

Petroleum Agency SA

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22 May 2015

Ref no: 12/3/295 ER
Enquiries: A M Thovhakale

E- Mail: shahid.sulaiman@kapditwala.com

Mr Sulaiman Shahid
Rhino Oil & Gas Exploration South Africa (Pty) Ltd
P.O Box 225
RHONDEBOSCH
CAPE TOWN
7701

Dear Mr Shahid

APPLICATION FOR AN EXPLORATION RIGHT FOR PETROLEUM IN TERMS OF SECTION 79 OF THE MINERAL AND PETROLEUM RESOURCES DEVELOPMENT ACT, 2002 (ACT NO. 28 OF 2002) ("THE ACT") VARIOUS FARMS IN THE MAGISTERIAL DISTRICTS OF MATATIELE AND MOUNT FLETCHER, EASTERN CAPE PROVINCE

The above application refers.

Kindly be advised that your application for an Exploration Right, in terms of Section 79 of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002) ("the Act") to explore for Petroleum has been accepted.

You are therefore required to comply with Section 79 (4) of the Act, by:

- (a) Submitting an application for Environmental Authorization in terms of Regulation 16 of Environmental Impact Assessment Regulations, 2014 on or before the **08th of June 2015**;

Please take note of the following:

- Application form must be completed by an independent Environmental Assessment Practitioner ("EAP"); and
- An application fee of **R10 000.00** or proof of payment must accompany your application.

Directors: M P Fusi (Chairperson)

B Luthuli R Nkambule T Ramuedzisi T Ramuedzisi L Nengovhela L Mekwe (Acting Executive)

Company Secretary: Adv E Hendricks

Subsidiary of CEF SOC Ltd.

South African Agency for Promotion of Petroleum Exploration and Exploitation SOC Ltd No. 1999/015715/30.



- (b) Submitting a Scoping Report as contemplated in Regulation 21(1) of the Environmental Impact Assessment Regulations, 2014 within 44 days from the date on which you will lodge the Environmental Authorisation application. Please take note that the Scoping Report must be subjected to a public participation process of at least 30 days; and
- (c) Consulting with the landowner, lawful occupier and any interested and affected parties and include the results of the consultation in the Scoping and Environmental Impact Reports.

Furthermore, you are required to submit all the outstanding Title Deeds on or before the 06th of July 2015.

We have enclosed herewith a copy of an application form for Environmental Authorisation. Also note that the form can be obtained from the Department of Mineral Resources website (i.e. <http://www.dmr.gov.za>).

If you need further information or more clarity do not hesitate to contact us.

Yours sincerely,

L MEKWE

ACTING CHIEF EXECUTIVE OFFICER

Directors: M P Fusi (Chairperson)

B Luthuli R Nkambule T Ramuedzisi T Ramuedzisi L Nengovhela L Mekwe (Acting Executive)

Company Secretary: Adv E Hendricks

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South African Agency for Promotion of Petroleum Exploration and Exploitation SOC Ltd No. 1999/015715/30.





mineral resources

Department:
Mineral Resources
REPUBLIC OF SOUTH AFRICA

APPLICATION FORM FOR ENVIRONMENTAL AUTHORISATIONS IN TERMS OF THE NATIONAL ENVIRONMENTAL MANAGEMENT ACT, 1998 AND THE NATIONAL ENVIRONMENTAL MANAGEMENT WASTE ACT, 2008 IN RESPECT OF LISTED ACTIVITIES THAT HAVE BEEN TRIGGERED BY APPLICATIONS IN TERMS OF THE MINERAL AND PETROLEUM RESOURCES DEVELOPMENT ACT, 2002 (MPRDA) (AS AMENDED).

IMPORTANT NOTICE

Kindly note that:

- As from 8 December 2014, this document serves as the application form, and incorporates the requisite documents that are to be submitted together with the application for the necessary environmental authorisations in terms of the said Acts.
- This application form is applicable while the Mineral and Petroleum Resources Development Amendment Act of 2008 is in effect, as the form may require amendment should the Act be further amended.
- Applicants are required to apply for the necessary water use licence and any other authorisations nor licences to the relevant competent authorities as required by the relevant legislation. Upon acceptance of an application for a right or permit in terms of the MPRDA, applicants will be required to provide evidence to the Regional Manager that a water use licence has been applied for.
- The Regional Manager will respond to the application and provide the reference and correspondence details of the Competent Authority, and in the event that the application for a right or permit is accepted, together with the date by which the relevant environmental reports must be submitted. Notwithstanding anything that may appear to be stated to the contrary in the acceptance letter, the timeframes are in fact aligned and the prescribed timeframes for the submission of documents as regulated by the NEMA regulations must be strictly adhered to.
- The application must be typed within the spaces provided in the form. The sizes of the spaces provided are not necessarily indicative of the amount of information to be provided. Spaces are provided in tabular format and will extend automatically when each space is filled with typing.
- The failure to submit complete information as required in this application form may result in the refusal of the application for an environmental authorisation and consequently of the right or permit applied for.
- This application must be submitted through the SAMRAD online application system of the Department of Mineral Resources under "Other documents to upload".
- Unless protected by law, all information filled in on this application form will become public information on receipt by the competent authority. Any interested and affected party should and shall be provided with the information contained in this application on request, during any stage of the application process.
- Please note that an application fee is payable in terms of the National Environmental Management Act and the National Waste Management Act, which fees must be paid upon lodgement of the application. Should the said application fees not be paid as prescribed the application for a right or permit in terms of the Mineral and Petroleum Resources Development Act cannot be considered to have been made in the prescribed manner and the said application for a right or permit will have to be rejected. In this regard the type of applications must be identified in the table below.

PLEASE STATE TYPE OF AUTHORISATIONS BEING APPLIED FOR.

APPLICATION TYPE	APPLICABLE FEE	Mark with an X where applicable
NEMA S&EIR application on its own	R10 000.00	<input checked="" type="checkbox"/>
NEMA BAR application on its own	R 2 000.00	<input type="checkbox"/>
NEMWA S&EIR application on its own	R10 000.00	<input type="checkbox"/>
NEMWA BAR application on its own	R 2 000.00	<input type="checkbox"/>
NEMA S&EIR application combined with NEMWA S&EIR application	R 15 000.00	<input type="checkbox"/>
NEMA BAR application combined with NEMWA BAR application	R 3 000.00	<input type="checkbox"/>
NEMA S&EIR application combined with NEMWA BAR application	R 11 000.00	<input type="checkbox"/>

1. CONSULTATION BASIC ASSESSMENT AND/ OR SCOPING REPORT

2. DETAILS OF THE APPLICANT

Project applicant:	Rhino Oil and Gas Exploration South Africa (Pty) Ltd	
Registration no (if any):		
Trading name (if any):	Rhino Oil and Gas Exploration South Africa (Pty) Ltd	
Responsible Person, <small>(e.g. Director, CEO, etc.):</small>	Vice President and COO	
Contact person:	Phillip Steyn	
Physical address:	Icon Building, Suite 300, Corner Long Street and Hans Strijdom Ave	
Postal address:		
Postal code:	8001	Cell: 079 716 1030
Telephone:		Fax:
E-mail:	psteyn@rhinoresourcesltd.com	

3. ENVIRONMENTAL ASSESSMENT PRACTITIONER (EAP) INFORMATION

EAP:	Matthew Hemming	
Professional affiliation/registration:	Member IAIAsa, Member IWMSA	
Contact person <small>(if different from EAP):</small>		
Company:	SLR Consulting (Africa) (Pty) Ltd	
Physical address:	Fourways Manor Office Park, Cnr Roos and Macbeth Streets, Fourways	
Postal address:	PO Box 1596, Cramerview	
Postal code:	2060	Cell: 082 940 8274
Telephone:	011 467 0945	Fax: 011 467 0978
E-mail:	mhemming@slrconsulting.com	

If an EAP has not been appointed please ensure that an independent EAP is appointed as stipulated by the NEMA Regulations, prior to the commencement of the process. The declaration of independence and the Curriculum Vitae (indicating the experience with environmental impact assessment and relevant application processes) of the EAP must also be attached as **Appendix 1**.

6. PUBLIC PARTICIPATION

(Provide details of the public participation process proposed for the application as required by Regulation.

Details of the Public Participation process to be followed.

6.1.1. IDENTIFICATION OF INTERESTED AND AFFECTED PARTIES TO BE CONSULTED

IDENTIFICATION CRITERIA	Mark with an X where applicable	
	YES	NO
Will the landowner be specifically consulted?	X	X
Will the lawful occupier on the property other than the Landowner be consulted?	X	X
Will a tribal authority or host community that may be affected be consulted?	X	
Will recipients of land claims in respect of the area be consulted?		X
Will the landowners or lawful occupiers of neighbouring properties been identified?		X
Will the local municipality be consulted?	X	
Will the Authority responsible for power lines within 100 metres of the area be consulted?		X
Will Authorities responsible for public roads or railway lines within 100 metres of the area applied for be consulted?		X
Will authorities responsible for any other infrastructure within 100 metres of the area applied for be consulted? (Specify)		X
Will the Provincial Department responsible for the environment be consulted?	X	
Will all of the parties identified above be provided with a description of the proposed mining /prospecting operation as referred above?	X	
Will all the parties identified above be requested in writing to provide information as to how their interests (whether it be socio-economic, cultural, heritage or environmental) will be affected by the proposed mining project?	X	
Other, Specify	It is acknowledged that it has not been possible to source contact information for all land owners and occupiers, and thus certain land owners and occupiers have not been directly notified. The process to notify land owners and occupiers will be on-going during the course of the scoping and EIA.	

6.1.2.DETAILS OF THE ENGAGEMENT PROCESS TO BE FOLLOWED

Steps to be taken to notify interested and affected parties	PROVIDE DESCRIPTION HERE
<p>(Describe the process to be undertaken to consult interested and affected parties including public meetings and one on one consultations. NB the affected parties must be specifically consulted regardless of whether or not they attended public meetings. Photographs of notice boards, and copies of advertisements and notices notifying potentially interested and affected parties of the proposed application must be attached as Appendix)</p>	<p>Advertisements have been placed in local and regional newspapers. Site notices have been at the municipal offices, various shops and schools in the region.</p> <p>A background informaiton document has been developed (in English and Xhosa). This has been distributed to the I&AP database including municipal officlas, traditional authorities, ward councillors, NGOs, land owners and occupiers.</p> <p>A scoping meeting was held with ward councillors and traditional leaders whom were asked to inform their constituency.</p> <p>The application has also received media coverage in various newspapers including the Daily Disptach and Mercury.</p> <p>Full details of the public participation process and the proofs will be provided in the scoping report</p>
<p>Information to be provided to Interested and Affected Parties.</p>	<p>Compulsory</p> <ul style="list-style-type: none"> The site plan. List of activities to be authorised Scale and extent of activities to be authorised Typical impacts of activities to be authorised (e.g.surface disturbance, dust, noise, drainage, fly rock etc.) The duration of the activity. Sufficient detail of the intended operation to enable them to assess what impact the activities will have on them or on the use of their land) <p>Other, specify: A summary of this information has been provided in the BID, with full information to be provided to I&APs in the scoping report</p>
<p>Information to be required from Interested and Affected Parties.</p>	<p>Compulsory</p> <ul style="list-style-type: none"> To provide information on how they consider that the proposed activities will impact on them or their socio-economic conditions To provide written responses stating their suggestions to mitigate the anticipated impacts of each activity To provide information on current land uses and their location within the area under consideration To provide information on the location of environmental features on site to make proposals as to how and to what standard the impacts on site can be remedied. requested to make written proposals To mitigate the potential impacts on their socio economic conditions to make proposals as to how the potential impacts on their infrastructure can be managed, avoided or remedied). <p>Other, SpecifyAll responses received from I&APs will be documented in the scoping report</p>

7. Description of the assessment process to be undertaken

ITEM	DESCRIPTION
Environmental attributes. Describe how the Environmental attributes associated with the development footprint will be determined.	Information on the baseline environment will be derived from desktop study, site visits and specialist inputs. The desktop study will draw extensively on information held by various government departments and other environmental and conservation organisations.
Identification of impacts and risks. (Describe the process that will be used to identify impacts and risks.	Given the nature of the proposed exploration and for each relevant environmental aspect (i.e. land use, biodiversity, etc.), impacts will be identified and described in terms of the nature of the impact, compliance with legislation and accepted standards, receptor sensitivity and the significance of the predicted environmental change.
Consideration of alternatives. Describe how alternatives, and in particular the alternatives to the proposed site layout and possible alternative methods or technology to be applied will be determined.	A comparative assessment of the various alternatives that could be used to achieve the desired exploration outcome will be presented in the scoping report. The specific locality of on-the-ground activities (eg seismic surveys and drilling) can only be identified once the initial phases have been undertaken and the targets identified.
Process to assess and rank impacts. Describe the process to be undertaken to identify, assess and rank the impacts and risks each individual activity.	The proposed method for the assessment of environmental issues enables the assessment of environmental issues including: the severity of impacts (including the nature of impacts and the degree to which impacts may cause irreplaceable loss of resources), the extent of the impacts, the duration and reversibility of impacts, the probability of the impact occurring, and the degree to which the impacts can be mitigated. The significance of environmental impacts will be rated before and after the implementation of mitigation measures. These mitigation measures may be existing measures or additional measures that may arise from the impact assessment and specialist input.
Contribution of specialist reports Describe how specialist reports, if required, will be taken into consideration and inform the impact identification, assessment and remediation process.	The EAP will integrate the specialist and other relevant information into the EIA report. This will include a summary of the findings and recommendations made by the specialist.
Determination of impact management objectives and outcomes. Describe how impact management objectives will be determined for each activity to address the potential impact at source, and how the impact management outcomes will be aligned with standards.	An EMPr will be submitted with the EIA Report. The EMPr will be structured in terms of Appendix 5 to the EIA Regulations 2014. The EMPr will provide recommendations on how to select, establish, operate, maintain and close the activities and associated infrastructure through all relevant phases of the project life.

8. OTHER AUTHORISATIONS REQUIRED

LEGISLATION	Mark with an X where applicable			
	AUTHORISATION REQUIRED		APPLICATION SUBMITTED	
	YES	NO	YES	NO
SEMA's				
National Environmental Management: Air Quality Act		x		
National Environmental Management: Biodiversity Act		x		
National Environmental Management: Integrated Coastal Management Act		x		
National Environmental Management: Protected Areas Act		x		
National Environmental Management: Waste Act		x		
National legislation				
Mineral Petroleum Development Resources Act	x		x	
National Water Act		x		
National Heritage Resources Act		?		
Others: Please specify		x		

Please provide proof of submission of applications in **Appendix 5**.
In the event that an authorization in terms of the National Environmental Waste Management Act is required for any of the activities applied for please state so clearly in order for such an authorisation to be considered as part of this application.
The SAHRA will be consulted with regards to the need for approval in terms of the National Heritage Resources Act

9. DRAFT EMPr

For consultation purposes, provide a high level approach to the management of the potential environmental impacts of each of the activities applied for.

ACTIVITIES	PHASE (of operation in which activity will take place).	SIZE AND SCALE (of Disturbance)	TYPICAL MITIGATION MEASURES	COMPLIANCE WITH STANDARDS
(E.g. For prospecting - drill site, site camp, ablation facility, accommodation, equipment storage, sample storage, site office, access route etc...etc...etc E.g. for mining - excavations, blasting, stockpiles, discard dumps or dams, Loading, hauling and transport, Water supply dams and boreholes, accommodation, offices, ablation, stores, workshops, processing plant, storm water control, berms, roads, pipelines, power lines, conveyors, etc...etc...etc.)	State; Planning and design, Pre-Construction Construction, Operational, Rehabilitation, Closure, Post closure.	(volumes, tonnages and hectares or m²)	(Eg. storm water control, dust control, noise control, access control, rehabilitation etc...., etc....)	(A description of how each of the recommendations herein will comply with any prescribed environmental management standards or practices that have been identified by Competent Authorities)
Seismic surveys	year 3	up to a maximum of 125 km of lines	The primary mitigation to limit environmental impacts and	Regulations on Petroleum Exploration and Production

			risks will be the appropriate siting of any exploration activity at a locality that is of low sensitivity. This will be achieved through desktop GIS-based screening and then a site assessment to confirm the conditions of the proposed location. Given that the precise location of exploration sites is reasonably flexible, it should always be possible to locate the activity at a site of low sensitivity, thereby mitigating the majority of impacts. Mitigation to reduce environmental impacts and risks of activities can be applied through operational management and the adoption of best practice. The environmental management programme that will be	(GN R 466, July 2015)
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			developed and approved through this EIA process will define the operational aspects to ensure appropriate management and mitigation of risks.	
Core borehole drilling	year 3	up to a maximum of 10 holes	The primary mitigation to limit environmental impacts and risks will be the appropriate siting of any exploration activity at a locality that is of low sensitivity. This will be achieved through desktop GIS-based screening and then a site assessment to confirm the conditions of the proposed location. Given that the precise location of exploration sites is reasonably flexible, it should always be possible to locate the activity at a site of low sensitivity, thereby mitigating the majority of impacts. Mitigation to	Regulations on Petroleum Exploration and Production (GN R 466, July 2015)

			<p>reduce environmental impacts and risks of activities can be applied through operational management and the adoption of best practice. The environmental management programme that will be developed and approved through this EIA process will define the operational aspects to ensure appropriate management and mitigation of risks.</p>	

10. CLOSURE PLAN

<p>In the space provided under each heading below, please provide a high level description of the plan for closure and the information that will be provided in the draft EMPr accompanying draft basic assessment report or environmental impact reports going forward.</p>	
<p>Baseline environment Describe how the baseline environment will be determined with the input of interested and affected parties and due cognizance of the current land uses and or existing biophysical environment</p>	<p>The general baseline environment will be documented in the EIA as described above. Each site for activity will be subject to an assessment, including a photographic record, prior to the undertaking of any activity. This will provide a reference point for the baseline environment.</p>
<p>Closure objectives Describe the closure objectives and the extent to which they will be aligned to</p>	<p>The objective for closure will be to return any site disturbed by exploration to the pre-disturbance state as agreed with the land owner.</p>

<p>the baseline environment</p> <p>Rehabilitation Plan Describe the scale and aerial extent of the prospecting or mining listed activities to be authorised, including the anticipated prospecting or mining area at the time of closure, and confirm that a site rehabilitation plan drawn to a suitable scale will be provided in the draft EMPr to be submitted together with the draft EIR or Basic Assessment Report as the case may be.</p>	<p>Rehabilitation of disturbances will be undertaken as soon as activity at a site has been completed. In most instances the exploration activity at a site will not take more than a few weeks to complete. The requirements for and method of rehabilitation will be documented in the EIA.</p>
<p>Rehabilitation Cost Describe how the rehabilitation cost will be determined and provide a preliminary estimate thereof</p>	<p>A financial provision for closure will be determined for the rehabilitation, closure and ongoing post decommissioning management of negative environmental impacts. This will be documented in the EIA. Rhino would conclude the nature and quantum of the financial provision required for the management and remediation of environmental damage with PASA prior to any exploration activities being undertaken.</p>
<p>Decommissioning Considering that rehabilitation must take place upon cessation of an activity, describe when each of activities applied for will be rehabilitated in terms of either the cessation of the individual activity or the cessation of the overall prospecting or mining activity.</p>	<p>In most instances the exploration activity at a site will not take more than a few weeks to complete. Decommissioning of the activity can then commence immediately thereafter. In the case of seismic surveys all of the equipment will be removed immediately and the area rehabilitated. In the case of drilling the equipment will be removed immediately on completion of drilling. The installed infrastructure will remain for longer as some further data gathering is required.</p>



Signature of the applicant / Signature on behalf of the applicant:

Rhino Oil and Gas Exploration South Africa (Pty) Ltd

Name of company (if applicable):

Date:

**APPENDIX 4
DECLARATION OF THE EAP**

I, Matthew Hemming, declare that –

General declaration:

- I act as the independent environmental practitioner in this application
- I will perform the work relating to the application in an objective manner, even if this results in views and findings that are not favourable to the applicant
- I declare that there are no circumstances that may compromise my objectivity in performing such work;
- I have expertise in conducting environmental impact assessments, including knowledge of the Act, Regulations and any guidelines that have relevance to the proposed activity;
- I will comply with the Act, Regulations and all other applicable legislation;
- I will take into account, to the extent possible, the matters listed in regulation 8 of the Regulations when preparing the application and any report relating to the application;
- I have no, and will not engage in, conflicting interests in the undertaking of the activity;
- I undertake to disclose to the applicant and the competent authority all material information in my possession that reasonably has or may have the potential of influencing - any decision to be taken with respect to the application by the competent authority; and - the objectivity of any report, plan or document to be prepared by myself for submission to the competent authority;
- I will ensure that information containing all relevant facts in respect of the application is distributed or made available to interested and affected parties and the public and that participation by interested and affected parties is facilitated in such a manner that all interested and affected parties will be provided with a reasonable opportunity to participate and to provide comments on documents that are produced to support the application;
- I will ensure that the comments of all interested and affected parties are considered and recorded in reports that are submitted to the competent authority in respect of the application, provided that comments that are made by interested and affected parties in respect of a final report that will be submitted to the competent authority may be attached to the report without further amendment to the report;
- I will keep a register of all interested and affected parties that participated in a public participation process; and
- I will provide the competent authority with access to all information at my disposal regarding the application, whether such information is favourable to the applicant or not
- all the particulars furnished by me in this form are true and correct;
- will perform all other obligations as expected from an environmental assessment practitioner in terms of the Regulations; and
- I realise that a false declaration is an offence in terms of regulation 71 of the Regulations and is punishable in terms of section 24F of the Act.

Disclosure of Vested Interest (delete whichever is not applicable)

- I do not have and will not have any vested interest (either business, financial, personal or other) in the proposed activity proceeding other than remuneration for work performed in terms of the Regulations;
- I have a vested interest in the proposed activity proceeding, such vested interest being:

–

Signature of the environmental assessment practitioner:

SLR Consulting (Africa) Pty Ltd

Name of company:

Date:

Petroleum Agency SA

Tygerpoort Building · 7 Mispel Street · Belville 7530 · P.O. Box 5111 Tygervalley 7536 · South Africa
Tel: +27 21 938 3500 · Fax: +27 21 938 3520
E-mail: plu@petroleumagencyrsa.com



Ref: 12/3/295

19 October 2015

Email: mhemming@slrconsulting.com

Mr Matthew Hemming
SLR Consulting (South Africa) (Pty) Ltd
PO Box 1596
Cramerview
2060

Dear Mr Hemming

APPLICATION FOR ENVIRONMENTAL AUTHORISATION IN TERMS OF REGULATION 16 OF THE ENVIRONMENTAL IMPACT ASSESSMENT REGULATIONS, 2014 ("EIA REGULATIONS") UNDER NATIONAL ENVIRONMENTAL MANAGEMENT ACT, 1998 ("NEMA")

The above application refers.

Your application for environmental authorisation in terms of regulation 16 of the Environmental Impact Assessment Regulations, 2014 (EIA Regulations) is hereby acknowledged.

Please note that you are required to submit co-ordinates of the boundary of the application area.

Furthermore, you are required to inform us of the dates and place you intend to hold public consultation meetings with interested and affected parties.

Yours sincerely,


T MOTLOUNG
ACTING GENERAL MANAGER: REGULATION

Directors: MP Fusi (Chairperson)

B Luthuli R Nkambule T Ramuedzisi L Nengovhela L Mekwe (Acting Executive)

Company Secretary: Adv. E Hendricks

Subsidiary of CEF SOC Ltd.

South African Agency for Promotion of Petroleum Exploration and Exploitation SOC Ltd. Registration No. 1999/015715/30





Project Reference: 723.18034.00003/4/5

File Ref. SLR letter to PASA on issues raised during Rhino PPP

26 November 2015

Acting Chief Executive Officer
Petroleum Agency of South Africa
Typerpoort Building
7 Mispel Street
Bellville, 7530

ATTENTION: MS LINDIWE MEKWE

Dear Madam

RHINO OIL AND GAS EXPLORATION SOUTH AFRICA - APPLICATIONS FOR ENVIRONMENTAL AUTHORISATION IN SUPPORT OF EXPLORATION RIGHTS FOR PETROLEUM ON VARIOUS FARMS IN THE KWAZULU-NATAL, FREE STATE, MPUMALANGA AND EASTERN CAPE PROVINCES (12/3/291 ER, 12/3/294 ER, 12/3/295 ER)

Rhino Oil and Gas has appointed SLR Consulting to undertake the Environmental Impact Assessment (EIA) process as required in terms of National Environmental Management Act, 1998 for the Exploration Right applications 12/3/291 ER, 12/3/294 ER and 12/3/295 ER.

SLR has commenced with the Scoping and EIA process for these projects and the initial public consultation has been undertaken. Public information sharing meetings were held for the three Exploration Right application areas over the course of late October and early November 2015. This included two meetings in the Eastern Cape, eight meetings in the Free State and 11 meetings in KwaZulu-Natal.

As was discussed at the meeting with representatives of PASA on 19 November 2015, the public participation process to date has elicited significant objections to the exploration right applications. In this regard, there are five (5) key issues that have been raised consistently by the majority of the IAPs, generally across all three of the projects. The IAPs have tasked SLR, as the independent environmental assessment practitioner, to present these to PASA for a response. The issues are summarised below:

Issue 1: Most IAPs have objected to the exploration right applications in the strongest possible way (including threats of violence) because exploration may lead to a gas discovery and this may lead to an application for a production right, which may include the possibility of fracking as a production method.

SLR Consulting (South Africa) (Proprietary) Limited

www.slrconsulting.com

Registered Address: Unit 7 Fourways Manor Office Park, 1 Macbeth Avenue, Fourways, 2055
Postal address: PO Box 1596, Cramerville, 2060, South Africa
Reg. No.: 2007/005517/07 VAT No.: 4630242198

Fourways Office: Physical address: Unit 7 Fourways Manor Office Park, 1 Macbeth Ave, Fourways / Postal address: P O Box 1596, Cramerville, 2060 / T: +27 11 467 0945 / F: +27 11 467 0978

Directors: K Pieterse, B Stobart



The objections are made even though the current work programme in the ER application does not cover production or fracking.

Most persons attending the public meetings and/or responding to SLR have stated their opposition or lodged an objection on this basis. Many of the objections are made without further reason or with reasons relating to production/fracking but nonetheless they have objected. It is clear that the EIA will not be able to resolve many objections and these will thus end up with PASA.

Question: What mechanisms exist for these objections to be addressed?

Issue 2: In accordance with Issue 1 above, most IAPs have demanded that the current EIA process presents details on production and undertakes an assessment of potential production (including fracking) related impacts even though current ER application does not cover production or fracking.

Question: What is PASA's instruction with regards the scope of the current EIA?

Issue 3: Many IAPs have asked why the current Karoo Strategic Environmental Assessment (SEA) is not applicable to all areas of South Africa where gas might occur, particularly where the resource could be shale gas. These IAPs have demanded that the Karoo SEA be expanded to include other areas of the country so that there is a consistent framework for oil and gas applications. Moreover, the IAPs have demanded that all ER applications and related EIA processes be stopped until the SEA is complete.

Question: What is PASA's response in this regard?

Issue 4: Most IAPs have argued that the time available in the current EIA schedule is insufficient to allow for the required public consultation for application areas of such large extent. There is also a related argument that the method of consultation has not been adequate given the demographic and cultural diversity of potentially interested and/or affected parties that are resident in the large application areas.

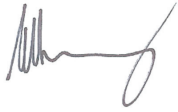
Question: Will PASA grant an extension of time within the EIA process to allow the project to respond to these issues and adjust the public participation process accordingly?

Issue 5: Most IAPs have raised the concern that many sites within the application areas are either protected outright or incompatible with exploration and/or the production of oil and gas and that legislation prevents such work from taking place in these areas. The question has been asked "why undertake an EIA to obtain exploration rights in areas where any gas, if it were to be found, would not be able to be extracted because of the restrictions imposed by protected area legislation and Regulation 122 of the Petroleum Regulations (GN R 466 of 2015) relating to the location of wells?". It has also been stated that these restrictions make it unlawful to apply for a right, even for exploration, in the restricted areas. The related demand is that the ER applications be stopped, all of the future non-compatible/unlawful areas removed and then new EIAs commenced for these revised areas.

Question: What is PASA's response in this regard?

SLR would be grateful for your urgent consideration and written response to these issues and questions.

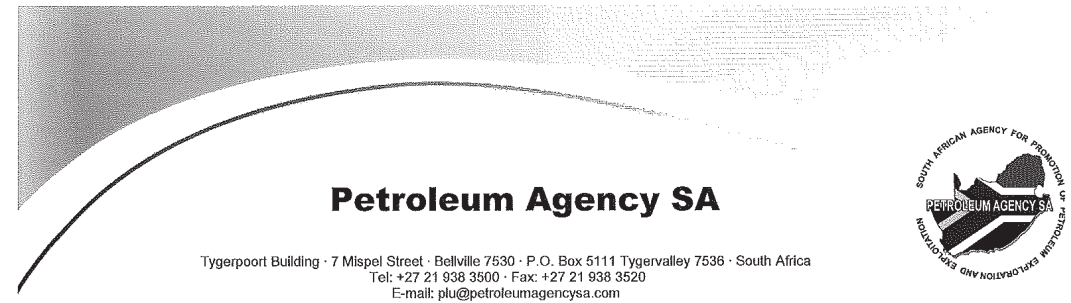
Yours faithfully



Matthew Hemming

MSc (Conservation Biology)

Environmental Assessment Practitioner



15 December 2015

Enquiries: P Ngesi

Our Refs: 12/3/291, 12/3/294 and 12/3/295

Attention: Mr Matthew Hemming

SLR Consulting (South Africa) (Pty) Ltd

P.O. Box 1596

Cramerview

2060

RE: RHINO OIL AND GAS EXPLORATION SOUTH AFRICA – APPLICATIONS FOR ENVIRONMENTAL AUTHORISATION (EA) IN SUPPORT OF EXPLORATION RIGHTS FOR PETROLEUM ON VARIOUS FARMS IN THE KWAZULU-NATAL, FREE-STATE, GAUTENG, MPUMALANGA AND EASTERN CAPE PROVINCES (12/3/291 ER, 12/3/294 ER, 12/3/296 ER)

This letter refers to your correspondence dated 26 November 2015 regarding issues raised during public participation process in which you were requested by Interested and Affected Parties to put forward for our attention and response. We would like to respond and/or comment to issues raised as follows:

ISSUE 1: EXISTING MECHANISMS FOR ADDRESSING OBJECTIONS

The National Environmental Management Act, 1998 (Act 107 of 1998) ('NEMA') dispensation does not provide for any mechanism to address objections, however, it requires the Environmental Assessment Practitioner (EAP) to consider and address all issues and concerns raised by the Interested and Affected Parties and include records thereof in the reports to be submitted to the competent authority. It is therefore expected that as part of the

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South African Agency for Promotion of Petroleum Exploration and Exploitation SOC Ltd No. 1999/015715/30.



EIA process, the EAP considers issues raised and engage with the respective parties with an objective to either resolve or provide clarity to the issues raised.

Furthermore, section 10 of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), makes provision for the Regional Mining Development and Environmental Committee (RMDEC) to consider and advise the Minister of Mineral Resources ("the Minister") on objections received in respect of applications for permits and rights. Therefore, all objections received in respect of the applications in question will be sent to the relevant RMDEC's for consideration before any decision to grant or refuse the exploration rights applications is made by the Minister. However, before RMDEC deliberates on objections, we provide the applicant an opportunity to engage with the objecting parties with an objective to resolve and/or provide clarity on objections.

ISSUE 2: INCLUSION OF PRODUCTION ACTIVITIES IN THE SCOPE OF THE CURRENT EIA

The current EIA process is aligned to the proposed exploration work programme submitted with an application for exploration right. It is therefore not mandatory at this stage for the applicant to assess activities outside the scope of the proposed work programme. However, if the exploration right is granted and the applicant wants to pursue production activities or any activities beyond the scope of the proposed work programme, an application for environmental authorisation for such activities would have to be obtained. This process will provide an opportunity for further engagements with I&APs and allow for in-depth assessment of issues associated with production activities.

ISSUE 3: EXTENSION OF THE KAROO STRATEGIC ENVIRONMENTAL ASSESSMENT TO THE AREAS OF APPLICATIONS

The scope and terms of reference for the Karoo Strategic Environmental Assessment were finalised and the assessment has commenced. The Department of Environmental Affairs is the main driver of the SEA process and any requests for extension can be directed to this department for its consideration.

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ISSUE 4: GRANTING AN EXTENSION OF TIME WITHIN THE EIA PROCESS TO ALLOW FOR EXTENSIVE PUBLIC PARTICIPATION PROCESS

Regulation 3(7) of the NEMA EIA Regulations makes provision for the competent authority to extend the timeframes in the event where the scope of work must be expanded based on the outcomes of the assessment done in accordance with EIA Regulations, which outcome could not be anticipated prior to undertaking the assessment, or in the event where exceptional circumstances can be demonstrated. Furthermore, Regulation 23(1)(b) makes provision for the extension of timeframe to submit the Environmental Impact Assessment Report provided significant changes have been made or significant new information has been added to the environmental impact report or EMPr, which changes or new information was not contained in the reports subjected to consultation during the initial public participation process. It is under these bases that the Agency can consider any requests received in writing from the EAP or applicant to extend the timeframe.

ISSUE 5: TERMINATION OF THE CURRENT EIA TO ALLOW FOR EXCLUSION OF INCOMPATIBLE AREAS AND RELODGMET OF NEW EIAs FOR THE REVISED AREA

It is our view that the EAP has a responsibility to identify environmental attributes within the exploration right application area (which attributes may include sensitive environment, protect areas, etc.), assess the potential environmental impacts and risks that may arise as a result of the proposed activities and provide appropriate mitigation measures. In doing so, the EAP has an obligation to apply and take into consideration the provisions of relevant environmental legislation.

We have no authority as the regulator to direct the EAP or the applicant to stop the Exploration Right/Environmental Authorisation (ER/EA) applications to allow for the removal of incompatible areas and re-lodgement of the new EA. Our role as the Agency is to evaluate the documentation received in respect of the applications for environmental authorisations and determine if it is in line with the provisions of NEMA and other relevant legislation and make necessary recommendations. For instance, where the law prohibits exploration activity in a protected environment, our recommendations will be aligned with the specific provision of that particular legislation to ensure that the specified environment receives necessary protection.

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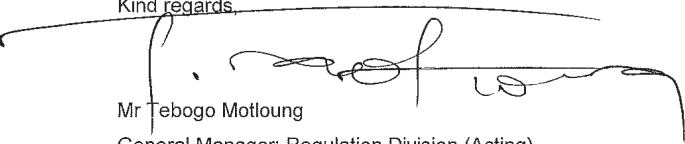
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Should you have any queries, please do not hesitate to contact us.

Kind regards,


Mr Tebogo Motloung
General Manager: Regulation Division (Acting)

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