



16 December 2008

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

**HERITAGE OIL ANNOUNCES A SIGNIFICANT NEW OIL DISCOVERY WITH THE
BUFFALO-1 EXPLORATION WELL IN BLOCK 1, UGANDA**

Heritage Oil Limited (LSE: HOIL), an independent upstream exploration and production company, announces a significant new oil discovery with the Buffalo-1 exploration well in Block 1, Uganda. The Buffalo discovery is considered by management to have the potential to exceed, subject to further successful drilling, the discoveries in the Kingfisher field.

Highlights

- The Buffalo-1 discovery has a gross hydrocarbon-bearing interval of approximately 123 metres, with approximately 43 metres of net hydrocarbon pay
- No oil-water contact was encountered, indicating the gross oil column could be significantly greater than that seen in the well
- The Buffalo discovery has the potential to be the largest field in Uganda
- The rig will now move to the drilling location for Giraffe-1
- Drilling operations at Giraffe-1 are expected to commence within two weeks

Buffalo Discovery – Block 1, Uganda

The Buffalo-1 exploration well was drilled, approximately 500 metres from the crest of the structure, to a total depth of 637 metres and was successfully logged. The well encountered a gross hydrocarbon-bearing interval of approximately 123 metres with net hydrocarbon pay of approximately 43 metres. Wireline logging and formation pressure measurements indicate 28 metres of net oil pay in the principal oil-bearing reservoir section, overlain by 15 metres of additional net hydrocarbon pay containing gas. Downhole pressure testing and sampling has confirmed the presence of moveable oil that has been recovered to surface, and log interpretation indicates that reservoir quality in all pay zones appears to be excellent. The Buffalo-1 well is now being suspended as a potential future production well.

The gross oil and gas columns seen in the well are 75 metres and 48 metres respectively and there is potential for the gross oil column of the accumulation to be significantly larger than reported because no oil-water contact was encountered in the well. Management believe that Buffalo is the leading discovery in Block 1 and the Butiaba area to date. Based on seismic interpretation, further exploration and appraisal drilling could prove up a very substantial accumulation of oil, giving Buffalo the potential to be the largest oil field in Uganda.

There are many other prospects mapped within Block 1 from over 600 kilometres of seismic data acquired in the licence during the past 18 months. All are characterised by similarly encouraging seismic amplitude anomalies as seen over the Buffalo and Warthog prospects, and all represent further prospects and leads which constitute additional multiple drilling targets within the block.

The rig will now move to the Giraffe-1 location to drill the third exploration well in the current drilling campaign. It is anticipated that drilling will commence within two weeks and the well is scheduled to take approximately three weeks to complete.

Tony Buckingham, Chief Executive Officer, commented:

“Buffalo is another major discovery and continues the 100% success rate in the Albert Basin in Uganda over the last three years with all 17 wells drilled finding hydrocarbons. The 28 metres of net oil pay in good quality reservoir and the absence of an oil water contact in the well, gives management confidence in the potential of the very large Buffalo structure. Our multi-well exploration programme continues to produce excellent results and we are confident of reaching the commercial threshold for development.”

Heritage is the Operator of Block 3A and Block 1 in Uganda with a 50% equity interest in the licences with Tullow Oil Plc holding the remaining 50% interest.

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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 producing properties in Oman and Russia and exploration projects in Uganda, the Kurdistan Region of Iraq, the Democratic Republic of Congo, Malta, Pakistan, Tanzania and Mali.

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