



**For Immediate Release: Monday, March 27, 2006**

**HERITAGE OIL RAISES US\$60 MILLION VIA CONVERTIBLE BOND ISSUE TO FUND PROJECTS IN RUSSIA, KURDISTAN AND UGANDA**

Calgary, Alberta, March 27 – Heritage Oil Corporation (TSX: HOC) today announced that it has completed a US\$60 million, 10% unsecured convertible, five year bond issue.

The bonds, which are issued at par, are fully convertible at any time at a conversion price of US\$18.00 per share, which is a premium of approximately 45% to the closing TSX market price (converted to US dollars) of Heritage shares on March 24, 2006. If entirely converted, the bond issue will lead to the issuance of an aggregate of 3,333,333 Common Shares.

Bonds may be redeemed by the Company in whole or in part at any time during the first year at a 50% premium, plus accrued interest, to the issue price. Bondholders' conversion rights cease immediately on issuance of the redemption notice. The Company is unable to redeem the bonds after the end of the first year.

The funds raised, which will be used for general corporate purposes, are sufficient to cover Heritage's 2006 projected capital expenditures budget, which includes *inter alia*:

- The initial development phase of the West Chumpass License in Russia at an estimated cost of approximately US\$20 million, including acquiring up to 200 km of 2D seismic data, re-entering an existing well that produced 462 bpd under test, certain civil works and commencing a five-well development program
- Up to US\$15 million invested in appraisal and the initial development of Kurdistan, once Heritage's two existing Memoranda of Understanding are converted to Production Sharing Agreements, which is currently anticipated to occur within the next two months
- The drilling of Kingfisher-1 well in Block 3A, Uganda at an estimated cost of US\$6 million
- The drilling of an appraisal well over the West Bukha target in Block 8, Oman at an estimated cost of US\$3 million

As at today's date, there are 21,865,701 Common Shares issued and outstanding and 25,604,034 fully diluted Common Shares, after including the potential shares to be issued to Bondholders upon conversion.

Heritage is an international oil and gas corporation with producing properties in the Republic of Congo and Sultanate of Oman, a development property in Russia and exploration projects in the Republic of Uganda. Through its subsidiary KPC, the Company has entered into two

MOUs with the Government of the Autonomous Region of Kurdistan, Iraq. Heritage Middle East, which is focusing on Iraq, has established an office in Amman, Jordan, which it intends to re-locate to Baghdad when the security situation permits.

The Company's Common Shares trade on the Toronto Stock Exchange under the symbol HOC.

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**For further information please contact:**

***Investors Relations Contacts:***

***CHF Investor Relations***

***Cathy Hume***

Tel +1 416 868 1079 x231

Email [cathy@chfir.com](mailto:cathy@chfir.com)

***Heather Colpitts***

Tel +1 416 868 1079 x223

Email [heather@chfir.com](mailto:heather@chfir.com)

***Heritage Oil Corporation***

***Swiss/European Contact Details***

***Micael Gulbenkian / Paul Atherton***

Tel +41 91 973 1800 or +44 870 011 5555

Fax +41 91 973 1808 or +44 20 7629 3863

Email [info@heritageoilcorp.com](mailto:info@heritageoilcorp.com)

***Canadian Contact Details***

***John McLeod***

Tel +1 403 234 9974

Fax +1 403 261 1941

**If you would prefer to receive press releases via email contact Heather Colpitts ([heather@chfir.com](mailto:heather@chfir.com)) and specify "Heritage press releases" in the subject line.**

**FORWARD-LOOKING STATEMENTS:** 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 – are forward-looking statements 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" and elsewhere in Heritage documents filed from time-to-time with the Toronto Stock Exchange and other regulatory authorities. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.