



**9 December 2009**

## **HERITAGE OIL NOTICE OF BONDHOLDER MEETING**

### **Heritage Oil Plc ("Heritage" or the "Company")**

Heritage Oil Plc (LSE: HOIL), an independent upstream exploration and production company, announces that its wholly owned indirect subsidiary, Heritage Oil Corporation ("HOC") intends, in accordance with the Paying and Conversion Agency Agreement dated 16 February 2007 between HOC and The Bank of New York Mellon (the "Agent"), as amended by a Deed of Amendment dated 31 March 2008 between HOC, the Agent and the Company (together, the "Agency Agreement") and the terms of the U.S. \$165,000,000 8.00 per cent. Convertible Bonds 2012 issued by HOC constituted thereby (ISIN: XS0280247114) (the "Bonds"), to convene a meeting of the holders of the outstanding Bonds (the "Bondholders") to be held at the Company's offices, Fourth Floor, Windward House, La Route de la Liberation, St Helier JE2 3BQ, Jersey, Channel Islands at 10.00 a.m. GMT on 31 December 2009 (the "Bondholder Meeting"). A notice (the "Notice") will be issued by HOC to Bondholders today to convene the Bondholder Meeting. The Notice is set out below in full.

### **Introduction**

The Company announced on 23 November 2009 that a wholly owned subsidiary had entered into a binding letter of intent with Eni S.p.A for the sale of the Company's entire interests in Blocks 1 and 3A in Uganda. The consideration comprises cash of US\$1.35 billion and a further contingent, deferred consideration of either US\$150 million in cash or an interest in a mutually agreed producing field independently valued at a similar amount (the "Proposed Transaction"). The Company also announced that it is considering returning a portion of the disposal proceeds to shareholders through a special dividend on completion of the Proposed Transaction, which could be in the range of 75 pence to 100 pence per share. The Proposed Transaction is subject to, among other things, the parties agreeing the terms of a binding sale and purchase agreement.

### **Purpose of Bondholder Meeting**

Under the Terms and Conditions of the Bonds, the Company is restricted from making or declaring a dividend or making any other distributions to its shareholders which constitutes on a consolidated basis more than 30 per cent. of its earnings for the immediately preceding financial year. As the Proposed Transaction is not expected to complete until some time during the first quarter of 2010, the Company would be restricted from making a dividend payment of a portion of the disposal proceeds until after the annual audited consolidated accounts for the financial year ended 31

December 2010 have been published. The extraordinary resolution to be proposed at the Bondholder Meeting (the “Resolution”) would remove this restriction so that, should the Proposed Transaction, or any transaction on substantially the same terms as the Proposed Transaction entered into with another party in respect of the same assets (a “Substitute Transaction”), complete, the Company would be able make a dividend during 2010 if it considers it appropriate.

In consideration for Bondholders agreeing to remove this restriction by deleting Condition 3(a) of the Terms and Conditions of the Bonds, the Company agrees to pay to those Bondholders who vote on the Resolution at the Bondholder Meeting, in accordance with the Terms and Conditions of the Bonds and the Agency Agreement, the sum of US\$2,000.00 per US\$100,000 of Bonds held by such Bondholders (the “Amendment Fee”), such sum to be paid conditional on and within 21 days of the passing of the Resolution.

Also as part of the Resolution, Bondholders are being asked to waive any adjustment to the conversion price under the Terms and Conditions of the Bonds that could otherwise arise in connection with the declaration of any dividend on or before 30 June 2010 following completion of, and in connection with, the Proposed Transaction or any Substitute Transaction. In consideration for waiving such adjustment, the Company will, in the event that such a dividend is declared, pay to Bondholders holding Bonds at the dividend record date the dividend they would be entitled to receive as if they had converted their Bonds into Ordinary Shares according to the prevailing conversion price as at such record date.

If the Resolution is not passed at the Bondholder Meeting, or the Bondholder Meeting does not take place through a lack of quorum or for any other reason, the Company intends, by the close of business on 31 December 2009, to change its accounting reference date to extend the financial year into 2010 in order that completion of the Proposed Transaction (or any Substitute Transaction) can be recognised in the current financial period, enabling a distribution to be made to shareholders in 2010, should the Company consider this appropriate. If the Bondholder Meeting is not quorate, it will be adjourned and a further notice published explaining when the Bondholder Meeting will resume; however, in this event the Resolution would not be tabled at the adjourned Bondholder Meeting. In such circumstances, the Company will not pay the Amendment Fee to Bondholders and Bondholders would not be entitled to participate in any dividend made by the Company save to the extent of any adjustments to the conversion price under the Terms and Conditions of the Bonds.

The full text of the Notice is set out below:

**THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF BONDHOLDERS. IF BONDHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR OWN STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT PROFESSIONAL ADVISERS IN THE UNITED KINGDOM OR IF NOT, SEEK ANOTHER APPROPRIATELY AUTHORISED INDEPENDENT FINANCIAL ADVISER IMMEDIATELY.**

**HERITAGE OIL CORPORATION  
(the “Company”)**

## **NOTICE OF BONDHOLDER MEETING**

**NOTICE IS HEREBY GIVEN** that, pursuant to the provisions of the U.S.\$ 165,000,000 8.00 per cent. Convertible Bonds due 2012 issued by the Company (ISIN: XS0280247114) (the “**Bonds**”) and the Paying and Conversion Agency Agreement dated 16 February 2007 made between the Company and The Bank of New York Mellon (the “**Agent**”), as amended by a Deed of Amendment dated 31 March 2008 between the Company, the Agent and Heritage Oil Plc (“**Heritage Oil**”) (together, the “**Agency Agreement**”) by which the Bonds are constituted, a meeting of the holders of the Bonds (the “**Bondholders**”) is convened by the Company to be held at the offices of Heritage Oil, Fourth Floor, Windward House, La Route de la Liberation, St Helier JE2 3BQ, Jersey, Channel Islands on 31 December 2009 at 10.00 a.m. GMT (the “**Meeting**”) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Agency Agreement and the Bonds.

### **EXTRAORDINARY RESOLUTION**

“THAT THIS MEETING (the “**Meeting**”) of the holders (the “**Bondholders**”) of the U.S.\$ 165,000,000 8.00 per cent. Convertible Bonds due 2012 issued by Heritage Oil Corporation (the “**Company**”) (the “**Bonds**”) constituted by a Paying and Conversion Agency Agreement dated 16 February 2007 made between the Company and The Bank of New York Mellon, as amended by a Deed of Amendment dated 31 March 2008 between the Company, The Bank of New York Mellon and Heritage Oil Plc, HEREBY:

#### **MODIFICATION**

- (a) Assents to the modification and variation of the Conditions by the deletion in its entirety of Condition 3(a);
- (b) Assents to the reclassification of the current Conditions 3(b) and 3(c) to Conditions 3(a) and 3(b) respectively;
- (c) Waives any adjustment to the Conversion Price pursuant to Condition 6(b)(ii) in respect of any special or extraordinary dividend, return of value to Shareholders or other distribution which may be made or declared by the Company on or before 30 June 2010 in connection with the proposed disposal by Heritage Oil Plc of its entire interests in Block 1 and Block 3A, Uganda pursuant to the proposed transaction with Eni S.p.A. announced by Heritage Oil Plc on 23 November 2009 or pursuant to any transaction on substantially the same terms entered into with another party in respect of such assets, and assents to the modification and variation of the Conditions in respect of such waiver;

#### **ADMINISTRATIVE MATTERS**

- (d) Authorises, directs, requests and empowers the Agent to concur in, and to execute and do, all such other deeds, instruments, acts and things and to take steps as may be

necessary or desirable to carry out and give effect to the Extraordinary Resolution passed at this Meeting; and

- (e) Exonerates, discharges and holds harmless the Agent from all liability to the Bondholders and any other person in respect of any act or omission for which the Agent may have become responsible by reason of its acting in accordance with this Extraordinary Resolution or making any determination or exercising (or, as the case may be, not exercising) any power or right conferred pursuant to, or arising out of, this Extraordinary Resolution.

Except as otherwise defined, words and expressions used in this Extraordinary Resolution shall have the meanings given to them in the Agency Agreement.”

Further information concerning the Extraordinary Resolution, in particular in respect of Heritage Oil’s proposed arrangements with Bondholders in connection with the successful passing of the Extraordinary Resolution and its intentions should the Extraordinary Resolution not be passed, is contained in an announcement (the “**Announcement**”) issued by Heritage Oil and dated today’s date. Should the Extraordinary Resolutions be passed:

- Heritage Oil will, within 21 days of the passing of the Extraordinary Resolution, pay to those Bondholders who vote on the Extraordinary Resolution the sum of U.S.\$ 2,000.00 per U.S.\$100,000 of Bonds held by such Bondholders; and
- If Heritage Oil declares a dividend on or before 30 June 2010, in the event of and following completion of the Proposed Transaction or a Substitute Transaction (as referred to in the Announcement), Heritage Oil will pay to Bondholders holding Bonds at the dividend record date the dividend they would be entitled to receive as if they had converted their Bonds into Ordinary Shares of Heritage Oil according to the prevailing conversion price as at such record date.

If the Extraordinary Resolution is not passed, or the Meeting does not take place through a lack of quorum or for any other reason, Heritage Oil intends, by the close of business on 31 December 2009, to change its accounting reference date to extend the financial year into 2010 in order that the completion of the Proposed Transaction (or a Substitute Transaction) can be recognised in the current financial period enabling a distribution to be made to shareholders in 2010, should Heritage Oil consider this appropriate. If the Meeting is not quorate, it will be adjourned and a further notice published explaining when the Meeting will resume; however, in this event the Extraordinary Resolution would not be tabled at such adjourned Meeting. In such circumstances, Heritage Oil would not make the payment to Bondholders described above and Bondholders would not be entitled to participate in any dividend made by Heritage Oil save to the extent of any adjustments to the conversion price under the Terms and Conditions of the Bonds.

Copies of the Announcement and the Agency Agreement will be available for inspection at the office of McCarthy Tétrault, 2<sup>nd</sup> Floor, 5 Old Bailey, London EC4M 7BA, the Company’s solicitors, during normal business hours.

Capitalised terms used but not otherwise defined in this Notice shall have the meanings ascribed to them in the Terms and Conditions of the Bonds set out in the Agency Agreement.

**In accordance with the usual practice, the Agent expresses no opinion on the merits of the Extraordinary Resolution set out above. The Agent has not verified any of the statements made in this Notice, the Announcement or in any of the other documents referred to above.**

## **ATTENDANCE, VOTING AND QUORUM**

1. *Meetings Provisions:* the provisions governing the convening and holding of the Meeting are set out in Schedule 5 (Provisions for Meetings of Bondholders) to the Agency Agreement, copies of which are available for inspection as specified above.
2. *Attendance in Person:* the Bonds are currently represented by a Global Bond. A Bondholder wishing to attend and vote at the Meeting in person must produce at the Meeting a valid voting certificate issued by the Agent relating to the Bond(s), in respect of which he wishes to vote. A voting certificate is available on request from the Agent. Any Bondholder requesting a voting certificate will only be provided with such voting certificate where such Bondholder has also submitted instructions through the clearing systems in the normal way to ensure that the Bond(s) held by such Bondholder have been blocked in an account at the clearing systems to the order of the Agent pending the conclusion of the Meeting or any adjournment of the Meeting.
3. *Attendance by Proxy:* a Bondholder not wishing to attend and vote at the Meeting in person may EITHER apply for a voting certificate as outlined above, and deliver such voting certificate to the person whom he wishes to attend on his behalf OR request the Agent to attend the Meeting on his behalf and cast the votes relating to his Bonds as he directs.
4. *Instructions:* any Bondholder wishing to request the Agent to attend the Meeting on their behalf should give appropriate instructions through the clearing systems in the normal manner, and ensure that the Bonds held by such Bondholder have been blocked in an account at the clearing systems to the order of the Agent pending the conclusion of the Meeting or any adjournment of the Meeting. Voting instructions should specify clearly whether the Bondholder wishes to vote in favour of or against the Extraordinary Resolution. Prior to the Meeting, the Paying Agent will issue a block voting instruction in respect of all Bonds in respect of which it has received instructions, nominating named individuals to attend the Meeting (or any adjourned meeting) and specifying the number of votes to be cast in favour of the Extraordinary Resolution and the number of votes to be cast against the Extraordinary Resolution. Bondholders must allow sufficient time for compliance with the standard posting procedures of the clearance systems in order to ensure delivery of their instructions to the Agent in a timely fashion.

Any Bondholder wishing to participate at the Meeting, either by attending in person or by instructing the Agent to attend on his behalf, must have given the relevant instructions not later than 48 hours before the time appointed for holding the Meeting (or the preceding business day, if the expiry of such 48 hour period falls on a non-business day) (or, if

applicable, any adjournment of such Meeting). In respect of the Meeting, this deadline is 10.00 a.m. on 29 December 2009 (the “**Voting Deadline**”). Bonds held to the order of the Agent will not be released until the earlier of the conclusion of the Meeting or, if applicable, any adjournment of such Meeting. Voting instructions may not be revoked in the period from the Voting Deadline to the commencement of the Meeting.

5. *Quorum*: no business may be transacted at the Meeting unless the Meeting is quorate. The Meeting will be quorate if one or more Bondholders are present or represented by the Agent representing or holding at least 75% of the aggregate principal amount of the Bonds. If the quorum is not achieved, the Meeting will be adjourned and a further notice will be sent explaining when the Meeting will resume, and the quorum requirements that will apply when the Meeting resumes. Note, however, that for reasons set out above and in the Announcement, the Extraordinary Resolution will be not be tabled at any such adjourned Meeting.
6. *Voting*: as further set out in the Agency Agreement, at the Meeting (i) on a show of hands, every person who is present in person and produces a voting certificate or is a proxy under a block voting instruction shall have one vote and (ii) on a poll, every person who is so present shall have one vote in respect of each Bond represented by the voting certificate or block voting instruction in respect of which he is a proxy.
7. *Passing of Extraordinary Resolution*: to be passed, the Extraordinary Resolution shall be adopted in respect of the Bonds by a majority of not less than three-quarters of the votes cast by Bondholders present or represented at the Meeting. If passed, the Extraordinary Resolution will be binding on all the Bondholders, whether or not present at the Meeting and whether or not voting.
8. *Further Information*: Requests for voting certificates and questions or requests for assistance in connection with the submission or delivery or revocation of instructions through the clearing systems may be directed to the Agent (attention: Andrew Rogers) at:

The Bank of New York Mellon  
Corporate Trust Administration  
40<sup>th</sup> Floor  
1 Canada Square  
Canary Wharf  
London E14 5AL

Tel: +44 (0) 207 964 4958  
Fax: +44 (0) 207 964 2536  
Email: [eventsadmin@bnymellon.com](mailto:eventsadmin@bnymellon.com)

Holders of Bonds which are held by a clearing system should contact the relevant corporate action departments within the relevant clearing system for further information in respect of their respective procedures for voting.

This notice is given by  
**HERITAGE OIL CORPORATION**  
in its capacity as issuer  
of the Bonds

Dated: 9 December 2009

- ends -

**For further information please contact:**

**Heritage Oil Plc**

Tony Buckingham, CEO / Paul Atherton, CFO  
+44 (0) 1534 835 400  
info@heritageoilplc.com

**Heritage Oil Plc – Investor Relations**

Tanya Clarke  
+44 (0) 20 7518 0838  
tanya.clarke@heritageoilplc.com

**Bell Pottinger Corporate & Financial – PR - Europe**

Nick Lambert  
+44 (0) 20 7861 3232  
NLambert@bell-pottinger.co.uk

**CHF Investor Relations – Investor Relations - Canada**

Cathy Hume / Jeanny So  
+1 416 868 1079 x231 / x239  
cathy@chfir.com / jeanny@chfir.com

**Notes to Editors**

- Heritage is listed on the Main Market of the London Stock Exchange and is a constituent of the FTSE 250 Index. The trading symbol is HOIL. Heritage has a further listing on the Toronto Stock Exchange (TSX: HOC).
- Heritage is an independent upstream exploration and production company engaged in the exploration for, and the development, production and acquisition of, oil and gas in its core areas of Africa, the Middle East and Russia.
- Heritage has a producing property in Russia and exploration projects in Uganda, the Kurdistan Region of Iraq, the Democratic Republic of Congo, Malta, Pakistan, Tanzania and Mali.
- For further information please refer to our website, **[www.heritageoilplc.com](http://www.heritageoilplc.com)**

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**If you would prefer to receive press releases via email please contact Jeanny So (jeanny@chfir.com) and specify “Heritage press releases” in the subject line.**

**FORWARD-LOOKING INFORMATION:**

Except for statements of historical fact, all statements in this news release – including, without limitation, statements regarding production estimates and future plans and objectives of Heritage – constitute forward-looking information that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate; actual results and future events could differ materially from those anticipated in such statements. Factors that could cause actual results to differ materially from anticipated results include risks and uncertainties such as: risks relating to estimates of reserves and recoveries; production and operating cost assumptions; development risks and costs; the risk of commodity price fluctuations; political and regulatory risks; and other risks and uncertainties as disclosed under the heading "Risk Factors" in its Prospectus and elsewhere in Heritage documents filed from time-to-time with the London Stock Exchange and other regulatory authorities. Further, any forward-looking information is made only as of a certain date and the Company undertakes no obligation to update any forward-looking information or statements to reflect events or circumstances after the date on which such statement is made or reflect the occurrence of unanticipated events, except as may be required by applicable securities laws. New factors emerge from time to time, and it is not possible for management of the Company to predict all of these factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information.