



For Immediate Release: Friday, January 26, 2007

**HERITAGE OIL PRICES PRIVATE PLACEMENT OF US\$165 MILLION
CONVERTIBLE BONDS**

Calgary, Alberta, January 26 – Heritage Oil Corporation (TSX: HOC) today announced that it has priced a private placement of convertible bonds with an offering size of US\$165 million principal amount. The convertible bonds will have a maturity of five years. The coupon and yield to maturity will be 8.00 per cent annually and the bonds will be convertible into Common Shares at a price of US\$47 per share. Heritage will use the proceeds from this issue to refinance the redemption of the remaining outstanding US\$60 million 10% convertible bonds due 2011 as announced on January 17, 2007 and for general corporate funding purposes.

During the conversion period, investors will be able to convert into Common Shares of Heritage Oil Corporation. The convertible bonds will be callable by Heritage wholly or partially during the first year at 150% of par plus any accrued interest. Bondholders' conversion rights will cease immediately on issuance of the call notice. The Bonds will not be listed on any stock exchange. Settlement of the convertible bonds is planned on or around February 16, 2007.

The convertible bonds were offered solely to institutional investors outside the United States, Canada, Australia or Japan and sales were not made to U.S., Canadian, Australian or Japanese persons. There was no public offering of the convertible bonds which will be issued solely on a private placement basis. J.P. Morgan Securities Ltd. acted as sole bookrunner of the issue. The issuance of the convertible bonds is subject to the approval of the Toronto Stock Exchange.

Heritage is an international oil and gas corporation with a diversified portfolio of properties, including a producing property in the Sultanate of Oman, a development property in Russia and exploration projects in the Republic of Uganda and the Democratic Republic of Congo. The Company is also pursuing opportunities in the Kurdistan region of Iraq and in other regions of Iraq.

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

Additional information relating to the underlying shares:

ISIN: CA4269281073

Bloomberg ticker: HOC CN
Reuters ticker: HOC.TO
Primary listing: Toronto Stock Exchange

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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

Heather Colpitts

Tel +1 416 868 1079 x223

Email heather@chfir.com

Heritage Oil Corporation

European Contact Details

Tony Buckingham / 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

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 Ana Augusta (ana@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.

DISCLAIMER / IMPORTANT NOTE:

MEMBERS OF THE GENERAL PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE BOND OFFERING. THE BONDS ARE NOT AND WILL NOT BE OFFERED OTHER THAN TO PERSONS WHO TRADE OR INVEST IN SECURITIES IN THE CONDUCT OF THEIR PROFESSION OR TRADE (WHICH INCLUDES BANKS, SECURITIES INTERMEDIARIES (INCLUDING DEALERS AND BROKERS), INSURANCE COMPANIES, PENSION FUNDS, OTHER INSTITUTIONAL INVESTORS AND COMMERCIAL ENTERPRISES WHICH AS AN ANCILLARY ACTIVITY REGULARLY INVEST IN SECURITIES). IN THE UNITED KINGDOM, THE PROMOTION OF THIS OFFERING IS RESTRICTED BY SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (“FSMA”). THIS ANNOUNCEMENT, IN SO FAR AS IT CONSTITUTES AN INVITATION OR INDUCEMENT TO PARTICIPATE IN THE BOND OFFERING, IS DIRECTED EXCLUSIVELY AT (A) PERSONS WHO HAVE PROFESSIONAL

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THIS DOCUMENT AND THE OFFERING ARE IN OTHER MEMBER STATES OF THE EUROPEAN ECONOMIC AREA ADDRESSED ONLY TO "QUALIFIED INVESTORS" WITHIN THE MEANING OF ARTICLE 2(1)(e) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC).

STABILISATION / FSA

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