



18 May 2010

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

HERITAGE OIL INTERIM MANAGEMENT STATEMENT

Heritage Oil Plc (LSE: HOIL), an independent upstream exploration and production company, issues its Interim Management Statement for the period from 1 January 2010 to 17 May 2010, in accordance with reporting requirements of the EU Transparency Directive.

Highlights

- Approval from the Ugandan Government for the disposal of the interests in Uganda is expected within the next couple of weeks. Completion of the transaction to follow shortly thereafter
- Proposed dividend of 75p-100p per share following the completion of the sale of the Ugandan interests
- Exploration drilling of the Miran West-2 well is scheduled to be completed in the third quarter, 2010
- Appraisal testing of the Miran West-2 well will resume on completion of the deeper exploration drilling
- Production in the first quarter 2010 averaged 583 bopd, 77% higher than the daily average for 2009
- As at 31 March 2010, Heritage's cash position was approximately \$170 million

EXPLORATION ASSETS

Uganda

In December 2009, a Sale and Purchase Agreement was executed with ENI International B.V. ("Eni") to sell Heritage's 50% working interests in Blocks 1 and 3A in Uganda, for a cash consideration of \$1.35 billion, plus a deferred consideration of \$150 million. In January 2010, Tullow Uganda Limited exercised its right of pre-emption on the same terms and conditions as agreed with Eni. In April 2010, Heritage announced that it had received a letter from the Ugandan Government stating that it supports Heritage's sale and transfer of its Ugandan interests. Approval for the transaction by the Ugandan Government is expected within the next couple of weeks and Heritage expects to close the transaction shortly thereafter.

Kurdistan Region of Iraq

The Miran West-2 well commenced drilling on 26 November 2009. The well has intersected hydrocarbon-bearing intervals over approximately 1,800 metres within the Cretaceous section, which was the initial appraisal objective of the well. Three zones in the Lower Cretaceous, identified from wireline logs and shows whilst drilling, will be tested after evaluation of the deeper exploration targets. Deferral of testing these formations was necessary in order to preserve the integrity of the well and to reach the deeper exploration targets.

Data acquired recently, indicated that the Miran West-2 well has the potential to encounter a deeper exploration objective in the underlying Jurassic and Triassic structures which have the potential to contain substantial quantities of hydrocarbons. The well has been re-engineered and it is planned to complete deepening of the Miran West-2 well to 4,600 metres during the third quarter 2010.

Acquisition of 3D seismic over the Miran Block is expected to begin in the second half of 2010 to establish further appraisal drilling locations to exploit the reservoirs' fracture networks. The Miran West-1 well, and other Kurdistan drilling, have demonstrated that where open fractures are encountered in wells the reservoirs will support potential production rates of approximately 10,000 bopd.

Future plans for the drilling of the Miran East-1 exploration well are progressing and Heritage is currently planning to contract a rig to commence drilling in the fourth quarter 2010.

Other Assets

During the first quarter 2010, 318 kilometres of 2D seismic was acquired on the Zamzama North Licence in Pakistan. The data, which is of good quality, is currently being processed and interpreted in order to identify a drill target. It is planned to commence drilling in the third quarter 2010. With infrastructure close to the licence, the potential exists for any discovered hydrocarbons to be brought on production relatively quickly.

In Malta, Heritage has an extensive data set of approximately 3,500 kilometres of 2D seismic acquired in 2000. A further 1,000 kilometres of 2D seismic is planned to commence in the third quarter 2010. Current data indicates the presence of a variety of potentially significant prospects. Discussions are ongoing to contract a rig so that drilling can commence in the fourth quarter 2010, targeting approximately 500 mmboe.

In Tanzania, the Company is actively looking to firm up leads into drillable prospects in all areas through the reprocessing of existing 2D seismic and the possible acquisition of additional seismic data.

PRODUCING ASSET

Russia

Production for the first quarter 2010 averaged 583 bopd, 40% higher than in the fourth quarter 2009 and 77% higher than the average daily production for 2009. Further well optimisation work is planned in the second half of this year and work is progressing on preparing to commence further development drilling in the latter part of 2010. A horizontal well is planned for the fourth quarter 2010 to confirm the viability of this technique for field development.

CORPORATE

As at 31 March 2010, Heritage had a cash position of approximately \$170 million which is sufficient to cover the current 2010 work programme. Completion of the disposal of the Ugandan interests will leave Heritage in a very strong financial position with excess cash. Consequently, the Company is considering returning a portion of the disposal proceeds to shareholders through a special dividend of between 75p and 100p per share. This should leave the Company with over \$1 billion in cash which is expected to be allocated to accelerate exploration, appraisal and development of the current portfolio and to support participation in other opportunities to generate further value for shareholders.

Tony Buckingham, Chief Executive Officer, commented:

“2010 is proving to be another busy year for Heritage with active work programmes across our portfolio. We are currently finalising plans to embark on a diversified drilling programme in our core areas. We look forward to completing the sale of our Ugandan interests and are evaluating a number of opportunities which have the potential to continue to generate further shareholder value and therefore ensure a continuing growth profile.”

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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.
- On completion of the sale of the Ugandan interests Heritage will receive US\$1.35 billion in cash. There is a further contingent, deferred consideration of up to US\$150 million in cash or an interest in a mutually agreed asset.
- 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 sale of the Ugandan interests 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.