



**7 July 2010**

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

**HERITAGE OIL RECEIVES GOVERNMENT CONSENT FOR THE SALE  
OF ITS UGANDAN INTERESTS**

Heritage Oil Plc (LSE: HOIL), an independent upstream exploration and production company issues an update on Heritage Oil & Gas Limited's ("HOGL") disposal of its entire interests in Block 1 and Block 3A (the "Assets") in Uganda.

**Highlights**

- The Government of the Republic of Uganda ("Government") has provided conditional consent for the disposal of the Assets in Uganda
- The transaction is expected to complete within five working days following finalisation with Government of a mechanism, including arbitration, for dealing with any taxes lawfully payable from the disposal of the Assets
- Heritage has received advice that the disposal of the Assets is not taxable in Uganda
- On completion of the transaction Heritage will receive US\$1.35 billion in cash from Tullow Uganda Limited, with deferred consideration of up to US\$150 million in cash or an interest in a mutually agreed asset
- Following completion of the transaction Heritage will provide an update on the proposed dividend

In accordance with the Petroleum Exploration and Production Act Cap 150, Mr. Hilary Onek, Minister of Energy & Mineral Development, has given consent to Heritage's disposal of the Assets. This consent is conditional on HOGL demonstrating to Government that it will pay any taxes on demand which may arise from the disposal of the Assets.

In a separate letter Mr. Kabagambe-Kaliisa, Permanent Secretary to the Ministry of Energy & Mineral Development, advised that if HOGL was to resolve the tax matter by arbitration in London, then such arbitration would be on the basis that HOGL deposit approximately US\$121.5 million, representing 30% of the disputed amount of US\$404,925,000 with the Uganda Revenue Authority and provide a bank guarantee for the balance. As announced on 17 June 2010 Heritage previously proposed to Government the option of arbitration in London.

Heritage's position, based on comprehensive advice from leading tax experts in Uganda, the United Kingdom and North America, is that the disposal of the Assets is not taxable in Uganda. Heritage is considering Government's response and will update the market in due course.

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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.