



For Immediate Release: Wednesday, January 17, 2007

HERITAGE OIL EXERCISES ITS OPTION TO REDEEM CONVERTIBLE BONDS

Calgary, Alberta, January 17 – Heritage Oil Corporation (TSX: HOC) today announced that it has exercised its option to redeem all outstanding convertible bonds in issue at today's date. On March 27, 2006, Heritage issued 600 unsecured senior convertible bonds each with a par value of US\$100,000 for aggregate proceeds of US\$60,000,000. The bonds are convertible, in whole or in part, into Common Shares at a price of US\$18.00 per share and bear a coupon rate of 10% per annum and a term of five years and one day. The Company may redeem, in whole or part, the bonds for cash at any time on or before March 28, 2007 at 150% of par value.

To date 50 bonds worth US\$5,000,000 have been exercised and the Company has given notice to the existing bondholders that the remaining 550 bonds worth US\$55,000,000 will be redeemed on or before March 28, 2007 at 150% of par value. Conversion rights of the outstanding bonds have ceased with immediate effect.

Management is currently evaluating a number of financing opportunities available to Heritage to finance the bond redemption.

CEO Tony Buckingham stated "The redemption of the convertible bonds should reduce the dilution to existing shareholders following the recent increase in shareholder values due to operational success in Uganda, Russia and Oman. We are in discussions with a number of advisers and institutions who are considering financing Heritage on more attractive terms than the existing bond."

Heritage is an international oil and gas corporation with 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.

This press release is not for distribution to United States Newswire Services or for dissemination in the United States.

-30-

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.