



## ***Update from Chief Financial Officer***

29 January 2009

Dear Shareholder,

### ***Update***

It was our intention to publish a December issue of Investor Insight, but due to volatile market conditions and other factors, we have decided to replace it with a succinct update. I trust you will find this report on some of our key events, including our capital projects and other initiatives, interesting and informative.

Market conditions have deteriorated in recent months due to the global economic downturn, but they serve to reinforce several positive facts about Sasol. Sasol is a solid company with a strong balance sheet supported by comprehensive risk management processes and a very committed management team. As indicated in our trading statement of 21 January 2009, Sasol's businesses continue to generate considerable cash flows despite the turmoil in global markets, although the second half of the financial year is expected to be more challenging. We have therefore revised our outlook for the financial year ending 30 June 2009 to a "moderate reduction in earnings forecast for 2009 compared to the prior year."

Sasol has a positive cash position and has entered a cash conservation mode given the global economic crisis. We will continue to manage our balance sheet prudently and have lowered our targeted gearing (net debt to equity ratio) from the previous range of 30% -50% to 20%- 40%.

As announced on 19 January 2009, Sasol is systematically undertaking comprehensive group-wide reviews of its compliance with competition law. In the course of the reviews, Sasol will adopt appropriate remedial steps and disclose material findings as and when appropriate. It is currently envisaged that the review process will be completed during the first half of calendar year 2009.

The overarching objective of our growth plans remains unchanged: to ensure we prudently manage our resources and pursue those projects that are in the best interests of our shareholders and other valued stakeholders. Accordingly, we are reviewing and reprioritising some of our planned projects in the light of the changed market conditions including assessing the opportunities that the current environment presents. We will give more detail on our capital expenditure forecasts at our Interim Results release on 9 March 2009.

### ***Project on-track to lift gas supply to South Africa by 20%***

The R1 billion project to construct a capacity-boosting compressor station on the 865 km cross-border pipeline from the Temane central processing facility (CPF) in Mozambique to Secunda in South Africa is progressing to schedule and within budget. The new compressor station is expected to be fully commissioned in the 2010 financial year. Once fully operational, the compressor station will enable a 20% increase in gas delivery to a rate of about 147 million gigajoules a year.

### ***Phase-one Secunda expansion moves ahead***

Sasol Synfuels' progressive expansion project, the Secunda Growth Programme, will be phased in over a longer period than originally planned. Phase one, based on natural gas and previously targeted for completion in the 2010 calendar year, is now expected to start commissioning in 2010 with ramp-up through to the 2012 calendar year. Phase one now involves a 3% production increase (previously 4%). The reason for the scope change is that some of the additional natural gas supply will be re-routed to increase electricity production through the installation of new gas-based co-generation technology. This will improve energy-efficiency and reduce Secunda's reliance on external energy supply from Eskom. Phase two of the Synfuels Growth Programme remains in pre-feasibility stage.

### ***Pre-feasibility work on Mafutha CTL gains momentum***

Work on the pre-feasibility phase of Sasol's Project Mafutha is progressing well. The project is a formal investigation into the viability of developing an inland coal-to-liquids (CTL) plant in South Africa with a capacity of about 80 000 barrels a day (b/d). The project team is focusing on the Limpopo West area in north-western South Africa. There has been significant progress in areas such as coal exploration and analysis, technology selection, baseline environmental assessments and government engagement. Sasol recently signed a memorandum of understanding with the state-owned Industrial Development Corporation of South Africa (IDC) to participate in Mafutha. As part of the next phase a full statutory environmental impact assessment will be conducted. Next stages include conducting bulk-sample coal-mining and large-scale testing of coal samples in gasifiers at Secunda.

### ***Investors and analysts visit Oryx GTL plant as stability improves***

The performance and ramp-up of the Oryx GTL plant in Qatar continues satisfactorily. The improved production rates and greater stability stem mostly from improvements made to the two Sasol low-temperature SPD™ reactors earlier in the 2008 calendar year. Further production increases are targeted. A group of buy and sell -side financial analysts visited Oryx in November and saw the results delivered by a dedicated operations management team through a concerted ramping up programme. Earlier commissioning challenges have been resolved and the focus now is on improving operational stability and increasing online availability.

### ***Arya Sasol Polymers operational***

In Iran, both low density and medium/high density polyethylene plants at Arya Sasol Polymers have started up. The low density polyethylene plant is in beneficial operation and is producing in-spec material for the export markets, while the medium/high density plant is currently in the ramp-up phase and is expected to reach beneficial operation soon. The million ton per annum ethane cracker has been operational since November 2007.

### ***Sasol starts seismic exploration in PNG***

In October 2008, Sasol commenced seismic work in four onshore blocks (PPL-285 - PPL-288) in Papua New Guinea (PNG), following our announcement in September 2008 that we had obtained a 51% working interest in four hydrocarbon prospecting licenses covering an area of about 37 000 km<sup>2</sup>. These blocks are located close to established natural gas fields in the foreland area of south-western PNG. We will conduct gas exploration in partnership with Papua Petroleum Limited. This new portfolio addition extends Sasol's Asian-Pacific exploration and production (E&P) portfolio, alongside E&P interests in Nigeria, São Tomé and Príncipe, Gabon, South Africa, Mozambique and Australia.

## **Other projects**

These and other capital projects will help us secure new growth opportunities on the strength of our world-leading technology. This technology has the potential to be commercialised in China and India in the form of world-scale CTL plants. In the Ningxia Hui Autonomous Region of China, we are well underway with the full feasibility study with our Chinese partners, the Shenhua Ningxia Coal Industry Company, for developing an 80 000 b/d CTL plant. Also significant new plants are positioning us for growth. These include the third 1-octene train and second polypropylene plant at Secunda and the third polyethylene plant at Sasolburg.

## **Conclusion**

Sasol is well positioned to weather the global economic crisis. Our management team is disciplined and focused. We bid farewell to a long standing member of our investor relations team, Brian MacKinnon, thanking him for his loyalty and commitment to Sasol over 29 years of service. We welcome his successor, Jacobus Looek from the financial team.

I thank you for your ongoing support.

Yours sincerely,

**Christine Ramon**  
**Chief Financial Officer**

## **Forward looking statements**

*In this announcement we make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, statements regarding exchange rate fluctuations, volume growth, increases in market share, total shareholder return and cost reductions. Words such as “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors are discussed more fully in our most recent annual report under the Securities Exchange Act of 1934 on Form 20-F filed on 7 October 2008 and in other filings with the United States Securities and Exchange Commission. The list of factors discussed therein is not exhaustive; when relying on forward-looking statements to make investment decisions, you should carefully consider both these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.*