COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA

Case no.: 26/LM/May03

In the large merger between:

Sasol Mining (Pty) Ltd

and

Anglo Operations Ltd (acting through its Anglo Coal division)

Reasons for Decision

Approval

The Competition Tribunal issued a Merger Clearance Certificate on 23 July 2003 approving the merger without conditions. The reasons are set out below.

The merger

The transaction

The transaction consists the sale of assets in two separate but inter-dependant stages and is governed by three agreements concluded between the merging parties.

It, firstly, entails the transfer of mineral rights from Anglo Operations Limited, acting through its Anglo Coal Division, to Sasol Mining (Pty) Ltd ("Sasol Mining"). In exchange for the underground mineral rights, Sasol Mining will grant Anglo Operations access to its existing market. Anglo Operations will supply Sasol Mining with the required volumes of thermal coal from its new opencast mine to be constructed in the Kriel area for the next 21 years.

Secondly, Anglo Operations will acquire certain assets, infrastructure, equipment and employees from Sasol Mining's Syferfontein Opencast Colliery when it closes down.

On conclusion of the transactions, Anglo Operations will have ceded the Kriel Underground Mineral Rights to Sasol Mining. The reserves will then be mined by

Sasol Mining. Anglo Operations (having bought the Strip Mining Business from Sasol's Syferfontein Opencast Colliery), will mine the open cast reserves at Kriel South for sale of coal to Sasol Mining under the Coal Supply Agreement.

The parties

The parties to the transaction are:

> Sasol Mining, a wholly owned subsidiary of Sasol Limited. Sasol Limited does not have a single controlling shareholder.
>
> Anglo Operations Limited, acting through its Anglo Coal Division. Anglo Operations Limited is a wholly owned subsidiary of Anglo American Corporation of South Africa Limited, which in turn is controlled by Anglo American Holdings Limited, a company registered in the United Kingdom. Anglo does not have a single controlling shareholder.

The rationale for the transaction

Sasol's coal reserves at its Syferfontein Opencast Colliery will be exhausted in four years time. In order to secure the future supply of thermal coal, Sasol Mining decided to source a portion of its thermal coal requirements from outside its own organisation. Anglo owns undeveloped reserves adjacent to Sasol's existing colliery. The Kriel South reserves lie in close proximity to Sasol's existing operations and the continuous nature of the coal seam means that the gasification characteristics of the coal are well known to Sasol.

Furthermore, by selling its opencast mining equipment and infrastructure to Anglo Sasol will realize a return on its assets, which otherwise would have become redundant in 2007. Anglo will use these assets to develop the new opencast mine.

Evaluating the merger

The relevant market

Sasol's core-activities are the conversion of coal into synthetic fuels and chemicals as well as the refining of crude oil into liquid fuels. These core activities are complemented by coal-mining operations and oil and gas exploration and production. Sasol Mining produces thermal coal primarily for use within the Sasol Group.

Anglo Operations owns collieries that mainly supply thermal and metallurgical coal to Eskom, other domestic users and the export market.

The relevant market is therefore defined as the market for thermal coal sold in the South African market.

The market shares of the five largest producers of thermal coal, excluding Sasol[1], in South Africa are:

BHP Billiton	36.9%
Anglo Coal	26.3%
Eyesizwe	10.0%
Kumba	9.5%
Duiker	8.9%

Effect on competition

Although both parties are active in the mining of thermal coal within South Africa, Sasol Mining is not a competitor of Anglo Operations, as it is not regarded as a participant in the market for the production and supply of thermal coal to domestic third parties. It consumes its entire annual thermal coal production internally.

The coal supplied by Anglo Operations will replace Sasol's supply from its Syferfontein colliery. As a result of the transaction Anglo Operations will become the first outside coal supplier to gain access on a long-term contractual basis to Sasol's previously closed coal market.

Eskom and Sasol account for approximately 90% of thermal coal consumption in South Africa. The proposed merger will not have an impact on the supply of coal to Eskom, as its supply is secured by long-term supply agreements. Furthermore, since there are a number of coal suppliers with excess production the remaining smaller thermal coal consumers will not be negatively affected by the transaction.

We thus agree with the Commission that the transaction will not significantly prevent or lesson competition in the relevant market.

Public interest

The transaction does not raise any public interest concerns.

____________ 12 August 2003

D Lewis **Date**

Concurring: N Manoim, F Fourie

1 Although Sasol is the second largest thermal coal producer it consumes all of its production and does not sell to third parties.