



18 June 2009

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

**HERITAGE OIL PROVIDES AN OPERATIONAL UPDATE AT ITS
ANNUAL GENERAL MEETING**

Heritage Oil Limited (LSE: HOIL), an independent upstream exploration and production company, announces an operational update to accompany its Annual General Meeting, taking place at 3:00 pm (BST) today at 22 Grenville Street, St. Helier, Jersey.

Highlights

- Proposed acquisition of Genel Energy to create a leading company in the Kurdistan Region of Iraq announced 9 June 2009
- Recent placing of 25.4 million new ordinary shares at 520p per share raising £132 million
- Second phase of testing to begin on Miran West structure in July 2009
- High impact exploration and appraisal programme to commence in Block 1, Uganda in Q4

Proposed Acquisition

As previously announced on 9 June 2009, Heritage Oil has entered into a non-binding Memorandum of Understanding ("MoU") with Genel Enerji A.Ş. The MoU is subject to various conditions, including the execution of binding documentation, and relates to the proposed acquisition (the "Proposed Acquisition") of Genel Energy International Limited ("Genel"), a private independent oil and gas exploration and production ("E&P") company, which holds licences in Kurdistan. The Proposed Acquisition would be paid for by the issue of 260 million new ordinary shares of Heritage Oil. It is anticipated that following the Proposed Acquisition, the Company, as enlarged by the acquisition of Genel ("the Enlarged Group") will be re-named HeritaGE Oil plc.

Genel is a private, independent E&P company in Turkey, and was awarded its first licence in Kurdistan in 2002. Genel has interests in two producing oil fields, being the joint operator of the Taq Taq field holding a 55% working interest (44% participating interest) as well as having a 25% working interest in the Tawke field. In addition, Genel owns 25% of the Miran licence (the balance of which is owned by Heritage), 40% of the Duhok licence, 40% of the Barbahar licence and a 20% interest in the Chia Surkh licence. Genel also owns the right to develop the Taq Taq Petroleum Refinery. This refinery in Kurdistan is primarily being built through the phased construction and operation of a 60,000 barrels of oil per day ("bbl/d") refinery in the vicinity of the Taq Taq and Miran oil fields. The phased construction of the refinery is expected to be completed by 2012 with 40,000 bbl/d expected to be operational in 2011.

Heritage Oil's management believe that the Proposed Acquisition will offer considerable shareholder value as it will create a prominent Main Market, London listed production company which should have the financial capacity to bring into production its enlarged development and exploration portfolio, create the infrastructure for the development of the Taq Taq and Miran assets in Kurdistan, while also generating significant cash flow following the commencement of oil exports on 1 June 2009. Net production to the Enlarged Group from Kurdistan is currently approximately 30,000 bbl/d and is estimated to be around 43,000 bbl/d by year end 2009, which should generate significant cash flow. Cash flow generation should provide the financial flexibility to fast-track development of other assets within the Enlarged Group's portfolio.

The MoU is not legally binding in respect of its principal terms and, therefore, execution of binding documentation in relation to the Proposed Acquisition is subject to a number of conditions, as outlined in Heritage Oil's announcement on 9 June 2009. Accordingly, there can be no assurances that the Proposed Acquisition will complete or that it will complete on the terms outlined in the announcement of 9 June 2009.

Based on current information, management expects the Enlarged Group to have estimated proved and probable reserves of approximately 300 million barrels of oil with multi-billion barrels of oil potential.

It is expected that the prospectus and circular will be sent to Heritage Oil shareholders in August 2009 and there will be a general meeting in September 2009.

Equity Placing

On 15 June Heritage Oil raised gross proceeds of £132 million from an equity placing of 25.4 million new ordinary shares at the placing price of 520p per share, which represented a 2.9% premium to the closing price on 12 June 2009. Funds from the placing will be used to accelerate development of the core areas of focus, namely Uganda and Kurdistan, for work programmes on these and other assets and for general corporate purposes.

The placing was not conditional on the completion of the Proposed Acquisition and nor were the terms of the Proposed Acquisition affected by the Placing. If the Proposed Acquisition was to complete, the Enlarged Group expects to use the proceeds of the Placing to fast track development of its assets in Kurdistan, increasing production, generating early cash flow for the Enlarged Group and continuing the exploration, appraisal and development programmes in Uganda. In addition, the Enlarged Group will consider investment in a pipeline extension from Taq Taq and Miran to the export pipeline and seek to fast-track the construction of the Taq Taq Petroleum Refinery.

Other Operations

The initial testing of the Miran West-1 well, in Kurdistan, concluded in May 2009 and it is expected that the second phase of testing will begin in July 2009. A further well is planned to be drilled on the Miran licence following completion of the test programme.

A further multi-well, high impact exploration and appraisal drilling programme is planned to commence in Block 1, Uganda, in the fourth quarter of this year.

Tony Buckingham, Chief Executive Officer, commented:

“These are exciting times for Heritage and our shareholders as we are on the cusp of creating a new regional giant focused on Uganda and Kurdistan. Our recent placing ensures that we have sufficient funding to accelerate our programmes in these prolific areas and continue to transform Heritage.”

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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.
- For further information please refer to our website at **www.heritageoiltd.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. 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.