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January 26, 2009

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, s. 8.1 - A reporting issuer wants relief from all the requirements of NI 51-101 - The issuer is an “SEC foreign issuer” or “designated foreign issuer” as defined in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* and therefore is exempt from certain Canadian continuous disclosure requirements provided that it files the same documents in Canada that it files with the SEC or regulatory authority in the designated foreign jurisdiction; the issuer is subject to and complies with the disclosure requirements of US securities laws or laws of the designated foreign jurisdiction in connection with its oil and gas activities; Canadian residents own less than 10% of the issuer's securities and represent less than 10% of the issuer's total number of security holders

Applicable British Columbia Provisions

National Instrument 51-101, s. 8.1

In the Matter of
the Securities Legislation of
British Columbia, Alberta and Ontario
(the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Heritage Oil Corporation and Heritage Oil Limited
(respectively, Heritage and Heritage Jersey and collectively, the Filers)

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the Legislation) that the Filers

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be exempted from the requirements of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (NI 51-101) (the Requested Relief).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Alberta Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision as therein ascribed unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filers:

1. Heritage Jersey is a company incorporated under *The Companies (Jersey) Law 1991* (as amended). The corporate head office and registered office of Heritage Jersey is located in Jersey, Channel Islands.
2. Heritage Jersey is an oil and gas exploration and production company.
3. Substantially all of the assets and operations of Heritage Jersey are located outside of Canada.
4. The mind and management of Heritage Jersey is located outside of Canada.
5. The authorized capital of Heritage Jersey consists of an unlimited number of ordinary shares (the Ordinary Shares) and one special voting share (the Special Voting Share).
6. The Ordinary Shares are traded on the main market of the London Stock Exchange (the LSE) and are listed on the Official List of the United Kingdom Listing Authority.
7. Heritage Jersey is subject to the reporting requirements of the Financial Services Authority of the United Kingdom (the FSA) and the ongoing requirements of the LSE (collectively, the UK Requirements).

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8. Heritage is a corporation existing under the *Business Corporations Act* (Alberta) and has its head office and registered office located in Calgary, Alberta.
9. Heritage is an oil and gas exploration and production company.
10. Substantially all of the assets and operations of Heritage are located outside of Canada.
11. The mind and management of Heritage is located outside of Canada.
12. The authorized capital of Heritage consists of an unlimited number of common shares (Common Shares) and an unlimited number of exchangeable shares (Exchangeable Shares).
13. Heritage Jersey is the indirect holder of all of the Common Shares.
14. The Exchangeable Shares were created to facilitate a reorganization (the Reorganization) of Heritage, which involved creating Heritage Jersey as the new parent company of Heritage and its subsidiaries.
15. Subject to the terms and conditions of the Exchangeable Shares, the Special Voting Share, and ancillary agreements, the Exchangeable Shares are exchangeable on a one-for-one basis into Ordinary Shares. This permitted residents of Canada to participate in the Reorganization on a tax efficient basis.
16. The effect of the Exchangeable Share structure is that holders of Exchangeable Shares have substantially similar rights, privileges, and restrictions as the holders of the Ordinary Shares.
17. The Exchangeable Shares are listed for trading on the Toronto Stock Exchange and the LSE.
18. Heritage has also issued and outstanding 8% Senior Unsecured Convertible Bonds (the Bonds), which are convertible into Ordinary Shares in accordance with the terms of the Bonds.
19. Heritage Jersey and Heritage are reporting issuers in the Jurisdictions.
20. Heritage Jersey files with the FSA disclosure about its oil and gas activities prepared in accordance with the UK Requirements (Oil and Gas Disclosure).

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21. Residents of Canada do not directly or indirectly beneficially own more than 10% of the aggregate number of Ordinary Shares and Exchangeable Shares.
22. Residents of Canada do not directly or indirectly comprise more than 10% of the aggregate number of beneficial holders of Ordinary Shares and Exchangeable Shares.
23. Residents of Canada do not directly or indirectly beneficially own more than 10% of the aggregate number of Bonds.
24. Residents of Canada do not directly or indirectly comprise more than 10% of the aggregate number of beneficial holders of Bonds.
25. Other than the Exchangeable Shares, there is no market in Canada for the securities of the Filers and none is expected to develop. The Filers do not currently intend to list any additional securities on any exchange or marketplace in Canada.
26. The Filers are not in default of any of the requirements of the Legislation or the conditions of any and all exemptive relief orders that have been granted to the Filers.

Decision

Each of the Decision Makers is satisfied that the tests contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decisions described herein have been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted for so long as:

- (a) residents of Canada do not directly or indirectly beneficially hold more than 10% of the aggregate outstanding Ordinary Shares and Exchangeable Shares;
- (b) residents of Canada do not directly or indirectly comprise more than 10% of the aggregate number of beneficial holders of Ordinary Shares and Exchangeable Shares;
- (c) residents of Canada do not directly or indirectly beneficially hold more than 10% of the aggregate outstanding Bonds;
- (d) residents of Canada do not directly or indirectly comprise more than 10% of the aggregate number of beneficial holders of Bonds;

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- (e) residents of Canada do not directly or indirectly beneficially hold more than 10% of the aggregate outstanding number of any new class or series of securities issued by the Filers;
- (f) residents of Canada do not directly or indirectly comprise more than 10% of the aggregate number of beneficial holders of any new class or series of securities issued by the Filers;
- (g) Heritage Jersey issues in Canada, and files on SEDAR, a news release stating that it will comply with the UK Requirements in connection with its oil and gas activities rather than with NI 51-101;
- (h) Heritage Jersey is subject to and complies with the UK Requirements in connection with its oil and gas activities; and
- (i) Heritage Jersey files the Oil and Gas Disclosure with the Decision Maker as soon as practicable after the Oil and Gas Disclosure is filed pursuant to the UK Requirements.

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