

GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

DEPARTMENT OF MINERAL RESOURCES AND ENERGY

NO. 2611

11 October 2022

PUBLICATION OF THE AMENDMENTS TO REGULATIONS OF MINERAL AND PETROLEUM RESOURCES DEVELOPMENT ACT, 2002 FOR PUBLIC COMMENTS.

I, **SAMSON GWEDE MANTASHE, MP**, Minister of Mineral Resources and Energy, hereby publish amendments to Regulations 75 and 76 of the Mineral and Petroleum Resources Development Act, 2002 for public comment.

Interested and affected parties are hereby invited to submit written representations on the regulations 75 and 76 of the Mineral and Petroleum Resources Development Act, 2002. The aforesaid representations must be marked for the attention of **Ms Stella Mamogale** and hand delivered, emailed or sent by post, on or before **22/11/2022** to the following addresses:

70 Meintjies street
Sunnyside
0001

or

Private Bag X59
Arcadia
0007

Email address: Representations@dmre.gov.za

A copy of the regulation 74 and 75 of the Mineral and Petroleum Resources Development Act is attached hereto.



Mr Samson Gwede Mantashe, MP
Department of Mineral Resources and Energy

Date: 10/10/2022

GENERAL EXPLANATORY NOTE:

[] Words in bold type in square brackets indicate omissions from existing enactments.

_____ Words underlined with a solid line indicate insertions in existing enactments.

ARRANGEMENT

(These amendments are only in respect of petroleum applications)

CHAPTER 4

GENERAL AND MISCELLANEOUS REGULATIONS

Application fees for permission, permits, rights and appeals

Amendment of regulation 75 of Act 28 of 2002

1. Regulation 75 of Act 28 of 2002 (hereinafter referred to as the principal Act) is hereby amended by the-

(a) The deletion of sub regulation 2

Insertion of section of regulation 75(A) (1) of Act 28 of 2002

2. The following regulation is hereby inserted in the regulations after regulation 75:

“75(A) (1) Application fees in respect of onshore and offshore applications payable in terms of chapter 6 of the Act, shall be as follows:

<u>“DESCRIPTION</u>	<u>ONSHORE (R)</u>	<u>OFFSHORE (USD)</u>
1. <u>(a) Reconnaissance permit</u>	[100,00] <u>20 000,00</u>	[500,00] <u>3500 or rand equivalent</u>
2. <u>(b) Technical co-operation permit</u>	[100,00] <u>10 000,00</u>	[500,00] <u>1400 or rand equivalent</u>

3. <u>Exploration right or renewal thereof</u>	<u>[500,00] 30 000,00</u>	<u>[1000,00] 4000 or rand equivalent</u>
4. <u>Production right or renewal thereof</u>	<u>[1000,00] 50 000,00</u>	<u>[5000,00] 4500 or rand equivalent</u>

(2) The fees specified in this chapter shall be paid when the application or appeal concerned is lodged and shall not be refundable: Provided that the fee payable in respect of an appeal shall be returned to the applicant if his or her appeal is upheld.”

Amendment of regulation 76 of Act 28 of 2002

3. Regulation 76 of the Act is hereby amended by

(a) the substitution of sub regulation (1) (a) and (c) of the following paragraphs-

“(1) The prospecting fees **[or exploration fees]** payable as contemplated in section (19)(2)(f) **[and section 82(2)(e)]** of the Act, shall be as follows:

(a) A prospecting right **[or an exploration right]** granted in terms of section 17 **[or section 80]** of the Act **[, on land other than offshore areas]**, the scheduled rates shall apply as categorized below:

(c) A renewal of a prospecting right **[or an exploration right]** granted in terms of section 18 **[or section 81]** of the Act, the following scheduled rates apply as categorized below:”

(b) the deletion of sub regulation (1)(c)(ii)

(c) the deletion of paragraph (f) and (g)

(d) the substitution of sub regulations (2)(3)(4)(5) for the following paragraphs-

(1) “(2) The prospecting fees **[or exploration fees]** must be paid by the holder of such right annually in advance and not later than 30 days from the commencement date of such right and thereafter not later than 30 days following the anniversary of each respective year of the prospecting right for the duration thereof.”

(2) “(3) If the prospecting fees **[or exploration fees]** referred to in sub regulation (2) are not paid punctually on the due dates of payment, the holder shall be in mora debitoris and shall pay interest thereon at the rate prescribed in terms of section 80 of the Public Finance Management Act, 1999 (Act No.1 of 1999) reckoned from the day following the last day allowed for payment up to and including the day of payment.”

- (3) “(4) Upon the relinquishment of areas already prospected **[or explored]**, in respect of the applicable prospecting **[or exploration right]**, excluding a right granted over a diamond concession area, the prospecting **[or exploration]** fees payable may be reduced accordingly: Provided that-
- (a) written notification with details of the relinquishment is submitted by the holder of the prospecting **[or exploration]** right to the regional Manager **[or Designated Agency, whichever is applicable,]** at least 90 days before payment of the annual prospecting **[or exploration]** fees becomes due; and
 - (b) the holder is not in mora debitoris due to late payments on any amount in respect of prospecting **[or exploration]** fees, or where any debt in respect of prospecting **[or exploration]** fees are outstanding.”
- (4) “(5) Where advance payments have been made and the prospecting **[or exploration]** right is abandoned, suspended or cancelled before the lapsing of such right, no refunds of prospecting **[or exploration]** fees paid will be allowed.”

Insertion of regulation 76(A) (1) of Act 28 of 2002:

4. The following regulation is hereby inserted in the regulations after regulation 76:

“Exploration fees

76(A)(1) The exploration fees payable as contemplated in section 80(2)(e) of the Act, shall be as follows:

(a) An exploration right granted in terms of section 80 of the Act, the scheduled rates shall apply as categorized below:”

“Onshore

<u>CATEGORY</u>	<u>Rate per hectare</u>
<u>Areas in hectares</u>	
<u>Year</u>	<u>Rate R/hectares</u>
1.	<u>2,00</u>
2.	<u>3,00</u>
3.	<u>4,00”</u>

“Offshore:

<u>CATEGORY</u>	<u>A</u>	<u>B</u>
<u>Areas</u>	<u>Per km²</u>	<u>Minimum USD</u>
<u>Initial ER period</u>	<u>Fixed annual (USD)</u>	<u>Rate (USD)</u>
1.	<u>20 (baseline=year 2023)</u>	<u>50 000,00</u>

2.	<u>Y1 + CPI</u>	
3.	<u>Y2 + CPI</u>	

- (a) All hectares and square kilometer will be rounded to the nearest hectare/ square kilometer; by rounding up if the fraction is 0,5 hectare/ square kilometer or more, or otherwise by rounding down.
- (b) The exploration fees for onshore rights contemplated in sub-regulation 1(a) will increase annually by one (1) rand per hectare, and the new inflation adjusted rates will be published annually on the designated Agency's website on the 1st of April.
- (c) The exploration fees for offshore rights contemplated in sub-regulation 1(a) will increase annually by the latest available USD headline CPI on the anniversary date of the exploration right, and the new inflation adjusted rate will be published on the designated Agency's website on the 1st of April each year."

"(2) The exploration renewal fees payable as contemplated in section 81 of the Act, shall be as follows:

- (a) An exploration renewal right granted in terms of section 81 of the Act, the scheduled rates shall apply as categorized below:

"Onshore

<u>CATEGORY</u>	<u>B</u>
<u>Areas in hectares</u>	
<u>Renewal term</u>	<u>Rate R/hectares</u>
1.	<u>6,00</u>
2.	<u>8,00</u>
3.	<u>10,00"</u>

"Offshore

<u>CATEGORY</u>	<u>A</u>	<u>B</u>
<u>Areas</u>	<u>Per km²</u>	
<u>Renewal term</u>	<u>Fixed annual (USD)</u>	<u>Rate (USD)</u>
1.	<u>30 or rand equivalent</u>	<u>70 000,00 or rand equivalent</u>
2.	<u>40 or rand equivalent</u>	<u>90 000,00 or rand equivalent</u>
3.	<u>50 or rand equivalent</u>	<u>250 000,00 or rand equivalent"</u>

- (b) All hectares and square kilometer will be rounded to the nearest hectare/ square kilometer; by rounding up if the fraction is 0,5 hectare/ square kilometer or more, or otherwise by rounding down.
 - (c) The exploration fees for onshore rights contemplated in sub-regulation 2(a) will increase annually by one (1) rand per hectare on the anniversary date of the exploration right, and the new inflation adjusted rates will be published annually on the designated Agency's website on the 1st of April."
 - (d) The exploration fees for offshore rights contemplated in sub-regulation 2(a) will increase annually by the latest available USD headline CPI on the anniversary date of the exploration right, and the new inflation adjusted rate will be published annually on the designated Agency's website on the 1st of April each year."
- (3) "The exploration fees must be paid by the holder of such right annually in advance and not later than 30 days from the commencement date of such right and thereafter not later than 30 days following the anniversary of each respective year of the exploration right for the duration thereof."
 - (4) "If the exploration fees referred to in sub regulation (2) are not paid punctually on the due dates of payment, the holder shall be in mora debitoris and shall pay interest thereon at the rate prescribed in terms of section 80 of the Public Finance Management Act, 1999 (Act No.1 of 1999) reckoned from the day following the last day allowed for payment up to and including the day of payment."
 - (5) "Upon the relinquishment of areas already explored, in respect of the applicable exploration right, excluding a right granted over a diamond concession area, the exploration fees payable may be reduced accordingly: Provided that-
 - (a) written notification with details of the relinquishment is submitted by the holder of the exploration right to the regional Manager or Designated Agency, whichever is applicable, at least 90 days before payment of the annual exploration fees becomes due; and
 - (b) the holder is not in mora debitoris due to late payments on any amount in respect of exploration fees, or where any debt in respect of exploration fees is outstanding."
 - (6) "Where advance payments have been made and the exploration right is abandoned, suspended or cancelled before the lapsing of such right, no refunds of exploration fees paid will be allowed."