

30 May 2012



**OPENING REMARKS
BY SASOL'S CHIEF EXECUTIVE OFFICER,
DAVID E. CONSTABLE**

**INAUGURATION OF THE CPF EXPANSION,
MOZAMBIQUE**

WEDNESDAY, 30 MAY 2012

AS DELIVERED

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SASOL
reaching new frontiers



His Excellency Armando Emílio Guebuza President of the Republic of Mozambique.

Your Excellencies members of the council of ministers.

Your Excellencies members of parliament.

Your Excellency the Governor of Inhambane Province.

Ladies and Gentlemen.

Thank you Dr Zimba.

Bom dia!

It's wonderful to be back in Mozambique – a truly vibrant and dynamic country with a great future ahead!

Thank you for joining us here at the Central Processing Facility in Temane for the official opening of our 183 million gigajoule expansion.

As the CEO of Sasol, it is my privilege to address this important gathering.

Before I begin, I would like to congratulate you Mr President, and the people of Mozambique, for the economic success and political stability the country has enjoyed under your leadership.

The significant discoveries of natural gas in the northern part of your country are a clear indicator of even better times to come.

These discoveries, in addition to Mozambique's significant coal reserves, will not only change the future course of development for the country, but I am sure that these developments will also serve to benefit the entire region.

The Mozambique natural gas project was a pioneering initiative and continues to showcase the true value of partnerships when an opportunity intersects with a unique value proposition.

This morning, I will focus on the importance of partnerships and working together - government and business - to achieve shared aspirations and goals and lasting success.

For those of you who may not know too much about Sasol, we are the world's largest producer of synthetic fuels. For over 60 years, our growth has been premised on our leadership in innovation, and our technical expertise in converting gas and coal into liquid fuels and chemicals through our proprietary technologies.

Sasol is a proudly African company with South African roots. Although we are growing internationally, we retain a strong commitment to the African continent. More than 65% of our operating profits are generated in Southern Africa. Furthermore, the region continues to account for a high proportion of our capital investments going forward.

We are increasingly a global player in energy. We produce natural gas and condensate in Mozambique, oil in Gabon, and shale gas in Canada. We have chemical manufacturing operations locally, and in Europe, Asia and the Americas.

Sasol is commercialising our technologies internationally through an accelerated gas-to-liquids growth strategy and associated chemicals opportunities.

In partnership with Qatar Petroleum, Sasol started our first international gas-to-liquids plant, ORYX GTL, in 2007. We're also exploring GTL opportunities in Uzbekistan, Canada and the United States.

In Africa, we have both unique challenges as well as great possibilities. Overcoming these challenges require a collective effort. In Southern Africa, in particular, it is important that we continue to work in partnership to find workable and sustainable solutions. These solutions are not only to address the region's developmental goals but also to achieve the continent's longer term growth aspirations.

The most significant challenge for us in South Africa is that our economy was built on coal as an energy feedstock, and coal is the most carbon-intensive resource.

Coal accounts for more than 70% of our primary energy consumption in South Africa. It reflects our lack of oil and gas reserves as much as it highlights, in contrast, our vast reserves of coal.

It is imperative that we find solutions to these energy challenges, which make sense to our customers, investors, employees, governments and the public at large. In addressing these challenges, we will continue to make a significant contribution to energy security and socio-economic development in Southern Africa and the countries in which we operate.

The South African and Mozambican governments working in partnership, and collaborating with companies like Sasol, can continue to unlock the potential that gas from Mozambique presents to the region.

Working together allows us to further develop the region to our collective benefit in a sustainable and environmentally friendly fashion.

We recognise that a real and informed commitment to sustainable development is integral to achieving our long-term strategic objectives as a company, and that working in partnership with governments, business partners and suppliers are key to all of our success.

At Sasol, we believe that fuel switching from coal to gas coupled with energy efficiency is an important bridge to a sustainable future.

Introducing Mozambican natural gas to the region's energy mix has a number of substantial benefits:

- Gas emits 40% less carbon dioxide than coal for the same energy produced.
- Gas is more flexible and cleaner burning than coal.
- Gas can be used in conjunction with a renewable source, such as wind or solar power to provide a constant electricity supply to the grid.
- And finally, gas resources allow us to preserve the region's coal reserves much further into the future.

Our progress, to date, has only been made possible through strong partnerships and ongoing regional co-operation.



For me, partnerships cut across all levels and all areas of society and business. And successful partnerships depend on having a clear and common goal.

It goes without saying that Mozambique is critical to Sasol's Southern African regional strategy and to our sustainable growth in the future.

Our investment in the expansion of the Central Processing Facility is testament to the integral and ongoing role Mozambique is playing in our growth aspirations.

Looking back, since 1999, Sasol has invested more than R12 billion in the natural gas conversion project that delivers gas along a pipeline from the Temane fields in Mozambique to operations in Secunda and Sasolburg.

With our partners, CMH, representing the Mozambican government, and the International Finance Corporation, we constructed this Central Processing Facility here in Temane and an 865 kilometre cross-border pipeline.

In South Africa, the project included:

- the conversion of the Sasol industrial and domestic gas distribution network,
- the switching of our Sasolburg facility to gas from coal as its primary feedstock for chemicals production, and
- the conversion of Sasol's Secunda operations to utilise gas as a supplementary feedstock to coal for the production of transportation fuels and chemicals.

The project is a testament to the partnership between the governments of Mozambique and South Africa and Sasol.

Poverty was widespread among the majority of people living in the areas along the pipeline route, and many relied on subsistence agriculture. For these communities, it was important that the project contributed to development in terms of access to employment, new infrastructure and support for local businesses.



Sasol earmarked US \$5 million for corporate social investment projects in Mozambique. The money has been used to build clinics and schools, sink boreholes for drinking water, renovate a technical school and establish projects for small businesses and farming.

In addition, we sponsor care facilities for the aged, people with disabilities and AIDS orphans, and we donate computers to schools and community centres.

Benefits have also flowed into South Africa.

Today, Sasol supplies over 540 industrial customers via a 1 200 kilometre pipeline network, mainly in South Africa's industrial heartland of Gauteng and its neighbouring provinces. This supply is helping Sasol's customers in South Africa reduce their own GHG emissions by more than 2 million tons per year.

The World Bank has cited this project as a benchmark for undertaking new investments in Africa in terms of social, political, economic and environmental criteria.

The natural gas project, along with BHP's Mozal Aluminium plant, were the first significant investments in the country.

The success of these projects is a clear signal to international investors that it is extremely favourable to do business in Mozambique.

In addition, according to industry sources such as the Extractive Industries Transparency Initiative in Mozambique, the oil and gas industry currently contributes an estimated 60% to the government's tax revenue of which Sasol is the largest contributor, contributing more than half of this amount.

The natural gas project principles we employed, were carried through to the 183 million gigajoule expansion project we are here to celebrate today.

In 2010, a new compressor station was commissioned at Komatipoort, at an investment cost of US \$140 million, to further boost the transmission capacity of the pipeline.



The approval for the expansion of the CPF, from its initial design capacity of 120 million gigajoules to 183 million gigajoules, was made in 2007 to cater for the increased market demand, both in South Africa and Mozambique.

27 million gigajoules per year were allocated to South African customers with the remaining 27 million earmarked for Mozambican customers corresponding with the anticipated growth of the market here.

This is an important milestone for us as it is aligned with the Mozambican government's vision of developing the country's energy potential for social upliftment and economic growth. More importantly, it also meets the drive to increase the amount of natural gas monetised inside the country.

The expansion project, at an investment cost of US \$220 million, came in under budget while achieving excellent safety statistics.

The project employed over 600 Mozambicans and was a significant source of job creation in the area.

Furthermore, and of significant value to the Mozambican economy, US \$64 million in goods and materials were procured from Mozambican suppliers.

Such a complex cross-border project with multiple stakeholders would not have been possible without the strong partnership and the healthy spirit of cooperation between the Mozambican and South African governments coupled with the favourable investment conditions in Mozambique.

This expansion project and what it is delivering to both Mozambique and South Africa is a clear example that a regional approach does ensure benefit for all.

Looking ahead, partnering and collaborating at company and government levels are vital for success. We must work collaboratively with our neighbours to achieve our shared goal of economic development and growth.

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In Mozambique, we recognise the government's objective to extend the electricity network to reach remote areas of the country supported through the use of domestic gas resources. The CPF expansion project is certainly playing its part in helping to achieve this objective.

We continue to explore for more gas and will continue to work shoulder to shoulder with the Mozambique government to expand what has been a great success story.

You will have gathered by now that I am very proud of Sasol's strong partnership with Mozambique – our home away from home - and we look forward to continuing this solid relationship long into the future.

Finally, my personal heartfelt thanks goes to the people of Sasol Petroleum International and our contractors for successfully completing the expansion which enables us to supply our customers in Mozambique and South Africa.

Matheus and Ebbie, wishing you and your teams successful and safe operations now and always.

Obrigado! Thank you very much.

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