

MF 13/021



CNR International

5th September 2013

The Committee Secretary, Ms Ayanda Boss
The Parliamentary Committee on Mineral Resources
PO Box 15
Cape Town, 8000
Republic of South Africa

Dear Ms Boss

CNR International (South Africa) Limited ("CNRI"), Exploration Right Holder of Offshore Block 11B/12B – Comments on the draft MPRDA Amendment Bill (B15-2013)

CNRI would like to take this opportunity to comment on the draft MPRDA Amendment Bill ("Bill"). After considerable discussion with our Offshore Oil and Gas Industry colleagues, and after internal review and consideration within the Canadian Natural organisation, we can summarise our primary concerns with the present draft of the Bill as follows:

- CNRI entered into the Block 11B/12B Exploration Right with South Africa in May 2012 and was the holder of the preceding OP-26 sub-lease for this block. CNRI's decision to invest in South Africa was based on the economic framework, rights and commitments contained within these contracts. At this time, there is broad Industry concern that the Bill threatens the rights of existing petroleum rights holders. The Industry considers that it must have assurance that existing rights will be unaffected by the Bill.
- The level of Ministerial discretion contained within the Bill, and the associated uncertainty regarding state participation and beneficiation, is of major concern.
- The Liquid Fuels Charter rather than the Mining Charter is the appropriate application for the upstream petroleum industry.
- The disbanding of the Petroleum Association of South Africa could have a material impact on the effectiveness of the regulation of the oil and gas industry.

A robust oil and gas industry provides benefits for South Africa in terms of jobs (and the creation of new skills), significant fiscal revenues and the potential for a more diverse supply of energy for the future. However, should the Bill be passed as written, there is fear that the fledgling South Africa oil and gas industry will never get off the ground as companies will look elsewhere to make the substantial capital investments required to find and develop oil fields, particularly those offshore. South Africa is competing for investment with other countries offering clear and stable investment terms.

CNR International (South Africa) Limited

Correspondence to: Suite 1B, Nautica, The Waterclub, Beach Road, Granger Bay,
8005 Cape Town, Republic of South Africa

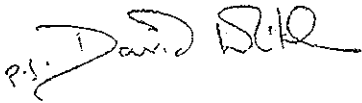
Switchboard: +27 (0) 21 401 4140

2013 09 13 PC/min

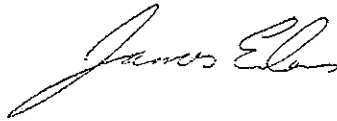
CNRI has considerable experience working in Africa and has been the major oil producer in Cote d'Ivoire for a number of years. Much of our success there is attributed to working closely with government (and the state oil company Petroci) to responsibly and prudently develop and produce oil and gas resources, to provide employment opportunities and skills training and to promote community development. CNRI will continue to invest in Cote d'Ivoire as this partnership has a solid foundation of trust built over the years. We wish to enjoy the same level of relationship with South Africa and hope that the Industry will be able to convince this Committee that an investment regime which encourages international investment in the oil and gas sector will provide benefits for all stakeholders.

Thank you for your attention to this critical matter. We look forward to engaging in further conversation.

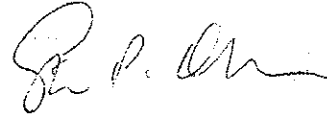
Yours faithfully



Douglas Proll
Director
Executive Vice President,
Canadian Natural Resources
Limited



James Edens
Vice President & Managing
Director
CNR International



Steve O'Reardon
General Manager