



Company statement for the Business and Human Rights Resource Centre by Heritage Oil Plc.

16 March 2010

Platform report “Contracts Curse”

We are very grateful for the opportunity granted to us by the Business and Human Rights Resource Centre, regarding the Platform report, *Contracts Curse*, on the development of natural resources in Uganda.

At the time of writing, we are in the final stages of the disposal of our Ugandan interests. This should be noted in any consideration of the document, as the company will not retain activities in the country going forward.

As is usual in these circumstances, the Production Sharing Agreements between Heritage Oil and Uganda are confidential, and we are unable to comment on them. Similarly, the Ernst and Young audit of recoverable expenses, referred to in the Platform report, is a confidential document, and as such we cannot offer any discussion on its content.

We think it is unfortunate that Platform did not engage with us before preparing this document. Unfortunately it contains a large number of statements that we consider to be misleading and inaccurate. We reject all the suggestions made within it that imply that our activities in the country have been unethical or unfair. We should like to take this opportunity to specifically address four suggestions within the report (see appendices to this statement).

We believe that it is regrettable that the authors of the report have not considered the substantial and urgently required economic and sustainable development benefits that the activities of the oil and gas industry will bring to the country of Uganda. Heritage Oil was the pioneering company in Uganda’s Albert Basin. We established a multi-billion barrel resource base that will obviously be of considerable importance to the country’s development. We will leave a legacy in terms of our investment in the local communities and believe that the companies that will follow us will continue to develop and build upon this.

Heritage Oil is committed to conducting its activities in a responsible and transparent manner. We believe that our licence to operate is dependent on our excellent relations with our host governments and local communities and this is reflected in the manner in which we conduct our operations.

More information about our approach to sustainable development is contained within our forthcoming annual report and CSR report. We welcome feedback from interested stakeholders. This can be supplied by applying the contact details on our website.



Appendices

The Platform report *Contracts Curse* makes certain statements regarding our company, which we would like to address.

Decommissioning of assets

On page 24 of Platform's report, the organisation quotes from Heritage's prospectus, regarding decommissioning of assets:

- *The need to clean up after completion of contracts (reinstatement) appears to be very far down the list of priorities for the oil companies. In Heritage Oil's "Prospectus" upon listing on the London Stock Exchange, the company referred to the "risk" that "Any obligation to decommission a production facility may involve a substantial expenditure. These decommissioning costs are necessarily incurred at a time when the related production facilities are no longer generating revenue and no provisioning has been made in the Group's accounts for such future decommissioning costs. It is intended that the decommissioning costs, when they arise, will be borne by the Group out of production revenue. There can, however, be no assurance that the production revenue will be sufficient to meet these decommissioning costs as and when they arise."*
- *In other words, the company is choosing not to set aside any money to "decommission" and reinstate the environment, despite recognizing that it could be "a substantial expenditure".*

The above statements taken from our company's prospectus in no way suggest that the company would ignore its responsibilities regarding the life cycle of its operations. Provisions for decommissioning costs are established once production commences at our sites (which has not yet occurred) and Platform's interpretation here is seriously inaccurate.

Executive Outcomes

On page 31 of the report, Platform states:

Heritage Oil employed Executive Outcomes

Heritage Oil has never employed this company.

FARDC

On page 31 Platform states:

In 2007 Heritage Oil had donated speedboats to the FARDC (Congolese National Army) in March of that year and had also been responsible for the delivery of 30 Land Rover jeeps to Bunia, which were then distributed to local commanders across the region.

Heritage Oil has never provided this equipment.



Congolese government

On page 32 Platform states:

Also in August 2007, the Congolese government accused Heritage Oil of opening fire on its forces...

Heritage Oil did not open fire on the Congolese forces.