



Heritage Oil Plc

The pioneering company in the Albert Basin, Uganda with a multi billion barrel discovery in the Kurdistan Region of Iraq

“We believe the value Heritage has achieved for the sale of its Ugandan interest is excellent, creating significant value, and takes into account future drilling success.”

Heritage has had unprecedented success in the Albert Basin with several discoveries since drilling commenced in 2006 and the commercial threshold surpassed. Cash from the sale of the Ugandan interest will give Heritage the financial flexibility to diversify and grow by the acquisition of other interests.

In 2009, Heritage announced a major oil discovery with the Miran West-1 well in the Kurdistan Region of Iraq. The results show a multi-billion barrel potential for the field with the opportunity to start trucking production in 2010. An active drilling programme has started on the Miran West structure, Kurdistan and wells are planned in 2010 in Kurdistan, Malta, Pakistan and Russia.

Description

Heritage Oil Plc is an independent upstream oil and gas exploration and production company listed on the Main Market of the London Stock Exchange and is a constituent of the FTSE 250 Index. Heritage is 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. The Group has exploration projects in Uganda, the Kurdistan Region of Iraq, the Democratic Republic of Congo, Mali, Malta, Pakistan, Tanzania and Mali, and a producing property in Russia.

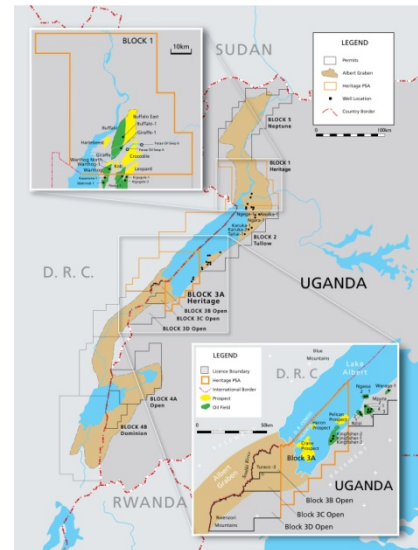
Key Focus Areas

Uganda, The Albert Basin; 27 exploration and appraisal wells have been drilled in Uganda since 2006 and 26 have found hydrocarbons. Success in the 2008/2009 drilling campaign on Heritage operated Blocks 1 and 3A moved the Albert Basin over the commercial threshold for development. Net contingent resources have been independently valued by RPS Energy at \$1.126 billion and risked prospective resources at \$485 million. Heritage signed a Sale and Purchase Agreement with ENI on 18 December 2009 to sell its Ugandan interest for up to \$1.5 billion which represents a 33% premium to contingent resources. On the 18 January 2010 Heritage announced that Tullow had exercised its right to pre-empt the sale on the same terms and conditions as agreed in the Sale and Purchase agreement signed with ENI. Heritage’s strategy is to monetise the asset and unlock value. The multi-billion development of the Albert Basin will take time and will be capital intensive given the location of the basin 1,250 kilometres from the East African coast, lack of oil infrastructure in country and the waxy nature of the crude. The sale will give Heritage considerable financial flexibility to continue to grow internally and externally and also allow for the potential of a special dividend. Completion of the sale is expected in Q1 2010 and remains subject to: Shareholder approval at the General Meeting to be held on 25 January 2010 and approval by the Ugandan Government. Heritage retains a position in the Albert Basin with interests in Blocks 1 and 2 in the Democratic Republic of Congo, which are awaiting Presidential Decree.

Kurdistan Region of Iraq, Miran; Heritage was awarded the Miran Block in September 2007 and spud the first well, the Miran West-1 well, in December 2008. RPS Energy has estimated Heritage’s mean working interest share of risked resources for the Miran Block, of 1,014 mmbob with a mean expected value of \$4.4 billion. The structure, with a gross oil bearing interval of 710 metres, completed testing operations in August 2009 during which the Miran West-1 well flowed at a maximum rate of 3,640 bopd from a single upper reservoir interval. The test rate was restricted by surface equipment capacity. Data gathered from the test indicates a productive potential of 8,000 to 10,000 bopd.

- Miran West-2 appraisal well commenced drilling on 26 November 2009 targeting three principal Cretaceous reservoir formations encountered in Miran West-1;
- 2010 drilling programme will include an exploration well on the Miran East structure where the exploration risk has lowered due to the success at Miran West-1;
- Miran West field development will be low cost and straightforward to fast-track; and
- Potential for trucking production for sale in the second half of 2010.

UGANDA



“The Buffalo-Giraffe field is the largest onshore oil discovery in Africa for 20 years”

KURDISTAN REGION OF IRAQ



“The Miran field has the potential to deliver significant value as it will be a major source of reserve and production growth for Heritage.”



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Exploration Licences held

Region	Licence	Interest	Operator	Status
Uganda	Block 1	50%	Heritage	Warthog, Buffalo-Giraffe discoveries made in Q4 08/ Q1 09
	Block 3A	50%	Heritage	Kingfisher discovery made in 2007
Kurdistan	Miran	100%	Heritage	Miran West-1 discovered March 2008. 2010 work programme includes further appraisal drilling on Miran West and an exploration well on the Miran East structure
Tanzania	Kimbiji	70%	Heritage*	Reprocessing seismic data
	Latham	29.9%	Heritage*	Reprocessing seismic data
	Kisangire	55%	Heritage	Reprocessing seismic data
Malta	Lukuliro	55%	Heritage	Reprocessing seismic data
	Area 2	100%	Heritage	Potential well planned in Q4 2010
Mali	Area 7	100%	Heritage	Potential well planned in Q4 2010
	Block 7	75%	Heritage	Acquiring seismic data in 2010
Pakistan	Block 11	75%	Heritage	Acquiring seismic data in 2010
	Sanjawi	54%	Heritage	Several leads and prospects identified
DRC	Zamzama North	48%	Heritage	Several leads and prospects identified
	Block 1	39.5%	Tullow	Awaiting Presidential Decree
	Block 2	39.5%	Tullow	Awaiting Presidential Decree

* Heritage is operator of the work programme

Management

Tony Buckingham
Chief Executive Officer

Paul Atherton
Chief Financial Officer

Michael Hibberd
Chairman

Directors

John McLeod
Non-Executive Director

Gregory Turnbull
Non-Executive Director

Salim Macki
Non-Executive Director

General Sir Michael Wilkes
Non-Executive Director
Senior Independent Director

Reserves

As at 30 June 2009*	Net Working Interest Reserves	Net Present Value
	MMboe	\$ Millions
Proved	23.4	60
Probable Additional	37.2	238
Total Proved + Probable	60.6	298
Proved + Probable + Possible	164.0	935

* Certified by RPS Energy using money of the day prices and discounted at 10%

Contact Information

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Share Price Chart



Miran Block in the Kurdistan Region of Iraq





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Strategy

The Group aims to continue to generate growth in shareholder value by focusing on high-impact international plays that provide multiple targets with the potential to discover substantial hydrocarbon reserves. The Group's growth strategy is to acquire and invest in exploration and early development opportunities throughout the world, with a particular emphasis on its core areas of Africa, the Middle East and Russia.

To be successful, the Group has developed a highly effective network of influential industry, political and institutional relationships. These enable the Group to gain access to a wide variety of new oil and gas business opportunities.

Corporate Social Responsibility

Heritage's Corporate Social Responsibility (CSR) encompasses the management of relationships with shareholders, employees, contractors and the communities in areas where it works, together with the impact on society and the environment. Heritage recognises it has specific responsibilities in each of these areas and considers adherence to CSR values to be a key factor in its long-term success. Heritage's objective is to minimise its impact on the environment and to support development in local communities. Heritage believes that by working closely with its host communities it is better enabled to meet the challenges facing it.

2010 Outlook

- In the process of monetising Ugandan Interest – expect to close in Q1 2010
- Cash from the sale will provide Heritage with the financial flexibility to diversify and grow through the acquisition of other interests
- Potential of a special dividend once the deal has closed
- Active drilling programme will continue on the Miran Block which will include an exploration well on the Miran East structure
- Work programmes in Mali, Malta and Pakistan continue with the acquisition of seismic data and some drilling planned for 2010
- Development well on the Zapando Chumpassoye licence scheduled for Q4 2010
- Production for 2010 estimated to average 600 bopd
- \$222 million of cash at 30 September 2009

Activity

	2009	2010	2011
Kurdistan	Miran West 2	Miran East 1	Miran West 3
Malta			Prospect-1
Pakistan		Prospect-1	
Russia			P 5

Market Information

Market cap: \$2.2 billion
FTSE 250 listed: symbol HOIL
Shares in issue: 285 million ordinary shares, 3 million exchangeable shares

Analyst Coverage

Ambrian
 Arbuthnot Securities
 BMO Capital Markets
 CanaccordAdams
 Cazenove
 Credit Suisse
 Evolution Securities
 FirstEnergy Capital
 Goldman Sachs
 HansonWesthouse
 Macquarie
 Mirabaud
 Nomura
 Oriel Securities
 Panmure Gordon
 RBC Capital Markets

Operations at Miran West-1, Kurdistan

