



19 October 2009

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

**HERITAGE OIL ANNOUNCES UPDATES IN RELATION TO THE TAQ TAQ OIL
FIELD AND THE PROPOSED ACQUISITION OF GENEL ENERGY
INTERNATIONAL LTD**

Heritage Oil Plc (LSE: HOIL), an independent upstream exploration and production company, provides the market with information in relation to the Taq Taq oil field in the Kurdistan Region of Iraq ("Kurdistan") and an update on the proposed acquisition of Genel Energy International Ltd ("Genel"). Further to its announcement on 5 October 2009, Heritage issues this announcement in part to comply with its obligations under the FSA Disclosure and Transparency Rules in relation to the Taq Taq licence in which Genel has an interest.

Heritage understands that since 14 October 2009, all production from the Taq Taq oil field has been diverted into the local market. Production for export has ceased, in coordination with the other operators in the region, and export production is not expected to recommence until a payment mechanism is in place. Exports commenced on 1 June 2009, so far no revenue has been received for any exported production and none is expected until there is an agreement on the payment mechanism between the Federal Government of Iraq and the Kurdistan Regional Government.

According to Genel, the current gross production capacity of the Taq Taq oil field is approximately 35,000 bopd which is expected to increase to approximately 60,000 bopd by the end of December 2009 as new production facilities are completed. Average gross production for the Taq Taq oil field in September 2009, according to Genel, was 29,580 bopd, of which approximately 52% was sold into the domestic market, in part driven by the opening of the Erbil refinery in July. Current local demand for oil products in Kurdistan, as estimated by Douglas-Westwood Limited, an independent provider of business research and analysis, is approximately 130,000 bpd and this has historically been met through imports from neighbouring countries or other parts of Iraq.

Elections took place in Kurdistan at the end of July and a new government is in the process of being formed. A caretaker government is currently in place whilst the new Prime Minister forms his government, which is expected to be completed by early November. Heritage and Genel continue to monitor progress on the formation of the new government and expect formal approval of the proposed transaction once the new oil and gas committees are formally appointed, together with an understanding of the pricing and payment mechanism which is to be established for international sales from Kurdistan.

In addition, Heritage understands the FSA investigation previously disclosed continues and that the parties concerned are assisting with the FSA's enquiries. Heritage confirms that discussions with Genel are continuing with the terms of the merger nearing formal agreement. Both sides remain committed to successfully completing the proposed transaction, however

the transaction is taking longer to conclude than had originally been estimated. We hope the implementation agreement can be signed and the prospectus published before the end of the year.

Tony Buckingham, Chief Executive Officer, commented:

“The understanding we have obtained in the past few months of the Genel assets and the domestic market for petroleum products in Kurdistan means that we remain committed to the Genel Energy merger.

It will create a leading company with oil production, exploration and refining capacity in the Kurdistan Region and is expected to generate significant value for shareholders as well as substantial tax revenues for the people of Iraq. The transaction is taking longer to conclude than both parties had originally planned, however we believe the implementation agreement can be signed and the prospectus published by the end of the year.”

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Notes to Editors

- Genel is the joint operator of and holds a 44% working interest in the Taq Taq licence with Addax Petroleum (recently acquired by Sinopec International Petroleum Exploration and Production Corporation) holding a 36% interest and the Kurdistan Regional Government having a 20% carried interest.
- 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 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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