



24 November 2011

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

HERITAGE OIL PROVIDES AN UPDATE ON UGANDAN TAX DISPUTE

Heritage Oil Plc (LSE: HOIL), an independent upstream exploration and production company, has considered the ruling dated 23 November 2011 of the Tax Appeals Tribunal in Uganda dismissing the application of its wholly-owned subsidiary Heritage Oil & Gas Limited ("HOGL"). HOGL had challenged the Ugandan tax assessments on the disposal of HOGL's entire interests in Blocks 1 and 3A to Tullow Uganda Limited in July 2010 (the "Sale").

HOGL has at all times disputed the jurisdiction of the Ugandan Courts and Tribunals, in view of the existence of valid and binding arbitration provisions in its Production Sharing Agreements ("PSAs") with the Government of the Republic of Uganda ("Government"). Furthermore, in the light of specialist advice received in Uganda, North America and the United Kingdom, Heritage and HOGL remain of the view that no tax was due or owing on the Sale. HOGL initiated arbitration proceedings in London with Government in May 2011 and has always maintained that this is the correct forum to settle disputes relating to the Sale.

As a result of the actions of the tax authorities in Uganda, HOGL and its advisers consider that it was compelled to take part in the Ugandan domestic process before the Tax Appeals Tribunal, notwithstanding HOGL's belief that arbitration, which is ongoing in London, is the correct forum to settle such disputes. The ruling from the Tax Appeals Tribunal in Uganda is part of the domestic process and is not final and determinative. HOGL will appeal the ruling, which it believes is fatally flawed in many respects, through the Ugandan court system commencing with the High Court and subsequently the Court of Appeal and Supreme Court if necessary.

Paul Atherton, Chief Financial Officer, commented:

"Given the publicity this case has generated in Uganda, it was always going to be difficult for the tribunal to rule against Government but we believe firmly in our position that no tax was due in Uganda as a result of the sale of Blocks 1 and 3A. We instigated arbitration in London as provided for in the PSAs as we consider this to be the appropriate avenue and that process is ongoing. We will also continue to vigorously pursue all legal forums open to us against this fundamentally flawed ruling."

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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, exploration projects in the Kurdistan Region of Iraq, the Democratic Republic of Congo, Malta, Pakistan, Tanzania and Mali and an investment in Libya.
- All dollars are US\$ unless otherwise stated.
- For further information please refer to our website, www.heritageoilplc.com

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