



21 December 2009

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

**HERITAGE ISSUES CIRCULAR RELATING TO THE PROPOSED DISPOSAL OF
UGANDAN INTEREST AND NOTICE OF GENERAL MEETING**

Heritage Oil Plc (LSE: HOIL), an independent upstream exploration and production company, announces today that it has issued a circular (the "Circular") and Notice of General Meeting to be held on 25 January 2010 relating to the proposed disposal of its entire interest in Block 1 and Block 3A in Uganda (the "Disposed Assets"). The Circular includes an independent Mineral Expert's Report covering the Kurdistan Region of Iraq ("Kurdistan") and Russia, which following the proposed transaction will continue to be held by the continuing group (the "Continuing Group") as well as Block 1 and Block 3A in Uganda.

On 18 December 2009, Heritage announced that it had entered into a sale and purchase agreement (the "SPA") to sell the Disposed Assets for up to \$1.5 billion (the "Proposed Transaction"). The Circular and a Form of Proxy in respect of the general meeting, to be held at 3:00pm (GMT) on 25 January 2010 at 22 Grenville Street, St Helier, JE4 8PX, Jersey, Channel Islands (the "General Meeting"), have been posted to Heritage shareholders on 21 December 2009.

The purpose of the General Meeting is to seek the approval of shareholders for the Proposed Transaction as set out in the SPA dated 18 December 2009.

Copies of the Circular are available from Heritage's website at www.heritageoilplc.com. In addition, it has been submitted to the UKLA and will shortly be available for inspection at the Document Viewing facility at the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London, E14 5HS.

Highlights

- General meeting to be held on 25 January 2010
- Mineral Expert's Report detailed in the Circular discloses:
 - Disposed Assets have a mean working interest share of risked resources of 543 million barrels of oil equivalent ("mmboe")
 - Contingent resources for the Disposed Assets, discounted at 10 per cent., have a mean expected value of \$1.1 billion at \$65/bbl oil price
 - Risked prospective resources for the Disposed Assets have a mean expected value, discounted at 10 per cent., of \$485 million
 - Heritage's mean working interest share of risked resources for the Miran Block, Kurdistan of 1,014 mmboe has a mean expected value, discounted at 10 per cent., of \$4.4 billion
 - Heritage's net working interest share of proved plus probable reserves in Russia of 60.6 millions of barrels ("mmbbls"), has a net present value, discounted at 10 per cent., of \$298 million

- The consideration to be received for the Disposed Assets, of up to \$1.5 billion, is 33% higher than the independently estimated value of the Disposed Assets' contingent resources, discounted at 10 per cent., of \$1,126 million and compares favourably to RPS' estimated value of contingent plus prospective resources of \$1,611 million
- Analyst conference call to be held on 6 January 2010

Mineral Expert's Report

RPS Energy ("RPS"), an independent consultancy specialising in petroleum reservoir evaluation and economic analysis, was engaged to prepare a Mineral Expert's Report for Heritage. The range of reserves and resources is as at 30 June 2009 and is based on the data and information available up until that date.

Disposed Assets

Heritage previously announced that it has entered into an SPA to sell its Ugandan interest for a cash consideration of \$1.35 billion and a further contingent, deferred consideration of up to \$150 million in cash or an interest in a mutually agreed producing oil field independently valued at a similar amount. This consideration of up to \$1.5 billion is 33% higher than RPS' estimated value of the Disposed Assets' contingent resources, discounted at 10 per cent., of \$1,126 million and compares favourably to RPS' estimated value of contingent and prospective resources of \$1,611 million.

Risked Recoverable Resources Relating to the Disposed Assets (mmboe)

A summary of RPS' estimated net working interest contingent and prospective resources for the Disposed Assets as of 30 June 2009 is set out below:

	Working Interest Share ^{(1) (5)}			
	Low (P90) mmboe	Best (P50) mmboe	High (P10) mmboe	Mean mmboe
Block 1				
Contingent Resources ⁽²⁾	88	222	444	250
Prospective Resources ⁽³⁾	0	41	239	90
Consolidated Sub-total ⁽⁴⁾	114	282	551	339
Block 3A				
Contingent Resources ⁽²⁾	48	95	170	105
Prospective Resources ⁽³⁾	0	39	229	99
Consolidated Sub-total ⁽⁴⁾	63	170	387	204
Consolidated Total⁽⁴⁾	265	497	895	543

- (1) In the event of discovery and development, net entitlement resources will be a function of the contract terms and will be less than net working interest resources. The Government of Uganda has the right to back-in for up to 15 per cent. which could, if exercised, reduce the working interest in each of Blocks 1 and 3A to 42.5 per cent.
- (2) Stochastic consolidation of contingent resources with Geological Probability of Success ("GPOS") of 100 per cent.
- (3) Stochastic consolidation of prospective resources with GPOS for each prospect.
- (4) Stochastic consolidation of contingent resources and risked prospective resources.
- (5) Block 1 resources are quoted net of 15 per cent. losses for steam generation where applicable.

A summary of RPS' estimated expected value of the Disposed Assets post-tax, discounted at 10 per cent., as of 30 June 2009, is set out below:

	Net Present Value (\$ million in money of the day)		
	Block 1 Expected Value (Mean)	Block 3A Expected Value (Mean)	Blocks 1 and 3A Total Expected Value (Mean)
Contingent Resources	662	464	1,126
Prospective Resources	258	227	485
Total	920	691	1,611

Notes:

The expected value of the Total Production Sharing Contract is the probability weighted mean of the value of all possible outcomes of the contingent resources plus the drilling of the prospective resources. This is also known as the Expected Mean Value ("EMV").

The expected value of the contingent resources represents the probability weighted mean value of the resource volume range. This is sometimes known as the Expected Net Present Value ("ENPV").

Resources of Continuing Group – Miran, Kurdistan (mmboe)

A summary of RPS' estimated net working interest contingent and prospective resources as of 30 June 2009 is set out below:

	Continuing Group Working Interest Share⁽¹⁾			
	Low (P90) mmboe	Best (P50) mmboe	High (P10) mmboe	Mean mmboe
Miran Block, Kurdistan				
Contingent Resources ⁽²⁾	25	53	92	53
Prospective Resources ⁽³⁾	87	849	2,248	850
Consolidated Total⁽⁴⁾	128	902	2,306	1,014

(1) In the event of discovery and development, the Continuing Group's net entitlement resources will be a function of the contract terms and will be less than the net working interest resources. The Kurdistan Regional Government has the right to back-in for up to 25 per cent. which could, if fully exercised, reduce the Continuing Group's working interest to 56.25 per cent.

(2) Stochastic consolidation of contingent resources with GPoS of 100 per cent.

(3) Stochastic consolidation of prospective resources with appropriate GPoS for each prospect.

(4) Stochastic consolidation of contingent resources and risked prospective resources.

A summary of RPS' estimated expected value of the Continuing Group's assets in Kurdistan, discounted at 10 per cent., as of 30 June 2009, is set out below:

	Net Present Value (\$ million in money of the day)		
	Miran West Expected Value (Mean)	Miran East Expected Value (Mean)	Miran Total Expected Value (Mean)
Contingent Resources	275	0	275
Prospective Resources	3,645	479	4,125
Total	3,920	479	4,400

Notes:

The total expected value is the probability weighted mean of the value of all possible outcomes of the contingent resources plus the drilling of the prospective resources. This is also known as the EMV.

The expected value of the contingent resources represents the probability weighted mean value of the resource volume range. This is sometimes known as the ENPV.

Reserves of Continuing Group – Zapadno Chumpasskoye, Russia

A summary of RPS' estimated net working interest reserves and their net present value of the Continuing Group's assets in Russia, based on forecast prices and costs, discounted at 10 per cent., as of 30 June 2009, is as follows:

	Net Working and Entitlement Reserves	Net Present Value
	mmbbls	(\$millions in money of the day)
Proved	23.4	60
Probable Additional	37.2	238
Total Proved + Probable	60.6	298
Total Proved + Probable + Possible	164.0	935

Continuing Group

The net proceeds from the Disposed Assets will serve to reinforce the Company's balance sheet after a successful period of value creation and realisation, and will provide increased financial flexibility to:

- Continue exploration, appraisal and development activities in the remaining seven countries in which the Continuing Group has licences, in particular in Kurdistan which remains a core area of focus and where the Company has recently commenced a multi-well exploration and appraisal drilling programme on the Miran Block
- Embark on drilling programmes in the Continuing Group's remaining licences in 2010 with a number of high-impact exploration wells which could generate significant additional value for shareholders
- Participate in opportunities to generate further value, including the acquisition of oil and gas licences in highly prospective geographies and/or the acquisition of producing assets when opportunities arise
- Potentially return a portion of the disposal proceeds to shareholders through a special dividend following completion, which could be in the range of 75 pence to 100 pence per share
- Commence the acquisition of seismic data and/or drilling activity on its licences in Malta, Mali and Pakistan in 2010
- Provide funds for the Company's continuing working capital requirements and for general corporate purposes

Tony Buckingham, Chief Executive Officer, commented:

"Heritage's strategy of first mover advantage to create exceptional value for shareholders is demonstrated by the RPS report. We believe that the value Heritage has achieved for the sale of its Ugandan interest is excellent, creating significant value, and takes into account future drilling success. We continue to have an excellent portfolio of existing assets, including Kurdistan where the Miran West-2 appraisal well is being drilled, in addition to numerous other highly attractive exploration licences. The consideration proceeds will be used in part to continue to explore and develop this portfolio whilst also allowing Heritage to diversify and acquire other interests."

Analyst Conference Call

Mr. Paul Atherton, Chief Financial Officer, will be hosting an analyst conference call at 2:00pm (GMT) on 6 January 2010. The presentation that accompanies the call will be available on the website (www.heritageoilplc.com) shortly before this time. To access the call please dial the appropriate number below shortly before the call and ask for the Heritage Oil Plc conference call. A replay facility will be available for up to seven days. The telephone numbers and access codes are:

Live Event

Dial-in number: +44 (0) 20 7138 0843 (UK)
+1 212 444 0895 (US)
+1 514 315 1009 (Canada)
Passcode: 9214371

Replay facility available for seven days:

Dial-in number: +44 (0) 20 7111 1244 (UK)
+1 347 366 9565 (North America)
Passcode: 9214371#

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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.
- All dollars are US\$ unless otherwise stated.
- For further information please refer to our website, **www.heritageoilplc.com**

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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. The completion of the SPA is subject to certain conditions, some of which are beyond the control of the Company. 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.