



18 January 2010

Heritage Oil Plc

("Heritage" or the "Company")

**HERITAGE OIL ISSUES AN UPDATE ON THE PROPOSED DISPOSAL
OF ITS UGANDAN INTEREST**

Heritage Oil Plc (LSE: HOIL), an independent upstream exploration and production company, issues an update on the proposed disposal of the Company's entire interest in Block 1 and Block 3A ("the Disposed Assets") in Uganda.

Heritage announces that Tullow Uganda Limited ("Tullow") has exercised its right to pre-empt the sale of the Disposed Assets on the same terms and conditions as agreed in the Sale and Purchase agreement ("the SPA") entered into between Heritage and ENI International B.V. ("Eni"), on 18 December 2009. Completion of the transaction remains subject, *inter alia*, to approval by the Ugandan Government ("Government"). The Government will determine which transaction to approve (either the acquisition by Eni or Tullow's pre-emption of such acquisition) in its role as final arbiter. Eni has the option to terminate the SPA following an exercise by Tullow of its pre-emption rights, which Eni has not so far done. Heritage remains able to accept any superior proposal (unmatched by Tullow) made by any other party at any time prior to Heritage's shareholders' meeting on 25 January 2010, the purpose of which is to approve the disposal.

Highlights

- Tullow has exercised its right to pre-empt the sale of the Disposed Assets on the same terms and conditions as agreed in the SPA entered into between Heritage and Eni
- Heritage is seeking shareholder approval of the transaction at a general meeting ("General Meeting") to be held on 25 January 2010
- Final approval will be sought shortly from Government and the transaction is expected to close within the first quarter of 2010
- When the transaction closes, Heritage will receive US\$1.35 billion in cash and a further contingent, deferred consideration of up to US\$150 million in cash or an interest in a mutually agreed asset

- The consideration of up to US\$1.5 billion represents a 33% premium to the independently estimated value by RPS Energy (“RPS”) of the Disposed Assets’ contingent resources
- After completion of the transaction, Heritage will have the financial flexibility to consider various options to create further shareholder value and will also consider returning a portion of the transaction proceeds to shareholders via a special dividend, which could be in the range of 75 pence to 100 pence per share. Additionally, Heritage is seeking authority at the General Meeting to buy back shares should the directors determine such a buyback to be in the best interests of the Company

Disposed Assets

Heritage previously announced that it had entered into an SPA to sell its Ugandan interest for a cash consideration of US\$1.35 billion and a further contingent, deferred consideration of up to US\$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 US\$1.5 billion is 33% higher than RPS’ estimated value of the Disposed Assets’ contingent resources, discounted at 10 per cent., of US\$1,126 million and compares favourably to RPS’ estimated value of contingent and prospective resources of US\$1,611 million.

Timetable and conditions

Heritage will, as scheduled, seek the approval of shareholders for the proposed transaction as set out in the SPA dated 18 December 2009, at a general meeting to be held at 3pm (GMT) on 25 January 2010 at 22 Grenville Street, St Helier, JE4 8PX, Jersey, Channel Islands. A Circular and a Form of Proxy in respect of the General Meeting was posted to Heritage shareholders on 21 December 2009. A majority of shareholders represented at the meeting voting in favour of the transaction is required.

Heritage expects the transaction to complete formally during the first quarter, as it understands that Government does not want any delay in the further development of the oil industry in Uganda.

Other

As previously announced, Heritage is not liable to pay a break fee to Eni as a result of Tullow’s pre-emption. Heritage has agreed to pay a break fee of 1 per cent. of the market capitalisation of the Company in the event that Heritage accepts a competing superior offer from a third party, including from Eni, following receipt of this pre-emption notice and in certain other limited circumstances.

Heritage will issue a further update on the proposed transaction as and when appropriate.

Tony Buckingham, Chief Executive Officer, commented:

"The proposed transaction marks another milestone in the development of Heritage. We look forward to gaining approval from our shareholders and Government to enable the transaction with either Eni or Tullow to complete. The successful monetisation of the Company's Ugandan interest highlights the importance of our first mover advantage strategy as Heritage was the pioneering company in the Albert Basin where we retain interests in two licences on the DRC side of the basin."

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For further information please contact:

Heritage Oil Plc

Tony Buckingham, CEO / Paul Atherton, CFO
+44 (0) 1534 835 400
info@heritageoilplc.com

Heritage Oil Plc – Investor Relations

Tanya Clarke
+44 (0) 20 7518 0838
tanya.clarke@heritageoilplc.com

Financial Adviser and Corporate Broker to Heritage Oil Plc

J.P. Morgan Cazenove Limited
Ian Hannam / Barry Weir
Tel: +44 (0) 20 7588 2828

Bell Pottinger Corporate & Financial – PR - Europe

Nick Lambert
+44 (0) 20 7861 3232
NLambert@bell-pottinger.co.uk

CHF Investor Relations – Investor Relations - Canada

Cathy Hume / Jeanny So
+1 416 868 1079 x231 / x225
cathy@chfir.com / jeanny@chfir.com

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.