



27 July 2010

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

**HERITAGE OIL ANNOUNCES THE COMPLETION OF THE
SALE OF ITS UGANDAN INTERESTS**

Heritage Oil Plc (LSE: HOIL), an independent upstream exploration and production company announces today that Heritage Oil & Gas Limited has completed the disposal of its entire interests in Block 1 and Block 3A (the "Assets") in Uganda. Tullow Uganda Limited ("Tullow") has paid cash consideration of US\$1.35 billion and an additional contractual settlement amount of US\$100 million, of which Heritage has received and retained US\$1.045 billion with an additional approximately US\$405 million in part deposited with the Government of the Republic of Uganda ("Government") and in part held in escrow pending resolution of a tax dispute with the Ugandan Revenue Authority (the "URA").

Highlights

- Tullow has paid the agreed cash consideration of US\$1.35 billion
- A further US\$100 million was paid by Tullow in full and final settlement of a potential contractual dispute between the parties relating to the contingent deferred amount
- Heritage has received cash of US\$1,045,075,000
- Heritage has disputed a tax assessment of US\$404,925,000 and deposited US\$121,477,500 with the URA, representing 30% of the disputed amount
- The balance of US\$283,447,500 remains in an escrow account and will be released following resolution between Government and Heritage of a mechanism to resolve the tax dispute
- Heritage intends to pay a special dividend of up to 100 pence per share in August 2010

The disposal of the Assets in Uganda has been completed and Tullow has paid cash of US\$1.45 billion, of which Heritage has received and retained US\$1.045 billion.

Heritage has deposited US\$121,477,500 with the URA, representing 30% of the disputed tax assessment of US\$404,925,000 which the URA determines arises from the sale of the Assets. Heritage continues to work with Government to agree a way forward for the tax dispute to be resolved. US\$283,447,500 has been retained in escrow, pursuant to an agreement between Heritage, Tullow and Standard Chartered Bank pending resolution between Government and Heritage of a mechanism to resolve the tax dispute. This could include the provision of a guarantee or letter of credit from an international bank to Government to provide security for the remainder of the disputed amount.

A further US\$100 million was paid by Tullow in full and final settlement of a potential contractual dispute between the parties on the interpretation of the sale and purchase agreement provisions relating to the contingent deferred amount, which could have been payable up to the amount of US\$150 million dependent on certain conditions being achieved.

There are now no further monies due to Heritage under that agreement apart from a working capital adjustment with respect to the Assets at the effective date of the transaction of 17 January 2010 which will be agreed in the next few months with Tullow.

Receipt of the funds provides Heritage with a strong balance sheet with cash of approximately US\$1.2 billion. It is the Company's intention to return a portion of these funds to shareholders through a special dividend of up to 100 pence per share in August 2010. Further details of the dividend, including a timetable, will be provided shortly. The remainder of Heritage's funds, of over US\$0.7 billion will be allocated between accelerating the work programmes on the existing portfolio and potential acquisitions.

Tony Buckingham, Chief Executive Officer, commented:

"Heritage has experienced incredible operational success in Uganda as a result of technical excellence and first mover advantage. We are delighted to have played the key role in developing this new major industry for Uganda. The success of our exploration programmes has generated significant value for the people of Uganda and our shareholders. As an exploration company we felt it more appropriate to exit now and leave the development of the Ugandan oil industry to other companies with the relevant downstream expertise. We will continue to co-operate with the Ugandan Government and look forward to resolving the Ugandan tax matter as soon as possible."

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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 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. 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.