



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

21 February 2013

Platform Report “Making a Killing: Oil Companies, Tax Avoidance and Subsidies”

We are very grateful for the opportunity granted to us by the Business and Human Rights Resource Centre, regarding the Platform report, “Making a Killing: Oil Companies, Tax avoidance and Subsidies” and think it is unfortunate that Platform did not engage with us before preparing this article.

Heritage Oil Plc (“Heritage”) is accused in the article of “attempting to avoid paying taxes to the Ugandan government, resorting to international arbitration rather than pay their dues.”

In July 2010 Heritage completed the sale of its 50% working interests in Blocks 1 and 3A in Uganda (the “Assets”) to Tullow Uganda Limited. The Government of the Republic of Uganda subsequently assessed the sale as a taxable event which, after taking legal advice, Heritage has disputed in accordance with the laws of Uganda. Heritage has always been transparent with regards to its position, based on comprehensive advice from leading tax experts in Uganda, the United Kingdom and North America, which is that the disposal of the Assets is not taxable in Uganda. As a company we pride ourselves on our track record of compliance and good relations in all of the jurisdictions in which we operate and intend to pay any lawfully imposed tax. We have acted in accordance with both the Tax Act in Uganda and the terms laid out in the Petroleum Sharing Agreements covering the Assets which were signed with the Government of Uganda. Furthermore, we deposited 30% of the disputed amount with the Government of Uganda and provided for the remainder of the liability by placing funds in escrow which can only be released on the resolution of the tax dispute.

Heritage is accused of “resource colonialism” in the report which again we would dispute. Heritage was the pioneering company in Uganda’s Albert Basin, being the first to operate in country for more than 60 years and establishing a multi-billion barrel resource base that will be of considerable importance to the country’s development. It is disappointing that the authors of the article have not considered the substantial economic and sustainable development benefits that the development of the oil and gas industry will bring to the country of Uganda. We have left a legacy in terms of our investment in the local communities and believe that the companies that have followed us will continue to develop and build this.

We are committed to conducting activities in a responsible and transparent manner as detailed in our CSR framework within our reports and also available on our website, www.heritageoilplc.com. We believe that our licence to operate is dependent on the excellent relations we have with host governments and local communities and this is reflected in the manner in which we conduct our operations.

We welcome feedback from interested stakeholders which can be provided using the contact details on our website.