



investor insight

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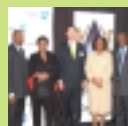
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Quarterly business review



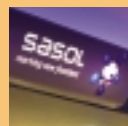
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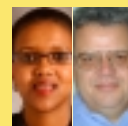
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Two new executive appointments

upfront

Landmark projects will be completed in 2006

As a challenging, but successful 2005 draws to a close, we are excited about a series of new Sasol projects that will be completed in 2006. These include Project Turbo, the Arya Sasol plants and the Oryx gas-to-liquids (GTL) plant. We will move ahead with black economic empowerment deals for our mining and liquid fuels businesses, as well as other important transformation initiatives.

Project Turbo will enable our Secunda operations to produce additional volumes of monomer feedstock for our downstream polymer businesses and to meet the more stringent South African specifications for fuels that will become mandatory in January 2006. Through Turbo, we'll be commissioning two world-scale polymer plants that will enable Sasol Polymers to significantly increase its South African polymer capacity.

Complementing Turbo's polymer investments is our joint venture with Iran's National Petrochemical Company at Bandar Assaluyeh. Once these world-scale production facilities are commissioned, they'll enable us to increase our total installed annual polymer production capacity to almost 1,5 million tons.

Across The Gulf at Ras Laffan, Qatar, we'll be commissioning our first GTL plant in partnership with Qatar Petroleum. Besides enabling us to increase our installed liquid fuels capacity by about 7%, the Oryx GTL plant will pioneer the world's emerging GTL industry, a landmark feat.

As we eagerly await the successful completion of these new growth projects, we thank you for your interest in Sasol throughout 2005 and wish you and your loved ones a happy and successful 2006.

Trevor Munday
Deputy chief executive

Quarterly business review

high oil prices have benefited the oil and gas portfolio

Sasol businesses, in general, have been performing to expectation in recent months and the group expects to post at least a 65% increase in interim headline earnings for the first six months of financial 2006 (to 31 December 2005), compared with the first six months of financial 2005.

In November 2005 we issued a trading statement to provide an update on our earnings expectations for the six months to 31 December 2005. Headline earnings are expected to be between 65% and 75% higher than those of the comparable reporting period (1 July to 31 December 2004). For the full year, based on our expectations, international oil prices will be lower in the second half of the financial year and commodity chemical prices and margins will also weaken. Thus earnings growth for the full financial year is expected to be satisfactory.

Our businesses operated well and in line with expectations during the first quarter of financial 2006 (1 July to 30 September 2005). Higher oil prices have benefited the oil and gas portfolio, but have placed additional margin pressures on some of the major chemical portfolios. We also are progressing a few major capital investments, most of which are currently on track to be completed during the first half of 2006. These include the new Oryx GTL plant in Qatar and new polymer production facilities in South Africa and Iran.

Coal, oil and gas businesses

Sasol Mining continues to enjoy stable production and is maintaining steady coal supplies at targeted rates to Sasol Synfuels at Secunda and Sasol Infrachem at Sasolburg, as well as to export customers and Eskom, South Africa's state-owned electricity utility company. On the downside, coal prices in the Atlantic Basin have been falling and have reached US\$40 a ton because of lower demand. The average coal price during our 2005 financial year was US\$50,56/ton.

The programme to further consolidate and optimise operations at the Secunda Collieries continues to build critical mass and is resulting in improved human and technology resource utilisation and coal quality, with an improvement in the supply of an homogenous coal to the gasification plants at Sasol Synfuels.

Rehabilitation is progressing according to plan at the three Sasolburg mining operations that have reached the end of their commercial lifespan: the Sigma underground mine, the Sigma-Wonderwater strip mine and the Sigma-Mohlolo North underground mine. The new

High oil prices have benefited the oil and gas portfolio (continued)

Sigma-Mooikraal mine near Sasolburg is supplying utility coal to Sasol Infrachem at agreed volumes.

The Kriel South project has been completed and coal deliveries from Anglo Coal's Isibonelo project are ramping up to schedule. Work is progressing with Eyesizwe Coal towards the establishment of Sasol Mining's first black economic empowerment (BEE) equity deal. The two partners are expected to make a major announcement in the first quarter of 2006 about a new BEE joint venture.

The Richards Bay Coal Terminal (RBCT) north of Durban is scheduled to undergo its phase-five expansion, which will enable South African coal producers to increase their annual coal exports to 92-million tons from mid-2008. In line with this expansion, Sasol Mining plans to increase its coal exports through the RBCT in 2008. This business is progressing a series of capital projects worth about R900 million for the current financial year (see Projects Update on page nine).

Sasol Synfuels remains our star performer on the strength of favourable macroeconomic conditions and its continuing programme to promote synergy and efficiency. Production, in general, has improved and stabilised in recent months after a few setbacks in the 2005 financial year and despite the impact of the complex Turbo project nearing completion at Secunda.

This business postponed its customary September shutdown until March 2006 to enable the smooth completion of the construction phase of Turbo, when all new and modified production units will be tied in. The postponed shutdown will benefit South Africa in the light of the current constraints being placed on engineers, artisans and other technical people as a result of Turbo and the other clean-fuels projects being executed elsewhere in South Africa.

Sasol Synfuels is devoting additional efforts to achieve operational excellence based on a programme to integrate the Sasol safety improvement plan, sustain overall plant stability and volume growth, and commission the Sasol Synfuels part of Turbo in a smooth, efficient manner (see Projects Update on page eight). The business is also evaluating opportunities to use additional volumes of natural gas as a feedstock at Secunda.

The Sasol Liquid Fuels Business (Sasol LFB) continues to benefit from high refining margins and maintain pleasing production and sales



Sasol Mining is progressing a series of capital projects worth about R900 million

volumes. The Natref Clean Fuels project at Sasolburg has been completed and commissioned successfully in partnership with Total South Africa, our joint-venture partner in this refinery. The Sasolburg refinery, along with the Secunda operations, will start reformulating new-specification petrol and diesel blends this month (December 2005) to enable it to start supplying cleaner liquid fuels in line with the new South African fuel specifications that become mandatory on 1 January 2006.

Sasol LFB continues to advance its South African retail rollout programme. By 30 September 2005, the business had established 152 Sasol convenience centres (SCCs) and 209 Exel retail service stations. The average forecourt volumes being pumped at these retail facilities remain above forecasts and further underscore the success of the Sasol and Exel retail rollout programme.

This business recently announced the launch of its BEE partner, Tshwarisano LFB Investment, as a broad-based BEE entity. Subject to approval from South Africa's competition authorities, Sasol LFB and Tshwarisano intend to form the Uhambo Oil joint venture with Petronas, Engen and their BEE partners (see article on page eight).

Sasol Gas has been benefiting from higher sales prices on the back of the high oil prices and their link, through indexation, to gas sales prices. This business continues to focus on developing South Africa's comparatively small gas market, with the aim of reaching annual sales of 120-million gigajoules (GJ) in the medium term. Sasol Gas reported sales of almost 87-million GJ during our 2005 financial year.

Sasol Gas recently finalised the sale of a 25% share in the Mozambique-South Africa cross-border transmission pipeline to South Africa's state-owned gas company, iGas, for R595 million.

Oryx GTL, the Sasol Synfuels International (SSI) and Qatar Petroleum joint-venture gas-to-liquids (GTL) plant at Ras Laffan, Qatar, has passed the 95% construction mark and will be brought into commercial production by mid-2006. SSI is gathering critical mass in partnership with Sasol Chevron. The engineering, procurement and construction contract for the GTL plant (EGTL) at Escravos, Nigeria, has commenced. Key to this project, about 100 Nigerian trainees are undergoing operational and maintenance training at Sasolburg and Secunda production facilities in preparation for the start-up of the EGTL plant in 2009.

Sasol Chevron has initiated discussions in Algeria for the potential development of another African GTL plant. In addition, potential opportunities are being considered in Australia, together with development of an expansion project and consideration of an integrated project in Qatar. SSI is also reviewing GTL opportunities in Iran and is approaching the end of a pre-feasibility study with a Chinese consortium for the potential development of two coal-to-liquids (CTL) plants in China. Other potential CTL opportunities in coal-rich areas are being studied.

Sasol Petroleum International (SPI) continues to maintain stable gas production and supply in Mozambique's Temane field, while also preparing to start a new phase of exploration in that country as part of a wider programme to establish additional gas reserves. SPI has launched a study for the future debottlenecking of the Temane central processing facility (CPF), which complements the Sasol Gas feasibility study for the future debottlenecking of the 865-kilometre, cross-border pipeline linking the Temane CPF to the Sasol Gas network at Secunda.

SPI remains a 28% partner in Gabon's offshore Etame field, where production has declined slightly in recent months in line with expectations.

High oil prices have benefited the oil and gas portfolio (continued)



Most chemical businesses are performing well



The Sasol Arya monomer and polymer production facilities at Bandar Assaluyeh in Iran will be completed in 2006

Chemical businesses

Sasol Olefins & Surfactants continues to experience pleasing demand for most of its products, particularly surfactants and their intermediaries. This benefit, however, has been offset by renewed margin pressure as a result of higher crude oil prices pushing up feedstock prices. There are signs of an imminent oversupply in the mid-range alcohol market. Ethylene margins in the USA, however, are strong with current benefits for ethylene sales in the USA and leading to upward pressure on 1-hexene prices.

Hurricane Rita at the end of the quarter forced the temporary shutdown of the Lake Charles complex in Louisiana. After sustaining superficial damage, the affected plants were restored to steady operation at required capacities. The business continues to progress with its wide-ranging cost-reduction programme and seems set to achieve its cost-reduction targets. This business also is being prepared for divestiture (see article on page nine).

Sasol Polymers is recording lower margins than last year as international polymer prices remain sluggish in defiance of the recent oil price increases. Polymer prices, however, have recently started to increase and South African rand prices for polymers in general are increasing. The Optimal cracker and the Petlin polyethylene operations at Kertih, Malaysia, continue to contribute to earnings.

A major focus for Sasol is the successful construction and commissioning of new and expanded production capacity in South Africa and the Arya Sasol plants at Bandar Assaluyeh, Iran. Once brought into operation in phases during 2006, these new and expanded plants will enable us to almost double our worldwide polymer production capacity (see Projects Update on page eight).

Sasol Solvents continues to enjoy steady production and healthy demand for most of its solvents, but there has been a weakening in demand in China and elsewhere in Asia. Earlier in the quarter, most product prices were under pressure, but prices have since been strengthening in response to higher feedstock prices triggered by higher oil prices.

In general, rand sales prices are in line with those of the previous financial year, but margins have tightened because of the recent surges in oil prices.

Sasol Nitro is performing well in the light of prevailing climatic and market factors in South Africa. Ammonia prices have been higher than normal, but are expected to soften during the first quarter of 2006. The explosives business is also performing well with growth being achieved in the platinum and opencast coal-mining sectors.

South Africa's current maize surplus has led to a significant decline in domestic maize prices

during the last 18 months. Lower maize prices, as well as the late start of rainfall in many of the country's summer rainfall regions, has led to a substantial decline in demand for ammonium nitrate-based fertilisers since July 2005.

Many regions, however, had good rains since early-November 2005 and the maize price also started to increase due to the lower crop now expected for the 2005/2006 planting season. A partial recovery of the demand for fertilisers is therefore expected for the first half of 2006.

Other corporate issues

Across the group in general, initiatives are ongoing to optimise production and efficiencies, improve planning and logistics, reduce costs and focus on new opportunities for growth and improvement in general. In South Africa, these initiatives are being complemented by the sustained implementation of the potentially far-reaching Sasol safety improvement plan announced in our previous financial year.

The initial signs of improved safety performance at most South African sites are encouraging. Business leaders and employees across the group are working diligently to implement the recommendations of the safety report published in financial 2005 by DuPont Safety Resources.

interim results set for 6 march

Sasol expects to release its interim results for the 2006 financial year (for the six months to 31 December 2005) on 6 March 2006. The results will be published through the Stock Exchange News Service (SENS) of the JSE,

posted on Sasol's website and communicated to the print and electronic media. Sasol will be hosting a presentation and conference call on that day to discuss the results. Further details will be publicised towards the end of February 2006.

Following the results, representatives from Sasol's management and investor relations are planning investor roadshows to meet with Sasol's followers in the major financial centres in South Africa, the UK and the USA.

oryx GTL products will create new markets for sasol

Sasol Chevron has been advancing its GTL product marketing programme in preparation for the advent of Sasol's international GTL production era in 2006. GTL diesel and GTL naphtha produced through Sasol's integrated, three-step GTL process will offer a range of benefits at a time when the world is moving towards cleaner fuels and chemicals in a changing environmental paradigm.



The Oryx GTL plant is nearing completion

The US\$950 million Oryx GTL plant nearing completion at Ras Laffan, Qatar, will herald a new era in cleaner-fuels manufacturing and marketing once it goes on stream in mid-2006. The 34 000 barrels/day (b/d) plant – a joint venture between Sasol Synfuels International (SSI) and Qatar Petroleum (QP) – will be the world's first commercial-scale GTL plant to incorporate the Sasol Slurry Phase Distillate™ (Sasol SPD™) process.

The Oryx GTL plant will convert lean natural gas from Qatar's extensive North Field in The Gulf into high-quality GTL diesel, GTL naphtha and smaller amounts of liquefied petroleum gas (LPG) for the international market. The primary product, GTL diesel, is arousing increasing interest at a time when geopolitical concerns are mounting about the future stability and economics of procuring crude oil, the traditional feedstock for making conventional petrol, diesel and other liquid transportation fuels.

Riding the dieselisation wave

The advent of the commercial GTL era also coincides with "dieselisation" – a recent trend in Europe and elsewhere where growing percentages of passenger cars are being fuelled by diesel, primarily due to its enhanced fuel quality, tax incentives and the development of high-performance diesel (compression-ignition) engines. The swing in the proportion of gasoline fuels (petrol) to distillate fuels (diesel) demanded is creating problems for conventional crude-oil refiners, but this turning point augurs well for Sasol and the other GTL players who will start to enter the world market towards the end of the current decade with

plants designed to produce high-quality diesel.

For many consumers in the past, compression-ignition engines were largely considered taboo because they lacked performance, were noisier than their petrol-powered spark-ignition counterparts and tended to be more difficult to start in cold conditions. Despite being cheaper and more energy-efficient, diesel was considered to be dirty and inferior. But such demerits have been relegated to the annals of automotive history with the rapid evolution of the design and performance of compression-ignition engines.

Most of the big-name car makers are marketing high-performance diesel passenger cars, including Alfa Romeo, Audi, BMW, Citroën, Ford, Honda, Jaguar, Jeep, Mercedes-Benz, Peugeot, Renault, Saab, Volkswagen and Volvo.

Dieselisation is critical at a time when global and regional initiatives, among them the Kyoto Protocol, are focused on future emissions of greenhouse gases. Outside large coal-burning power stations and other industrial facilities, cars, buses and trucks are the largest contributors to the accumulation of greenhouse gases in the Earth's atmosphere, and the energy-efficiency of diesel over gasoline offers an attractive means to cut carbon-dioxide emissions in this sector.

In 1990, diesel-fuelled cars accounted for less than 15% of the sales for new passenger cars in Western Europe. This figure approached 25% in 1998 and, by 2005, had exceeded 50%. The trend makes sense. Besides car makers introducing a new generation of cleaner-burning, quieter and zestier compression-ignition engines, diesel remains largely cheaper

than petrol per litre, while having a far greater fuel-efficiency than petrol.

Better understanding and measurement of vehicle fuel consumption has contributed significantly to the changing composition of today's vehicle fleets. By 1999, a significant shift had occurred in Europe: diesel sales reached those of petrol – and have continued to grow steadily, while petrol sales continue to decline.

Today, the average European demand for petrol has dropped to below three-million b/d, while diesel demand now exceeds four-million b/d and shows signs of sustained growth. Similar trends are starting to occur in other major fuel-consuming regions outside the United States, including Australia, South Africa and parts of South-East Asia and South America.

Reducing diesel pollutants

Diesel derived from conventional crude oil refining has also become far cleaner over the last decade, a trend driven by both stricter fuels and emissions legislation, especially in Europe, the USA, Japan, Australia and other more developed economies. In some regions, the maximum permissible content of sulphur in diesel has plummeted from 5 000 parts per million (ppm) to 50 ppm and, in some instances, to 10 ppm over the last 10 to 15 years.

Despite this welcome trend, Sasol's GTL diesel will still have a compelling advantage with a sulphur content of less than 5 ppm. But GTL diesel has much more to offer.

Whereas diesels derived from crude oil have cetane ratings of between 45 and 55, and aromatics content in the 20% to 35% range,

Oryx GTL products will create new markets for Sasol (continued)



GTL diesel from Oryx will be used mostly for blending with conventional diesels

Sasol's GTL diesel has a cetane rating greater than 70, and an aromatics content of less than 1%, which enable both higher performance and significant reductions in exhaust emissions. Sasol's GTL diesel also has good cold flow characteristics.

Promoting naphtha for cracking

GTL naphtha* produced in the Fischer-Tropsch process is highly paraffinic with a very low sulphur, naphthenic and aromatics content. Because of the low aromatics, it is not suited to gasoline blending, but it is ideal as a feedstock for ethylene cracking. Ethylene is one of the basic building blocks of the petrochemical industry and the precursor of a widely used plastic, polyethylene, and other derivatives.

Light paraffinic naphthas are the most efficient liquid feedstock for ethylene cracking. GTL naphtha paraffin content is typically 98%. This is considerably higher than the 65% of typical open-spec naphtha and the 85% of typical, full-range naphtha. It is even higher than the 92% of a highly paraffinic, light naphtha such as Saudi Aramco's A-180, which is one of the best products currently available for this application.

Focusing on fertile European market

According to Mark Schnell, the general manager: global marketing at Sasol Chevron: "The European market currently exhibits a number of dynamics that make it probably the most fertile market for early volumes of GTL diesel."

"It is a large, quality-conscious market with an ongoing supply shortage and a refining industry under ongoing pressure to meet ever-tightening quality standards. Furthermore, there is strong demand for high-performance diesel-fuelled passenger vehicles and an emerging market for premium-grade retail diesel to fuel them."

Sasol Chevron currently anticipates that most of the initial GTL diesel from the Oryx GTL plant will be blended by conventional fuel refiners, both to optimise refinery operations and to produce premium-grade retail diesel. The mix will vary from customer to customer, but, directionally, Sasol Chevron expects the premium retail diesel channel to grow with time, and this is perhaps the natural "home" for a product with the quality of GTL diesel, says Schnell.

Once commercial volumes are available, he continues, Sasol Chevron will also pursue and develop niche markets, such as urban fleets, where the product would likely be supplied and used in its neat form to deliver the maximum environmental benefits and to supply diversity dimensions that drive demand in this application. Niche markets could be developed in largely populated European or Asian urban areas.

According to Schnell, Sasol Chevron is currently engaged in commercial discussions with the major refiner-marketers in Europe and the final destinations of Oryx-produced GTL diesel will vary, depending on who acquires access to early volumes.

As blend stock, he says GTL diesel will be integrated into customers' refinery operations in various ways. In some cases, blending will be done in the final product tanks, while, in others, the product will be fed further upstream in the refining process to provide refiners with options to optimise their operations. These options vary from refiner to refiner.

Developing a distinctive brand

The GTL diesel to be marketed by Sasol Chevron on behalf of SSI and Oryx GTL will be branded. According to Schnell, in the blend applications, the product will reach the market through Sasol Chevron's customers' pumps, and the company is working with prospective customers to identify how best to give GTL diesel visibility through a "GTL diesel inside" ingredient branding approach.

In neat applications, says Schnell, Sasol Chevron intends to brand the Oryx GTL diesel directly. The company is also working on initiatives to support the brand through demonstration projects that highlight the performance and environmental dimensions of the product.

In terms of envisaged commercial arrangements, Sasol Chevron is aiming to establish term contracts for most of the initial volumes of GTL diesel.

Says Schnell: "We are looking for companies with whom we can establish longer-term relationships within which to optimise the value added by the product going forward.

"This offers a degree of security of supply that will be important, particularly, for example, where a customer chooses to reformulate a premium diesel product around GTL diesel. There may be some spot business, but this would be the exception rather than the rule."

Developing GTL naphtha markets

Moving to the other key premium-grade product that will be produced in Qatar, Schnell adds: "The Oryx GTL naphtha will be marketed as a highly paraffinic feed for ethylene production. The volume of naphtha from Oryx is comparatively small against a typical world-scale ethylene cracker, so we expect a small, niche market for this product.

"Japan and South Korea are two obvious homes for GTL naphtha with their large import requirements and a market dynamic that values paraffinic feeds. There are, however, producers elsewhere in Asia-Pacific that also offer potential. Certainly, Oryx GTL naphtha is most likely to move eastwards rather than westwards."

On the commercial arrangements for GTL naphtha, Schnell says given the small output of the Oryx GTL plant relative to the total needs of potential customers, a term arrangement would make most sense for Sasol Chevron. It is the company's intention to trial a few potential customers with early volumes and then offer a term arrangement where the company sees best value.

Schnell says the small volumes of Oryx-produced LPG will be sold over the fence at Ras Laffan to an adjacent LPG splitter. Sasol Chevron will not be involved in the onward product marketing.

* Naphtha is a generic term for a flammable, light distillate or hydrocarbons feedstock, or a mixture of light hydrocarbons, used for gas or petrochemicals manufacture. The hydrocarbons in petroleum naphthas are predominantly aliphatic and usually form the cut between the gasoline and kerosene fractions.

pacesetting sasol BEE deal will benefit many people



Pictured at the launch of Tshwarisano LFB Investment (from left to right): Reuel Khoza; Phumzile Mlambo-Ngcuka, South Africa's Deputy President; Pat Davies, Sasol CE; Hixonia Nyasulu and Dr Penuell Maduna

To meet the new terms of South Africa's Liquid Fuels Charter and new legislation on black economic empowerment (BEE), Sasol has built on its trendsetting BEE initiative with Exel Petroleum of 1997. Through Tshwarisano LFB Investment, it has established a major empowerment deal that is integrated throughout the liquid fuels business value chain with a broad shareholder base. Worth almost R1,5 billion, its final form and timing will be subject to the planned Uhambo Oil joint venture being reviewed by South Africa's Competition Tribunal.

Sasol announced on 22 September 2005 that Tshwarisano LFB Investment (Tshwarisano), its broad-based BEE partner, would acquire a 12,5% interest in Uhambo Oil Limited for an amount of R1,45 billion. The Uhambo Oil transaction is subject to Competition Tribunal approval, now expected in January 2006 (see article on page seven).

Sasol is providing considerable facilitation and support for Tshwarisano's financing requirements, which is valued at about R1,1 billion. Sasol has provided guarantees for the debt and has agreed not to recover guarantee fees, all of which will significantly lower Tshwarisano's cost of borrowing. Sasol is also contributing R45 million to two trusts aimed at empowering a broad base of underprivileged, capital-constrained people, as well as lower-level employees of Uhambo Oil and their immediate families.

"These initiatives are aimed at reducing financing costs and improving the long-term business benefits that will accrue to all Tshwarisano's broad base of capital-constrained empowerment shareholders," says Sasol's chief executive, Pat Davies.

"Sasol views socioeconomic transformation and empowerment in South Africa as a strategic, business and moral imperative. We aspire to advancing our empowerment initiatives in ways that are sustainable, credible and of benefit to the Sasol group, all our stakeholders and the country as a whole."

Gearing for Uhambo

This follows the joint announcement by Sasol and Petronas of Malaysia in November 2004 to merge their respective liquid fuels businesses, subject to the approval of South Africa's competition authorities, into a large, indigenous and robust joint entity, Uhambo Oil Limited. The proposed joint venture would be between the Sasol Liquid Fuel Business (Sasol Oil) and Engen, the Southern African fuel company controlled by Petronas.

"Tshwarisano will acquire a 12,5% interest in Uhambo Oil, if the pending merger between our liquid fuels business and Engen is approved by the Competition Tribunal," says Davies.

Other shareholders in Uhambo Oil will be Sasol and Petronas, both with 37,5%, and Petronas' empowerment partner, Afric Energy Resources, which is wholly owned by Worldwide African Investment Holdings, with 12,5%. If, for any reason, the Competition Tribunal does not rule in favour of the merger, then Tshwarisano will become a 25% shareholder in the Sasol Liquid Fuels Business rather than a 12,5% shareholder in Uhambo Oil.

Achieving broad-based empowerment

Tshwarisano is a broad-based consortium comprising many historically disadvantaged groups. This BEE entity is being promoted by Dr Penuell Maduna, Hixonia Nyasulu and Reuel Khoza, who, through various businesses, will collectively hold an effective 30% of equity in Tshwarisano. Other key shareholders will own 70% of the equity.

Scores of BEE groups, representing people as diverse as trade union members, rural women's groups and youth groups, are involved as shareholders in Tshwarisano. These groups, in turn, represent many thousands of individual people. The main groupings involved in Tshwarisano include:

- PulaNala, an Mpumalanga-based consortium comprising various 100% black-owned groupings and associations;
- Lelethu Energy and Mineral Group, comprising many 100% black-owned groups based mainly in the Eastern Cape;
- Tswelopele Mineral and Energy Holdings, comprising various 100% black-owned groups;
- Amandl'Embokodo, a wholly black-owned women's consortium with about 1 400 direct beneficiaries and about 250 000 indirect beneficiaries; and
- previous Exel shareholders, who collectively hold about 47% of the equity.

"We shall facilitate R30 million for the formation of the Batho Trust, which we are establishing within Tshwarisano for the benefit of severely underprivileged and poor people. Independent trustees will be appointed to administer this trust, which will include representatives of beneficiaries," says Sasol's deputy chief executive, Trevor Munday.

Sasol is contributing another R15 million to establish within Tshwarisano an Uhambo Employees' Trust for the intended benefit of Uhambo Oil employees and their families.

Pacesetting Sasol BEE deal will benefit many people (continued)

Facilitating involvement of women

"We are particularly pleased about the broad composition profile of Tshwarisano. The direct beneficiaries of Tshwarisano number many hundreds of thousands of historically disadvantaged South Africans. The indirect beneficiaries number an estimated three-million people and more than 50% of them are women," says Tshwarisano's chairman, Dr Penuell Maduna. Beneficiaries also include youths, people with disabilities and rural communities.

Maduna, Tshwarisano's lead promoter, who worked with Sasol to structure the broad-based empowerment consortium, says that by providing its balance sheet as a guarantee for the debt financing, Sasol's empowerment shareholders are in a much stronger position to accrue considerable long-term business benefits.

"Sasol has ensured that this is a sustainable empowerment transaction," he says.

"Traditionally, in all the BEE deals done so far, women have been an afterthought. The difference here is that women are leading the deal with 54% of the value of the deal going to women beneficiaries," says fellow Tshwarisano promoter, Hixonia Nyasulu.

Promoting viability and governance

Sasol has worked with the promoters and advisors of Tshwarisano for about a year to develop this empowerment transaction, says Munday. He adds that the specific objectives of the transaction were to ensure that:

- it will be enduringly broad-based with a high proportion of women participants;
- all shareholdings will be financially secure and unencumbered as soon as possible so that benefits will flow to the beneficiaries within a reasonable time period; and
- the broad-based beneficiaries' shareholdings will be properly governed.

"In pursuit of these objectives, we have provided independent and ongoing business, financial and legal advice to the promoters and Tshwarisano," says Munday.

Specifically, Sasol will:

- through Sasol Financing and, jointly with JP Morgan and Nedbank, arrange and structure the senior-debt financing required by Tshwarisano of about R1,1 billion;
- provide guarantees for this debt to the participating banks, which will lower the cost

of borrowing to be incurred by Tshwarisano during the debt term by about R450 million;

- waive and not recover guarantee fees, which would normally be charged to the beneficiaries, thereby resulting in another benefit to Tshwarisano of R170 million; and
- pay advising, arranging and structuring fees to Tshwarisano's advisors of about R80 million.

"The total financial facilitation and support provided by Sasol amounts to nearly R1 billion, of which R620 million is provided through the benefit of guarantees," says Munday. "The balance is provided through payment of Tshwarisano costs, the formation of trusts and the discount from full valuation provided to Tshwarisano for its shareholding."

Munday says this discount recognises the value its participation offers Sasol in terms of business sustainability and future credibility in South Africa.

Nyasulu adds: "The Sasol guarantee means the banks will lend to Tshwarisano at about the same rate that they would have lent to Sasol."

* Further information on the Tshwarisano empowerment deal and this business are available on the Sasol website.

Update: Uhambo Oil joint venture

tribunal decision on uhambo expected in january



A Sasol convenience centre

The final decision of South Africa's Competition Tribunal on Uhambo Oil – Sasol and Petronas' proposed joint venture between their respective liquid fuels businesses in sub-Saharan Africa, Sasol Oil and Engen – is expected to be known by early 2006.

The tribunal's decision was not announced within the statutory 10 days after close of hearings. At the conclusion of its hearing, the Competition Tribunal indicated that it expected to be in a position to make its decision, together

with limited reasons, by mid-January 2006, with fuller reasons to follow by mid-February 2006. Should the Uhambo Oil merger be approved, the new company is expected to commence operations in April 2006.

Understanding the Uhambo Oil deal

Should the Uhambo Oil deal proceed, Sasol and Petronas (the Malaysian national oil company that controls Engen), together with their black economic empowerment partners, Worldwide African Investment Holdings – through Afric Energy Resources – and Tshwarisano LFB Investment, will create a substantial liquid fuel business with the annual capacity in South Africa to produce about 13-million m³ of white petroleum products, mostly comprising petrol, diesel and kerosene.

Sasol and Petronas will each own a 37,5% share in Uhambo Oil. The empowerment partners, Worldwide (through Afric) and Tshwarisano, will each hold a 12,5% share.

Subject to final approval – and conditions that may be imposed – by the Competition Tribunal, Uhambo Oil will comprise:

- Engen's Enref oil refinery at Durban;
- Sasol's share in the Natref oil refinery at Sasolburg;
- a network of about 1 600 services stations currently operated under the Engen, Sasol, Exel and Zenex brands;
- Engen and Sasol's liquid fuels marketing and trading operations in sub-Saharan Africa, including Botswana, Burundi, Democratic Republic of the Congo, Ghana, Kenya, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe; and
- an agreement to purchase liquid fuel components produced by Sasol Synfuels and the blending thereof into final liquid fuels at its blending plant at Secunda.

surge in global construction slows turbo



Turbo work in progress

Project Turbo – Sasol's largest and most complex capital project undertaken in South Africa since constructing the original Secunda facilities in the 1980s – is moving ahead, but will need additional time and capital to complete.

According to a Project Turbo spokesperson: "When the project was approved in principle in September 2002, it was believed that the time available before the deadline for the mandatory removal of lead from petrol (1 January 2006) would be tight, but achievable, given the project's size and complexity.

"What we had not understood fully three years ago was the possibility of such a tremendous

surge in construction in the global energy and chemical industries, and the impact this surge would have on equipment delivery times. As a result, Project Turbo has been under far more time pressure than originally expected.

"There have also been cost impacts. The project is currently expected to cost slightly more than the original budget approved by the Sasol board of directors in December 2003. The major contributing factors include substantial increases worldwide in the costs of steel and energy, which have impacted on virtually all inputs to the project."

Despite time and cost impacts, Sasol is ready to meet the South African Government's new petrol and diesel specifications that become mandatory on 1 January 2006.

Targeting cracker commissioning for March 2006

The synfuels catalytic cracker, under construction at Secunda, is expected to be ready for commissioning by March 2006 and to enter production in May 2006. Thereafter, it should take a few months to bring the cracker up to sustained operation at design rates, which is normal for new petrochemical plants.

Sasol Polymers' second polypropylene plant, under construction at Secunda with a capacity of 300 000 tons per annum (tpa), is expected to be ready for commissioning in August 2006 and to enter production in November 2006. This business' new 220 000 tpa low-density polyethylene (LDPE) plant, under construction at the Sasolburg Midland site, is expected to be ready for commissioning before the end of 2005. The LDPE plant will enter commercial production simultaneously with the cracker because the latter unit will supply the raw material (ethylene).

Sasol Polymers has completed all project work to debottleneck and modify its Secunda ethylene crackers to substantially increase polymer-grade ethylene production.

At the Sasolburg joint-venture Natref refinery, we expanded the diesel hydrotreater to enable the production of a low-sulphur diesel. The Natref gasoline processing units have been modified to enable the termination of leaded-petrol production. This clean-fuels project is complete and Natref will meet the South African Government's 2006 fuel specifications this month (December 2005).

iranian facilities enter final construction phase

The joint-venture project of Sasol Polymers Germany GmbH, a subsidiary of Sasol Polymers International Investments, to develop new monomer and polymer production facilities at Bandar Assaluyeh on the western seaboard of Iran on The Gulf has entered its final construction phases. These world-scale facilities are being developed through Arya Sasol Polymer Company, a 50:50 joint venture with the National Petrochemical Company of Iran.

The Arya Sasol ethane cracker, for producing one-million tons of polymer-grade ethylene a year, is expected to undergo final

commissioning in the second quarter of 2006 and to start commercial production in the third quarter. Some ethylene will be exported, but most of it will be converted in the two Arya Sasol polyethylene plants each with a capacity of 300 000 tpa. One plant will be dedicated to producing low-density polyethylene and the other to high-density polyethylene. The two polyethylene plants are currently on track to undergo final commissioning in the third quarter of 2006 and to start commercial production in the fourth quarter.

The overall project cost has increased slightly in recent months, but the expected returns remain

well above Sasol's hurdle rates for new chemical investments. This marginal cost increase is attributable mostly to schedule delays and a number of construction systems being reworked to meet stringent engineering quality requirements. The Arya Sasol investments are expected to start contributing to group profits during our 2007 financial year.

The new management team has been established in the Iranian capital of Tehran under the leadership of managing director, Johan van Buren-Schele.

oryx GTL plant nears final commissioning

Work is progressing to schedule for the completion phase of the US\$950 million Oryx gas-to-liquids (GTL) plant at Ras Laffan on the north-eastern seaboard of Qatar. Final construction and commissioning will be undertaken by Technip during the first half of 2006. GTL products are expected to enter the market in the middle of 2006, with most of the initial volumes likely to be supplied to customers in Europe.

The 34 000 barrels/day (b/d) facility – a joint venture between Sasol Synfuels International (SSI) and Qatar Petroleum – will be Sasol's first international GTL plant. GTL diesel and GTL naphtha from the Oryx venture will be marketed, distributed and sold by Sasol Chevron, a joint venture between Sasol and Chevron from the USA.

SSI and Sasol Technology, in partnership with a Chinese consortium, are also nearing the end of

their pre-feasibility study for the potential development of two Sasol-designed Fischer-Tropsch coal-to-liquids (CTL) plants in coal-rich regions of China. The envisaged plants would each have a capacity of about 80 000 b/d, with one being developed in the Shaanxi Province about 650 kilometres west of Beijing, and the other in the Ningxia Province about 1 000 kilometres west of Beijing.

nigerian GTL project moves ahead

Work is progressing to schedule for the US\$1.7 billion engineering, procurement and construction (EPC) contract for the Escravos gas-to-liquids (EGTL) plant in the Delta state in south-western Nigeria.

As reported in the 2005 Sasol annual report, our global GTL strategy gained momentum in April 2005 when Chevron Nigeria Limited (CNL) and the National Nigerian Petroleum Corporation (NNPC) announced their award of the EPC contract to Team JKS, an international

consortium, for the construction of the EGTL plant (EGTL) at CNL's well-established Escravos production site. Team JKS comprises JGC of Japan, KBR of the USA and Snamprogetti of Italy.

Sasol is providing risk-based project finance for a portion of this venture. The EGTL plant will be owned and operated by the NNPC and CNL, with Sasol, through Sasol Chevron, providing technology, operating expertise and product marketing support.

Site preparation for the lump-sum EGTL EPC contract has been completed and the bulk of detailed engineering and construction will be undertaken during 2006 and 2007. The targeted plant start-up, based on current planning, will be 2009, with plant commissioning starting in phases in 2008. Like Oryx GTL, EGTL will have a 34 000 b/d capacity and will use the integrated, three-step Sasol Slurry Phase Distillate™ (Sasol SPD™) process to produce GTL diesel, GTL naphtha and some liquefied petroleum gas.

sasol mining's R900m FY06 capex

The group's coal business, Sasol Mining, is advancing a R900 million capital expenditure programme for the group's current financial year to 30 June 2006. The R229 million Sigma-Mooikraal mine near Sasolburg will be completed during the current financial year. Coal extraction for commercial purposes commenced during November 2005. This new mine has been designed to supply utility coal to Sasol Infrachem at Sasolburg at a rate of about two-million tons a year.

Sasol Mining is undertaking four other major products with a combined board-approved

capital budget of about R760 million, of which R342 million is expected to be expensed during the current 2006 financial year. The business spent about R600 million on capital projects during the 2005 financial year.

To support its ongoing business optimisation and consolidation programme, Sasol Mining is investing about R450 million on upgrading and overhauling production equipment, surface plant, information technology, safety, health and environmental management systems and other areas of its business to sustain its competitiveness and good management.

It also is nearing the completion of the R320 million Kriel South project involving a reserves-for-market transaction with Anglo Coal, the coal business of Anglo American. Sasol Mining has committed a further R410 million to undertake two brownfield expansions in the Secunda region: R271 million at Irenedale and R139 million at iThembu Lethu for the extension of the life of the Bosjesspruit and Middelbult mines, respectively, into adjacent coal reserves.

Sasol Olefins & Surfactants

work advancing for sale of O&S business

In August 2005, we announced our intention to divest of our global Sasol Olefins & Surfactants (Sasol O&S) business, including the Safol™ detergent alcohols plant in South Africa. A steering committee chaired by our deputy chief executive, Trevor Munday, is guiding the divestment process with the intention of selling this business in the second half of 2006.

Sasol has announced its intention to dispose of most of the chemical production and marketing assets we acquired in 2001 from RWE-DEA, subject to fair value being secured. We shall retain the German-based assets of Sasol Solvents, as well as the joint ventures of Sasol Dia Acrylates (with Mitsubishi Chemical Corporation) and Sasol-Huntsman, and our South African comonomer activities. We plan to sell the global Sasol O&S business, most of which is based in Germany, Italy and the United States. The sale includes the Safol™ plant at Secunda, South Africa.

In the 2005 Sasol annual report, our former chief executive, Pieter Cox, wrote: "It has been a pleasure and a privilege for us to develop relationships with the excellent people in these businesses over the last four years. We are grateful for the contributions they have made to strengthening this business and to ensuring that they are poised for success and growth.

"The surfactants businesses, however, are not integrated to the extent Sasol requires and, from a portfolio management perspective, the proceeds arising from their sale will be better utilised to reduce our gearing, or to advance our GTL (gas-to-liquids) ambitions, which leverage Sasol's proprietary technology and are core to our future growth objectives."

Guiding a complex process

We have since been working vigorously to prepare our international Sasol O&S business for the sale process under the guidance of project leader, Fleetwood Grobler. Several key Sasol managers have been seconded to the

divestment project team to manage and coordinate the work streams that are essential for a smooth and timely divestment. Most of the project-team managers have been drawn from the Sasol O&S and Sasol Solvents businesses and Sasol Limited.

They are covering key disciplines and issues such as human resources, finance, business, legal, technology and safety, health and the environment. Each work-stream custodian in the project team reports to the steering committee. Deutsche Bank is helping Sasol to prepare its sale process and will be involved in procuring offers and assessing the feasibility and attractiveness of these offers and executing any potential transaction.

In the interim, the project team is working with the Sasol O&S executive team to demarcate and define the final business assets and related interests for divestment, since certain operations and assets will be retained by Sasol, as mentioned above. The intention ahead of executing a sale transaction is to create a

work advancing for sale of O&S business (continued)

viable, standalone entity that can be sold as a going concern.

Sasol will retain all the comonomer production plants at Secunda for producing 1-pentene, 1-hexene and 1-octene. The pentene, hexene and octene plants – based on novel Sasol technology – were operated by the former Sasol Alpha Olefins division between 1994 and

2001, when Sasol acquired the former Condea chemical businesses from RWE-DEA.

Prospective buyers have already expressed interest in our O&S business, but at this early stage in the divestment process we cannot divulge the details of any interested parties.

Ultimately, Sasol is keen to select the right

buyer with a compelling rationale for purchasing the O&S business and support it in its future development. We shall also consider the interests of all stakeholders affected by the divestment to ensure mutually beneficial outcomes for all parties. Sasol intends to issue regular updates on the planned sale during the year ahead.

Management**new executive appointments**

Nolitha Fakude



Lean Strauss

Two senior executives have been appointed to Sasol's group executive committee (GEC): Nolitha Fakude and Lean Strauss.

Nolitha Fakude joined Sasol Limited with effect from 1 October 2005 as an executive director responsible for our global human resource and strategy functions. She also joins chief executive, Pat Davies, and deputy chief executive, Trevor Munday, as one of Sasol's three executive directors on the main board of Sasol Limited. Nolitha held a series of senior corporate executive posts in South Africa before joining Sasol.

Lean Strauss, the former managing director of Sasol Nitro, has been promoted to Sasol group general manager responsible for our growing international oil and gas portfolio, which includes Sasol Synfuels International, Sasol

Petroleum International and our joint venture with Chevron, Sasol Chevron.

As announced in our 2005 annual report, our senior management and governance structure has been changed. With effect from 17 August 2005, our international executive committee and South African executive committee have been replaced by a committee of managing directors (CMD), a senior executive forum representing our most significant businesses. The CMD reports to the GEC. More details on our management and governance structures are featured in the recent annual report and Form-20F, as well as on our website.

global investor relations support

Our corporate investor relations team is available for the international and South African investment community to answer questions, provide information and insight, and generally assist investment analysts and other members of the investment community.

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2005 SD report

The 2005 Sasol sustainable development (SD) report was released in November 2005 at a function hosted at our group head offices in Johannesburg.

The electronic version of the 2005 Sasol SD report is available through our website. Printed copies are available from Sasol group corporate affairs, group investor relations and the Sasol SHE centre in Johannesburg.

Farewell, Enrico Ganter

Our investor relations manager in London, Enrico Ganter, left our team during October 2005 to join Sasol Chevron in London. We thank Enrico for his professionalism and enthusiasm during his time with the Sasol investor relations team and wish him well in his new post.

Forward-looking statements

In this publication, the December 2005 issue of Sasol's Investor Insight, we make certain statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable, relating, among other things, to volume growth, increases in market share, total shareholder return and cost reductions. These are forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995. 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. Forward-looking statements involve inherent risks and uncertainties and, if one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated.

The factors that could cause our actual results to differ materially from such forward-looking statements are discussed more fully in our most recent annual report under the Securities Exchange Act of 1934 on Form 20-F filed on 26 October 2005 and in other filings with the United States Securities and Exchange Commission (SEC). Such forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.