

HERITAGE OIL PLC (the “Company”)

**TERMS OF REFERENCE
FOR THE
RESERVES COMMITTEE**

18 April 2011

*Reference to “the Committee” shall mean the Reserves Committee.
Reference to “the Board” shall mean the Board of Directors of the Company.*

In keeping with the principles of good corporate governance, the Board has established the Committee and adopted terms of reference below for the Committee that fully comply with the requirements found in the 2010 UK Corporate Governance Code.

1. Membership

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Audit Committee. The Committee shall be made up of at least 3 members.
- 1.2 At least one member of the Committee shall have relevant technical experience..
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, Chief Executive, and other directors may be invited to attend all or part of any meeting as and when appropriate.
- 1.4 Appointments to the Committee shall be for a period of up to three years, which may extended for two further three year periods, unless agreed otherwise by the committee members
- 1.5 The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2. Communication, Authority to Engage Advisors and Expenses

- 2.1 The Committee shall have access to such directors, managers and employees of the Company and to the Company's independent qualified reserves evaluator(s), and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- 2.2 The Committee provides for a means of direct communication for the Board with the independent qualified reserves evaluator(s). The independent qualified reserves evaluator(s) shall have a direct line of communication to the Committee through its Chair. The Committee, through its Chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter on a confidential basis involving the reserves evaluation process.

2.3 The Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and advisors. Any engagement of independent counsel or other advisors is to be at the Company's expense.

2.4 The Company shall be responsible for all expenses of the Committee that are deemed necessary or appropriate by the Committee in carrying out its duties.

3. Meetings and Record Keeping of the Committee

3.1 Meetings of the Committee shall be conducted as follows:

3.1.1 The Committee shall meet at such times and at such locations as the Chair of the Committee shall determine and the meetings shall be scheduled to permit timely review of the reports of the independent qualified reserves evaluator(s) reports on the Company's reserves data, any statement of reserves and other oil and gas information and public disclosure in respect thereof. The Chair of the Committee shall hold in camera sessions of the Committee, without management present, at every meeting;

3.1.2 The Chair of the Committee shall preside as chair at each Committee meeting and lead Committee discussion on meeting agenda items;

3.1.3 The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other;

3.1.4 If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting;

3.1.5 The Chair shall, in consultation with management and the independent qualified reserves evaluator(s), establish the agenda for the meetings and instruct management to ensure that properly prepared agenda materials are circulated to the Committee with sufficient time for study prior to the meeting;

3.1.6 Every question at a Committee meeting shall be decided by a majority of the votes cast;

3.1.7 The Chief Executive Officer and shall be available to advise the Committee, shall receive notice of meetings and may attend meetings of the Committee at the invitation of the Chair of the Committee. Other management representatives shall be invited to attend as necessary; and

3.1.8 A Committee member, or any other person selected by the Committee, shall be appointed at each meeting to act as secretary for the purpose of recording the minutes of each meeting.

3.2 The Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from such meetings. Where minutes have not yet been prepared, the Chair shall provide the Board with oral reports on the activities of the Committee. All information reviewed and discussed by the Committee at any meeting shall be referred to in the minutes and made available for examination by the Board upon request to the Chair.

4. Responsibilities of the Committee

- 4.1 The Committee is part of the Board. Its primary function is to assist the Board in fulfilling its oversight responsibilities generally with respect to the oil and natural gas reserves evaluation process and public disclosure of reserves data and related information in connection with oil and gas activities.
- 4.2 The Committee should have a clear understanding with the independent qualified reserves evaluator(s) that the independent qualified reserves evaluator(s) must maintain an open and transparent relationship with the Committee and the Board, and that the ultimate accountability of the evaluator is to the Committee and the Board.

5. Specific Duties of the Committee

- 5.1 The Committee shall:
 - 5.1.1 Review at least annually, the Company's procedures relating to disclosure of information with respect to the oil and gas activities of the Company, including its procedures for complying with any disclosure requirements and restrictions;
 - 5.1.2 Review annually the qualifications and independence of the independent qualified reserves evaluator(s) to be appointed or re-appointed by the Board and in the case of any proposed change in the independent qualified reserves evaluator(s), determine the reasons for the proposed change and whether there have been any disputes between the appointed qualified reserves evaluator(s) and management of the Company;
 - 5.1.3 Review at least annually the Company's procedures for providing information to the independent qualified reserves evaluator(s) for the purposes of its report on reserves data of the Company;
 - 5.1.4 Before recommending that the Board approve the issue of any statement of reserves data and other oil and gas information of the Company and any reports of the independent qualified reserves evaluator(s) on reserves data with the applicable regulatory authorities, meet with management and each of the independent qualified reserves evaluator(s) to:
 - (i) determine whether any restrictions affect the ability of the independent qualified reserves evaluator(s) to report on the reserves data of the Company without reservation; and
 - (ii) review the reserves data and the report of the independent qualified reserves evaluator(s) thereon;
 - 5.1.5 Review the content of (a) any statement of reserves data and other information, and (b) any report of independent qualified reserves evaluator(s) and make a recommendation to the Board as to whether to approve the content and issue of the information referenced in (a) and (b) above;
 - 5.1.6 Review any public disclosure or regulatory filings with respect to any reserves evaluation and oil and gas activities, including material change reports containing such information, and the compliance thereof with applicable regulatory requirements, and, if appropriate, make recommendations to the Board as to their approval for the release thereof;

- 5.1.7 Co-ordinate meetings with the Company's Audit Committee, the Company's senior reserve personnel, the independent qualified reserves evaluator(s) and the external auditor as required to address matters of mutual interest or concern in respect of the Company's evaluation of oil and natural gas reserves and resources; and
- 5.1.8 Perform any other activities consistent with this mandate and, generally, governing laws as the Committee or the Board deems necessary or appropriate.

6. Review of Terms of Reference

- 6.1 The Committee shall review and reassess the adequacy of these mandates at least annually, and otherwise as it deems appropriate and recommend changes to the Board. Such review shall include the evaluation of the performance of the Committee against criteria defined in the Committee and Board mandates.