda Synfuels production facilities are concentrated in a relatively small area in Secunda, South Africa. The size of the facility is approximately 82,5 square kilometres (km^2) with operating plants accounting for 8,35 km^2. This facility utilises feedstock from our mining and gas businesses, while 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 and increasing production costs and may in turn, also 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 is 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 programmes, including developments in implementation and enforcement of such sanctions programmes. Expansion of sanctions programmes, 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