Sasol in Mozambique
Citi Group East Africa Visit, 23 May 2012
Maputo, Mozambique
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Sasol at a glance

- An integrated energy and chemicals company
- The world’s largest producer of synthetic fuels
- World leader in gas-to-liquids (GTL) and coal-to-liquids (CTL) technology
- >60 years’ experience in CTL, GTL and related technology
- Operating and technical expertise
- ~255 engineering and science PhDs
- Strong intellectual property portfolio (490 registered patent families)

1. For the year ended 30 June 2011

- Turnover R142bn\(^1\)
- Market cap R239bn\(^1\)
- Listed on JSE (SOL) and NYSE (SSL)
- Present in 38 countries
- ~34 000 employees world-wide
our strategic agenda

Group imperatives

- Operations Excellence
- Functional Excellence
- Capital Excellence
- Sales & Marketing Excellence
- Planning & Optimisation
- Values-driven Leadership

Foundation

- Develop and empower our people
- Continuously improve and grow existing asset base
- Deliver on the South African transformation agenda

Sustainable growth

- Accelerate GTL, focused CTL growth
- Grow related upstream business
- Grow technological lead
- Grow chemicals based on feedstock and/or technology advantage
- Develop and grow new energy

Definition of victory

Grow shareholder value sustainably
## Global trends: Sasol's response

### Global trend
1. De-link of oil / gas price ratio creates a window for GTL and other gas based projects
2. World population increases by up to 50% by mid-century – increased demand for chemical products
3. Pressure of carbon intensity

### Our response
1. Opportunity to acquire further shale gas
2. GTL opportunities
3. Leverage own chemical technologies
4. Established competitive market positions
5. Focus is on low-or no-carbon electricity
6. Accelerated exploration in southern cone Africa – Mozambique, Botswana

### What we are doing
1. Sasol recently acquired 50% of Farrell Creek and Cypress A
2. GTL projects: Uzbekistan, Canada, US
3. Ethylene tetramerisation
4. Ethane Cracker
5. Integrated US chemicals
6. Sasolburg electricity generation
7. Mozambique electricity generation
our project pipeline

Feasibility
- Canada GTL
- US GTL
- Integrated US chemicals
- Ethane Cracker
- Mozambique electricity generation
- C₃ stabilisation

FEED/EPC
- Uzbekistan GTL
- Escravos GTL
- Tetramerisation
- FT wax expansion
- Sasolburg electricity generation
- Secunda growth programme
- Mine replacements
- Ethylene purification

Accelerate GTL, focused CTL
- Grow chemicals on basis of technology or feedstock advantage
- New Energy
- Improve and grow existing asset base
- Grow upstream business

The list above is not exhaustive and displays only the major projects
Sasol Petroleum International’s (SPI) role in the Sasol Group

- Manage the Group’s upstream interests in oil, natural gas and shale gas assets
- Lead all key elements of upstream activity: exploration, appraisal, development and production
  - focusing particularly on natural gas opportunities to enable feedstock supply to existing and future GTL plants
- Gas feedstock supplier to Sasol Gas and other potential southern African gas markets
SPI’s asset portfolio

- 8 countries: 3 operated (Botswana, Mozambique and PNG) and 5 non-operated
- Acreage Net Area (excl TCPs): 54 407km² (onshore, offshore, shale gas and CBM)
- 3 producing: gas (Canada and Mozambique) and oil (Gabon)

Current SPI position
- Gas licences
- Oil licences
- Shale gas/coal bed methane licences
- Technical Cooperation (study) Permit (TCPs)
- SPI offices (Johannesburg - HQ, London, Maputo, Calgary, Sydney)
### financial highlights

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<thead>
<tr>
<th>Rm</th>
<th>1H12</th>
<th>1H11</th>
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<tbody>
<tr>
<td>Turnover</td>
<td>1 506</td>
<td>978</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>121</td>
<td>333</td>
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<tr>
<td>Mozambique and Gabon</td>
<td>747</td>
<td>565</td>
</tr>
<tr>
<td>Canada</td>
<td>(373)</td>
<td>-</td>
</tr>
<tr>
<td>Exploration and growth</td>
<td>(253)</td>
<td>(232)</td>
</tr>
</tbody>
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- Business benefits from higher prices in Mozambique and Gabon
  - *Canada’s profit contribution offset by depreciation and forex translations*
  - *Expansion of onshore gas production in Mozambique achieves beneficial operation*

### Production and sales

<table>
<thead>
<tr>
<th></th>
<th>1H12</th>
<th>1H11</th>
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<tbody>
<tr>
<td>Natural gas (mGJ)</td>
<td>44,5</td>
<td>45,1</td>
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<tr>
<td>Shale gas (Bscf)</td>
<td>6,7</td>
<td>-</td>
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<tr>
<td>Crude oil and condensate (mbbl)</td>
<td>1,0</td>
<td>1,0</td>
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</table>
Mozambique a core component of SPI’s strategy

Enhance

Reserves/resources maturation
- Investigating upside of Pande and Temane Fields
- Near field potential in PSA discoveries and Inhassoro liquids potential

Production
- Expansion of the CPF completed, taking capacity from 120MGJ to 183 MGJ/a
- Targeting sales of about 27 MGJ/a to feed the developing gas market in Mozambique

Financial
- Profits, Cash fixed costs, Capital discipline

Explore

Exploration
Held assets:
- Onshore: Block-A 2D seismic acquisition ongoing.
- Offshore: Sofala permit - 3D seismic acquisition ongoing.
- Offshore: M-10 permit - drill Mupeji-1 exploration wildcat in August 2012.
- Offshore: Block 16&19 – Njika-1 and -2 options and prospectivity review

New Ventures:
- New bid rounds and farm-in opportunities

Safety
- Zero harm approach

Organisational capacity and health
- One of the fastest growing businesses in the Group – so working to ensure we have the appropriate skills to meet our ambitious targets
- Commitment to having an integrated & diverse workforce, as seen in our localisation strategy for staff in Mozambique

Stakeholder relationships
- Sustainable relations seen as key enabler in Mozambique
- SPI active in Corporate Social Investment in Mozambique, with close contact with communities in areas of operation

Systems/Standards/Leadership
- Management Systems, “Quality Culture”, compliance, accountability, interdependency, trust

Enable
**our natural gas value chain**

**Mozambique**

- Pande
- Temane
- Natural gas fields
- Central Processing Facility
- Royalty Gas
- Ressano Garcia
- 183 MGJ/a
- **Rompco Pipeline**
  - 50% Sasol Gas
  - 25% iGas
  - 25% Companhia Moçambicana de Gasoduto

**PPA**
- 70% Sasol Petroleum Temane
- 25% Companhia Moçambicana de Hidrocarbonetos S.A.
- 5% International Finance Corporation

**Sasol Gas**

- Sasol New Energy
- 3rd Parties
- In development

- Sasol Secunda
- Sasol Sasolburg
- 3rd Parties RSA
**the Mozambique natural gas project onstream 2004**

- A pioneering partnership project between Sasol, the Mozambique and South African governments

- Developed a resource that was “stranded” for 40 years

- US$1,2bn project
  - *Pande and Temane field development*
  - *Central Process Facility (CPF) construction*
  - *26-inch, 865km Temane to Secunda pipeline*

- Upstream equity
  - *Sasol 70% (Operator), CMH 25%, IFC 5%*

- Pipeline company equity
  - *Sasol Gas 50% (Operator), CMG (25%), iGAS (25%)*

- Currently produces ~300 MMscf/d
Petromoc and Sasol (PESS)

- PESS is a joint venture between Sasol and Petromoc
- Sasol supplies liquid fuel and lubricant products to the mining, road haulage, construction and agricultural segments throughout Mozambique
- Currently PESS sells approximately 80 million litres of petroleum product
Optimising our assets

- US$307m CPF expansion project - 50% increase to 450 MMscf/d
  - RCR of 0.46 achieved, nearing completion
  - Over 600 Mozambicans employed
  - US$64m spent on Mozambican suppliers
  - Domestic gas sales agreements concluded for 25 MGJ/a

- Planned investments:
  - Improve understanding of PPA reserves
  - Developing/appraising Inhassoro Field and surrounding discoveries
production performance and outlook

- Firm base proved developed (PPA)
- Proved developed (PPA)
- Discovered scope volumes not yet deemed commercial (Njika, PSA, Inhassaro)
- Risked undiscovered exploration potential (Blk 16/19, Sofala, M10, Area A)
Mozambique licence portfolio
we have licenses throughout maturation funnel

- P10 Volume / cost
- P(actual) Volume / cost
- P90 Volume / cost

- Block 16/19: 5.2 tcf
- Sofala: 2.0 tcf
- M10: 1.0 tcf

- Njika: 1.0 tcf
- Other PSA: 0.2 tcf
- PSA (Inhassoro): 0.4 tcf

- PSA: 0.4 tcf
- Inhassoro: 1.0 tcf
- Block 16/19: 5.2 tcf
- M10: 1.0 tcf
- Sofala: 2.0 tcf

- PPA 2P UR: 4.6 tcf

- Area A: 0.5 Tcf

- Yr 0: Risked exploration potential

- Exploration Well: Discovery scope
Area A: Unlocking onshore potential

- Evaluation focusing on syn- & post-rift plays
- Full Tensor Gradiometry (FTG) proven to be of high quality
- Environmental License obtained
- De-mining and mobilisation of seismic acquisition equipment for 2000 km of 2D seismic has commenced

Airborne Gravity showing the deep structuration (Prospectivity) in Area A
First oil discovery in Mozambique … Inhassoro I-9z drilling and testing

- Drilled I-9z well in 2010 and initial test was successful
  - Became the first light oil 500m horizontal section drilled successfully (first in Mozambique)
- Extended Well Test to further test production rate and fluid composition
- EWT planned to determine sustainability of oil flow and optimum development plan for field and also finalise design of LPG plant initiated in March 2012 - has been flowing successfully
- Assuming a successful I-9z in 2012, Inhassoro Development could be completed by 2015
impact of natural gas operations in Mozambique

- Sasol’s operation has become a catalyst for social development
- US$13m spent on social projects
- Plans in place to have 85% Mozambican operational staff by 2015 (currently 60%)
- 205 contracts valued at over US$64m awarded to local service providers in 2011
- Close dialogue with local community helps with needs-driven CSR projects
CSR activities from 2001 to 2011 focused on five different areas - total investment US$13m

Over 150 projects are reaching beneficiaries in four provinces along our pipeline and Central Processing Facility
economic activity composition, north gas finds will change regional balance and industrial activity contribution

- Agriculture and other primary sector economic activity remains a key focus for the central and northern part of Mozambique
- Existing agricultural production does not meet domestic demand, and has not reached industrial scale in many instances
- Manufacturing, general industry and services contributions to GDP continues to receive focus and grow, and is concentrated in Southern Mozambique
the changing Mozambique competitive environment

presents new opportunities and challenges

- Significant gas finds in Northern Mozambique changing competitive landscape
- The north-western province of Tete holds one of the world's most significant coal reserves
- Pressure increasing on in-country natural gas monetization

- Infrastructure not yet on par with development pace
- Human capacity requires focused development
- Southern African markets required to enable development of world scale industries in country
  - Similar to the natural gas project story

Sasol is well positioned to leverage its competitive technology and market position in Southern African markets
looking ahead

**Operations**
- Pursue exploration activities
- Optimise current assets
- Explore additional opportunities to monetise natural gas in country
- Explore for partnership opportunities to leverage Sasol’s gas monetisation technology

**License to operate**
- Build local skills and supplier capacity
- Pursue sustainable relations with community stakeholders
- Continue to align our activities with government drivers, eg, education, health, energy security and food security

Continue growing our heartland
Questions and Answers