



4 August 2009

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

**HERITAGE – PROPOSED ACQUISITION OF GENEL ENERGY INTERNATIONAL
LIMITED**

Heritage Oil Plc (LSE: HOIL, TSX: HOC), an independent upstream exploration and production company, announces an update on the status of negotiations of the proposed acquisition of Genel Energy International Limited ("Genel") (the "Proposed Acquisition").

On 9 June 2009, Heritage announced that it had entered into a non-binding Memorandum of Understanding ("MoU") with Genel Enerji A.Ş. The Proposed Acquisition would be paid for wholly in new shares of Heritage and would result in Genel shareholders (the "Vendors") owning approximately 50% of the enlarged ordinary share capital of Heritage.

Further to this, it has been agreed in principle, subject to completion of a definitive binding implementation agreement, that Heritage will issue 286.3 million ordinary shares (representing approximately 50% of the voting rights of Heritage as enlarged by the Proposed Acquisition (the "Enlarged Group")) in consideration for acquiring the entire share capital of Genel. Additionally, it has been agreed that Genel's previously announced US\$1.1 billion capacity building liability for infrastructure support to the Kurdistan Region of Iraq ("Kurdistan") will be extinguished in its entirety at, or before, completion. Out of the 286.3 million ordinary shares to be issued as consideration, the Kurdistan Regional Government ("KRG") will receive a total of 96.0 million ordinary shares in consideration for extinguishing the infrastructure projects liability. The KRG has confirmed that it intends to be a long-term shareholder and is therefore willing to enter into a lock-up agreement in respect of Heritage shares it will receive but with the ability to sell shares periodically to fund new infrastructure and local community support projects, indicating its support of the post merger entity and the growth prospects it believes exist for the Enlarged Group. The Vendors will receive the remaining 190.3 million ordinary shares and any loans outstanding from them (or their related parties) will be fully extinguished at, or before, completion of the Proposed Acquisition.

Completion of the Proposed Acquisition remains subject to various conditions. These include: (i) agreeing definitive legally binding documentation, including an implementation agreement; (ii) formal ratification of the Proposed Acquisition by the Ministry of Natural Resources of the Kurdistan Region of Iraq and the Kurdistan Region Oil and Gas Council; (iii) the approval of Heritage's shareholders voting at an Extraordinary General Meeting of the Company; and (iv) confirmation as to the eligibility of the Enlarged Group to be admitted to the Official List by the UK Listing Authority ("UKLA") and the admission of the ordinary shares of Heritage, as enlarged, to the Official List of the UKLA and to trading on the London Stock Exchange. Assuming the parties execute an implementation agreement shortly, Heritage currently intends to make available to shareholders later this month a Prospectus and Circular describing the Proposed Acquisition, which will include the relevant Mineral Experts' Reports for the key assets of both the Company and Genel, with a view to holding an Extraordinary General Meeting in September, at which time Heritage shareholders will be asked to approve the transaction.

Tony Buckingham, Chief Executive Officer of Heritage, commented:

“We look forward to adding to Heritage Oil’s world-class discoveries in Uganda by creating the leading Anglo-Turkish company with oil production and refining capacity in the Kurdistan Region. We recognise the important role Turkey is playing in the region and are delighted that the KRG will be a significant long-term shareholder, thereby providing their endorsement and support to the Enlarged Group. Our due diligence has highlighted that, in addition to the known export opportunities from the region, there is considerable and growing domestic demand for petroleum products which the Taq Taq refinery should help us capture, bringing strong potential cash flow and earnings to shareholders.”

Mehmet Sepil, Chief Executive Officer of Genel, commented:

“We are delighted at this opportunity to create the leading integrated oil and gas company in the Kurdistan Region. Cash flow from the sale of production from our Taq Taq and Tawke fields which is exported and sold in the domestic market is expected to generate significant cash flow for the benefit of all shareholders and deliver excellent value to all stakeholders, including the people of Iraq.”

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This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements include, but are not limited to, statements with regard to the outcome of the Proposed Acquisition, future production and grades, projections for sales growth, estimated revenues, reserves and resources, targets for cost savings, the construction cost of new projects, projected capital expenditures, the timing of new projects, future cash flow and debt levels, the outlook for the prices of hydrocarbons, the outlook for economic recovery and trends in the trading environment, statements about cost synergies, revenue benefits or integration costs and capacity and may be (but are not necessarily) identified by the use of words such as "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "aims", "plans", "predicts", "continues", "assumes", "positioned", "will", or "should" and other similar expressions that are predictions of or indicate future events and future trends or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts and include statements regarding the Company's intentions, beliefs or current expectations. An investor should not place undue reliance on forward-looking statements because, by their nature, they involve known and unknown risks, uncertainties and other factors and relate to events and depend on circumstances that may or may not occur in the future that are in many cases beyond the control of the Company. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. In particular, there is no assurance that the Company will enter into a binding implementation agreement in respect of the Proposed Acquisition or that such an agreement will be entered into on the terms described in this announcement. There is also no assurance that even if a binding implementation agreement is entered into that any such transaction will be completed.

Any forward-looking statements in this announcement reflect the Company's view with respect to future events as at the date of this announcement and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and liquidity. The Company (and J.P. Morgan Cazenove Limited) undertake no obligation publicly to release the results of any revisions or up-dates to any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement.

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This announcement constitutes an advertisement within the meaning of the Prospectus Rules of the United Kingdom Financial Services Authority and is not a prospectus and has been prepared solely in connection with the Proposed Acquisition. A prospectus and circular (the "Prospectus") will be published by Heritage in due course in connection with the Proposed Acquisition. Copies of the Prospectus will be available, following publication, from the Company's registered office and from 34 Park Street, London, W1K 2JD, being the Company's principal place of business in the UK.

Important Information

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, exchange, or transfer any securities of Heritage. The value of Heritage's ordinary shares can go down as well as up and past performance cannot be relied on as a guide to future performance.

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