



23 November 2009

Heritage Oil Plc

(“Heritage” or the “Company”)

**HERITAGE OIL ENTERS INTO A LETTER OF INTENT TO SELL ITS
UGANDAN INTERESTS FOR UP TO US\$1.5 BILLION**

Heritage Oil Plc (LSE: HOIL), an independent upstream exploration and production company, announces that a wholly owned subsidiary has entered into a binding letter of intent (“LOI”), with Eni S.p.A (“Eni”) for the sale of its entire interests in Blocks 1 and 3A in Uganda. Completion is subject to the receipt and satisfaction of certain approvals and conditions and to negotiating the terms and conditions of a sale and purchase agreement. 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”).

As a result of entering into the LOI with Eni, discussions with Genel Energy International Limited (“Genel”) in relation to the proposed acquisition of Genel have been terminated.

Highlights

- Cash consideration on closing the transaction of US\$1.35 billion
- Additional consideration of either US\$150 million in cash or an interest in a producing field, to be mutually agreed and independently valued at a similar amount, provided certain conditions are met
- The Proposed Transaction has been approved in principle by the Board of Heritage, subject to various conditions, the execution of a binding sale and purchase agreement and approval from the Ugandan authorities
- Class 1 shareholder circular, which will include a Mineral Experts Report on the Company’s material assets, is expected to be published within two months
- Transaction is expected to complete in the first quarter of 2010
- Following completion, Heritage will consider returning a portion of the disposal proceeds to shareholders in the form of a special dividend, which could be in the range of 75 pence to 100 pence per share

- Heritage will retain an interest in the Albert Basin through its interests in Blocks 1 and 2 in the Democratic Republic of Congo, which are currently awaiting presidential decree
- Discussions with Genel have been terminated

Summary of the Proposed Transaction

Eni proposes to acquire Heritage's 50% working interest in Blocks 1 and 3A in Uganda and be appointed operator, for a cash consideration of US\$1.35 billion to be paid on completion, which is subject to certain approvals and consents and negotiating the terms and conditions of a sale and purchase agreement. This is expected to complete in the first quarter of 2010. In addition, Eni will pay a further consideration of either US\$150 million in cash or an interest in a producing field independently valued at a similar amount on the satisfactory completion of certain conditions within two years. It is currently anticipated that negotiations regarding the further consideration could be completed during the first half of 2010.

A shareholder circular, which will include a Mineral Experts Report, describing the Proposed Transaction is being prepared and is expected to be published within two months. Completion of the Proposed Transaction is subject to the approval of a majority of Heritage's shareholders voting at a general meeting to be called by Heritage at an appropriate time in the New Year.

Under the terms of the LOI, Heritage has granted Eni an exclusivity period of 60 days for the parties to reach agreement on the terms of a binding sale and purchase agreement ("SPA"). During this period Heritage is prevented from soliciting any other competing proposals.

Heritage has agreed to pay Eni a break fee of 1% of the market capitalisation of the Company in the event that Heritage accepts a competing offer from a third party during this exclusivity period.

Approvals and Consents

Execution of binding documentation and then completion of the Proposed Transaction is subject to, among other things: (i) the respective parties conducting confirmatory due diligence; (ii) the parties executing a SPA; (iii) the approval of a majority of Heritage's shareholders voting at a general meeting to be called at the appropriate time; and (iv) approval from the Ugandan Governmental authorities. Accordingly, there can be no assurances that the Proposed Transaction will complete or that it will complete on the terms outlined in the LOI or herein.

The Government of Uganda has been consulted on the Proposed Transaction and has indicated its support for Eni's proposed entrance into the oil industry in Uganda.

Use of Proceeds

Assuming the Proposed Transaction completes, Heritage will continue to have operations in seven countries and will use some of the disposal proceeds in the exploration, appraisal and development of these areas, in particular in the Kurdistan Region of Iraq (“Kurdistan”) which remains a core area of focus. Heritage has a producing property in Russia and exploration projects in Kurdistan, the Democratic Republic of Congo, Malta, Pakistan, Tanzania and Mali. The Company plans to embark on drilling programmes in certain of these territories next year, with a number of high-impact exploration wells which could continue to generate significant value for shareholders.

Furthermore, the proceeds will provide Heritage with the financial flexibility to participate in opportunities to generate further value for shareholders, including the acquisition of producing assets.

The Company is also considering returning a portion of the disposal proceeds to shareholders through a special dividend on completion of the transaction, which could be in the range of 75 pence to 100 pence per share. In the event that the dividend is paid, Heritage would expect to still have a cash position of over US\$1 billion.

Proposed Acquisition of Genel

Following entry into the LOI with Eni, and in light of the continuing situation in Kurdistan where, in particular, the revenue payment mechanism for oil exports has not yet been established, discussions with Genel have been terminated.

Heritage remains committed to being one of the leading oil companies operating in Kurdistan and will continue to consider other opportunities in this region as and when they arise.

Information Regarding Blocks 1 and 3A in Uganda

Since the discovery of the Kingfisher Field in 2007, six wells have been drilled in Blocks 1 and 3A, which have discovered approximately 300 million barrels net to the Company. Heritage has spent approximately US\$150 million on its oil and gas interests in Uganda, since being awarded its first licence in 1997.

Tony Buckingham, Chief Executive Officer, commented:

“Following a strategic review, we have decided to enter into this letter of intent with Eni as we recognise the very large multi-billion dollar investment which is required to develop the Albert Basin and the related infrastructure. Heritage has had remarkable operational success in Uganda as a result of technical excellence and first mover advantage. We believe the Proposed Transaction will crystallise significant value for shareholders, demonstrating our ability to monetise assets at an appropriate stage.”

The disposal proceeds would provide Heritage with significant financial flexibility to accelerate our existing exploration and development programmes, participate in value generating opportunities as and when they arise, as well as give us the ability to pay a special dividend to shareholders.”

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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, Kurdistan, 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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