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PRESS RELEASE
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**VERAZ PETROLEUM ANNOUNCES CONVERSION OF DEBENTURE TO
COMMON SHARES**

Calgary, Alberta – Veraz Petroleum Ltd. (VRZ - CNSX) is pleased to announce the conversion of a \$1,000,000 convertible debenture to common shares of the Corporation. Conversion of the debenture occurred on December 31, 2008 at a conversion price of \$0.50 per common share. Additionally, the debenture paid interest at 10% per annum, compounded semi-annually with the interest payable through the issuance of common shares. As a result of the conversion, the Corporation will issue 2,126,749 common shares to the debenture holders bringing the total number of shares outstanding to 32,523,530. Directors and Officers of the Company purchased \$250,000 of the convertible debenture, and received 531,687 shares upon conversion.

Veraz is a Calgary-based junior resource exploration company focused on international oil and gas exploration and development activities.

**CAUTIONARY STATEMENT REGARDING FORWARD LOOKING
STATEMENTS**

This news release contains forward-looking statements or forward-looking information, and in particular with respect to the adequacy of funds for stated purposes. These forward-looking statements are based on certain assumptions and analysis made by Veraz in light of its discussions with contractors, current conditions and expected future developments, as well as other factors it believes appropriate in the circumstances. These forward looking statements are subject to a variety of risks and uncertainties beyond the Corporation's ability to control or predict which could cause actual events or results to differ materially from those anticipated in such forward looking statements, including those inherent in exploration activities and those relating to the ability to undertake and complete the planned work at an acceptable and expected cost. Should one or more of these risks and uncertainties materialize, or should the underlying assumption prove incorrect or different, actual results may vary materially from those described in the forward-looking statements. All forward looking statements speak only as of the date of this news release. Accordingly, readers should not place undue reliance on forward-looking statements.

For further information, visit our website at <http://www.verazpetroleum.com> or contact:

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