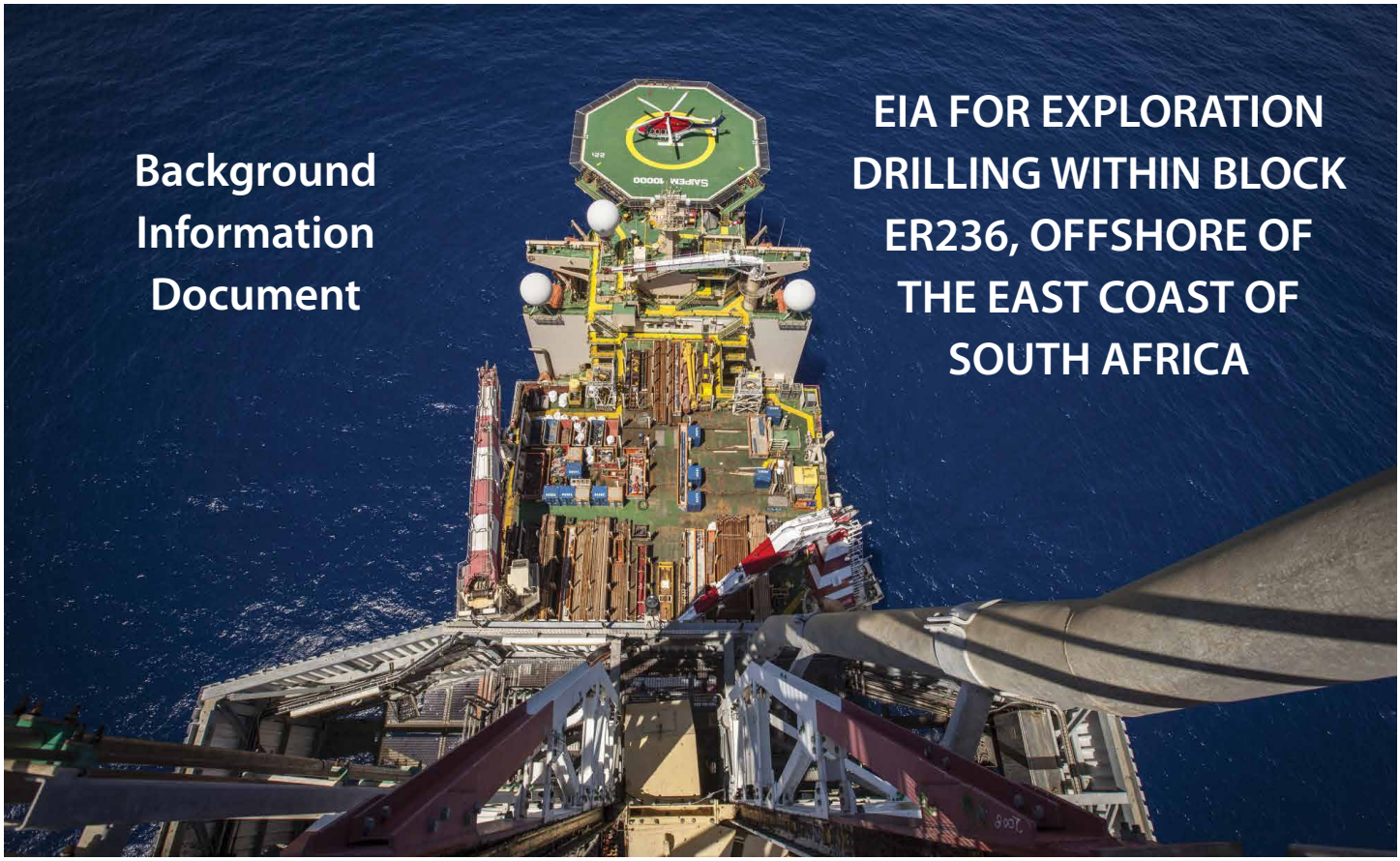
Background Information Document

EIA FOR EXPLORATION DRILLING WITHIN BLOCK ER236, OFFSHORE OF THE EAST COAST OF SOUTH AFRICA



Purpose of this Document

Eni South Africa BV (Eni), and Sasol Africa Limited (Sasol) hold an exploration right off the East Coast of South Africa. Eni and Sasol are considering the possibility of conducting an exploration drilling programme in Block ER 236 (12/3/236) to assess the commercial viability of the hydrocarbon reservoir for future development.

The Project requires Environmental Authorisation (EA) from the National Department of Mineral Resources (DMR), through the Petroleum Agency South Africa (PASA). The authorisation would be under the National Environmental Management Act (NEMA) (Act No. 107 of 1998).

To obtain an EA, an Environmental Impact Assessment (EIA) process must be undertaken in terms of the NEMA EIA Regulations, 2014. The Department of Mineral Resources (DMR) is the competent authority and has powers to authorise the development or refuse it. Applications must be submitted to PASA. PASA is responsible for evaluating applications, entering into negotiations with applicants and making recommendations to the Minister of Mineral Resources on their acceptability.

This document provides background information on the Project and the Environmental Impact Assessment (EIA) process. It aims to assist Interested and Affected Parties (I&APs) to understand the Project and provide guidance on getting involved in the EIA process. I&APs play a very important role in the EIA process and we encourage you to register as a stakeholder which will enable ERM to keep you informed throughout the EIA processes. By doing so you will be able to engage in discussions on issues, provide comment on the draft Scoping Report, various specialist study findings and comment on the draft EIA Report to be produced in the course of the process.

ERM's Role

Eni, in its role as operator of ER236, has appointed Environmental Resources Management (ERM) as the independent Environmental Assessment Practitioner (EAP) for the EIA. The EIA will set out the anticipated impacts arising from the Project and propose measures on how these might be managed. The EIA report will inform an environmental authorisation decision to be taken by the Department of Mineral Resources (DMR).

Register as an interested and affected party:

Please complete the enclosed registration/comment sheet or contact ERM to register as an I&AP. You can contact us using the details below:

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Project Website: www.erm.com/eni-exploration-eia

Project Background and Description

Eni is considering drilling up to six deep water wells within Block ER236, four wells within a northern 1,840 km2 area of interest, in water depths ranging between 1,500 m and 2,100 m and two wells within a southern 2905 km2 area of interest (Figure 1.1), in water depth ranging between 2,600 m and 3,000 m. The specific number of wells and their locations would be based on a number of factors, including further analysis of seismic data, the geological target (the hydrocarbon bearing geology into which the well is to be drilled), and the presence of any seafloor obstacles. In addition, the success (if valuable hydrocarbon is discovered) of the first well in each area will determine whether or not subsequent wells are drilled. The drilling of the first exploration well is planned in 2019. The expected drilling depth would be approximately 3,800 m and 4,100 m from the sea surface to target depth in the northern area, while at around 5,450 m in the southern one. The drilling of one well is expected to take in the order of two months to complete.

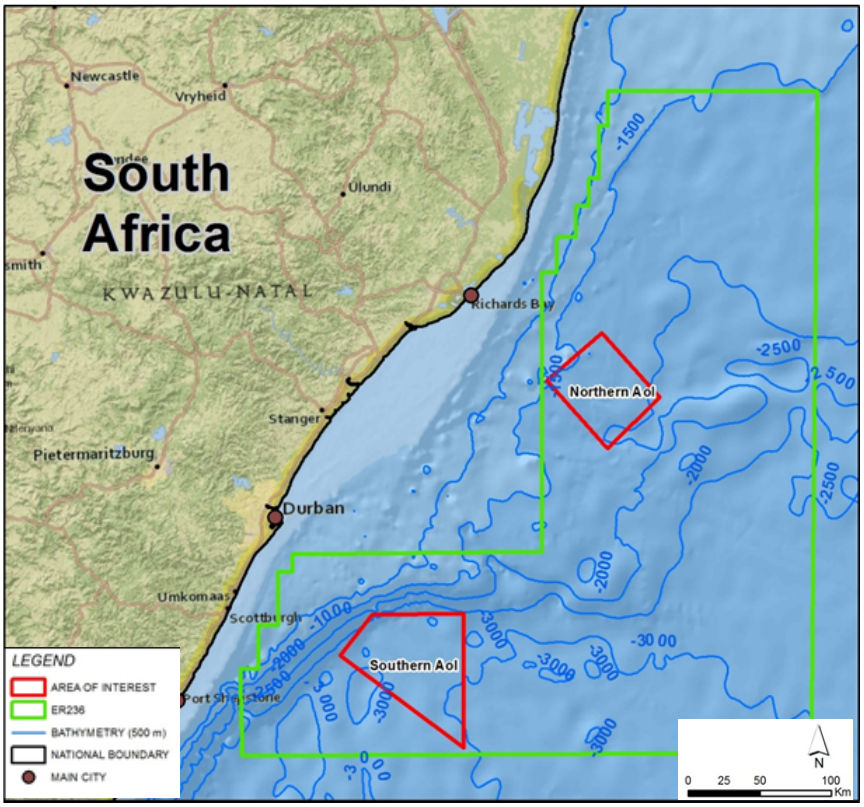

Figure1. ***Locality map***

Depending on the success of the first well within the northern area of interest, up to three additional wells comprising an additional exploration well at a second location and the possibility of one appraisal close to each exploration well location, may be drilled to establish the quantity and potential flow rate of any hydrocarbon present. The time sequence of these possible additional wells will be dependent on the results of the first exploration well, and will not occur immediately after the drilling of the initial well. Within the southern area of interest one potential exploration well will be drilled and a possible appraisal well depending on the results of the first well. Well testing may be conducted on the appraisal wells if they present potential commercial quantities of hydrocarbon.

Due to the water depth, the drilling of the wells will be undertaken by a deep water drillship held in position by dynamic positioning thrusters rather than anchor moorings (an example drillship is shown in *Figure 2*). A temporary 500 m operational safety zone would be imposed around the drillship, while it is drilling.

The drillship would be supported by at least three vessels, which would transfer equipment, materials and waste between the drillship and an onshore logistics base. The supply vessels would call into port regularly during the drilling period, called a "drilling campaign".

An onshore logistics base would be located in either Richards Bay or Durban**, and a final decision on the location of the base has not yet been taken.** This base would provide storage for materials (including materials required to drill the well, diesel, water and drilling fluids) and equipment. Vessels providing fuel, food supplies, water etc would also use the shore base.

Figure 2. ***Example of a drillship and activities associated with the drillship***

The EIA for the offshore drilling campaign is being conducted in terms of the National Environmental Management Act, 1998, (Act No. 107 of 1998).

The Project falls within a number of listed activities in the EIA Regulations, including Activity 18 in Listing Notice 2 (GNR R984), namely *"Any activity including the operation of that activity which requires an exploration right as contemplated in section 79 of the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002), including –*

(a) associated infrastructure, structures and earthworks; or
(b) the primary processing of a petroleum resource including winning, extraction, classifying, concentrating or water removal;

but excluding the secondary processing of a petroleum resource, including the beneficiation or refining of gas, oil or petroleum products in which case activity 5 in this Notice applies."

Therefore, the Project will require full Scoping and EIA Processes to support any environmental authorisation decisions. A typical full Scoping/EIA Process includes the following activity:

Scoping Phase – In the scoping phase, the EIA team communicates with I&APs (1st engagement session) to identify potential positive and negative impacts, Project alternatives, as well as to determine the terms of reference for specialist studies to be conducted in the EIA phase. This information is set out in a Scoping Report.

The Draft Scoping Report for the Project will be made available for a thirty (30) day public comment period (2nd public engagement session). All comments, together with a response from the project team will be included in the final Scoping Report. This will be submitted to the Competent Authority (DMR, through PASA) for adjudication.

Specialist Studies – Once terms of reference for specialist studies as detailed in the Scoping Report are approved by the Competent Authority, the EIA team initiates the specialist investigations. These studies establish what the baseline environmental and socio-economic conditions are. These will provide a point of reference against which the impact assessment will be undertaken. For the proposed project we currently anticipate that the following specialist studies will need to be undertaken:

- Marine Fauna – an assessment of the proposed Projects' impact to marine fauna (eg whales, turtles, seabirds etc).
- Fishing – an assessment of the proposed Projects' impact on fishing activities in the area.
- Oil spill– modelling to identify the predicted dispersion of oil in an unplanned event.
- Dispersion modelling – a dispersion simulation of drill cuttings during drilling activities.

The Environmental Impact Assessment Processes

EIA Phase – The EIA team then compile an EIA Report. This Report sets out the possible positive and negative impacts identified in the Scoping Report, and through the specialist studies. The team rates the significance of the possible impacts using ERM's impact assessment methodology, developed internally based on international best practice. The Environmental Impact Report will include an Environmental Management Programme (EMPr), which will detail proposed management measures to minimise negative impacts and enhance positive impacts.

The EIA team will make the draft EIA Report available for a thirty (30) day public comment period (3rd public engagement session). All comments, together with a response from the Project team will be included in the final EIA Report which will be submitted to the Competent Authority for adjudication. Once the Competent Authority has made a decision, all registered stakeholders will be notified of the decision.

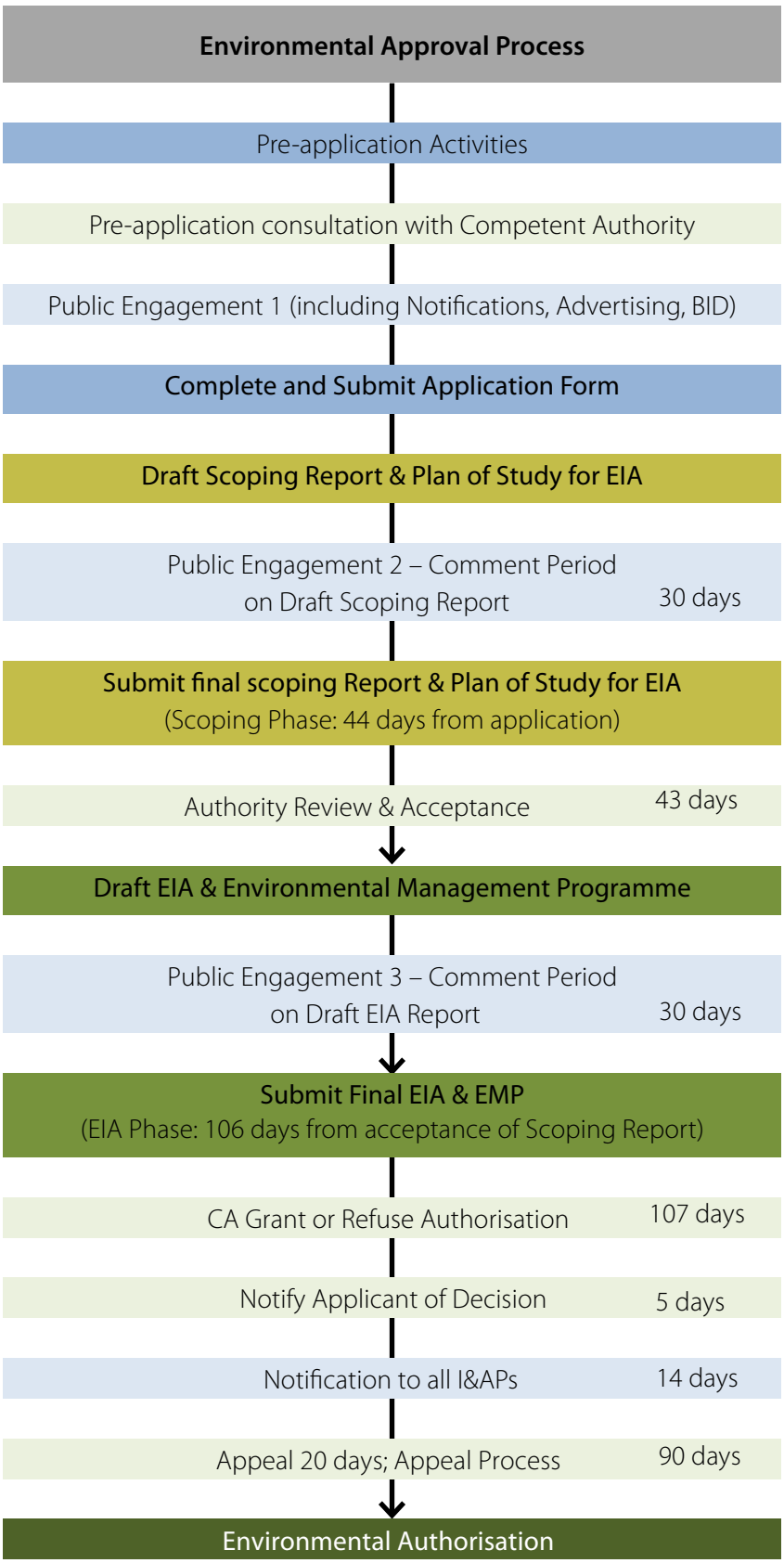

Figure 3. South African EIA Flowchart

Registration and Comment Sheet

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Should you have any queries, comments or suggestions regarding the proposed Project, please note them below.

Return this comment sheet to:

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Project Website: www.erm.com/eni-exploration-eia

I want to formally register as an Interested and Affected Party (I&AP) and be provided with further information and notifications during the EIA process		Yes	No
I would like to receive my notifications by:	Email	Post	Fax

Comments

Title and Name:			
Organisation:			
Telephone:		**Fax:**	
Cell:		**Email:**	
Postal Address:			
Name	**Signature**	**Date**	

Thank you for your participation!