



For Immediate Release: Monday, May 15, 2006

HERITAGE OIL REPORTS FIRST QUARTER 2006 RESULTS; TOTAL REVENUE INCREASES BY 114%

Calgary, Alberta, May 15 – Heritage Oil Corporation (TSX: HOC) today reported its financial results for the first quarter ended March 31, 2006.

Three-months ended March 31, 2006, compared with three-months ended March 31, 2005

	2006	2005
	US\$	US\$
<i>All figures are in US dollars</i>		
Petroleum and Natural Gas Revenue	2,632,853	1,450,387
Total Revenue	3,857,871	1,801,247
Net Earnings (Loss)	434,168	(437,528)
Net Earnings (Loss) per Share (Basic & Diluted)	0.02	(0.02)
Cash and cash equivalent at March 31, 2006 and December 31, 2005	64,693,208	8,583,321

OPERATIONAL HIGHLIGHTS

Heritage's operating highlights for the first quarter of 2006 include the following:

- Completed a US\$60 million, 10% unsecured, convertible, five year bond issue. Funds raised are sufficient to cover Heritage's 2006 projected capital expenditures budget, as outlined in the press release dated March 27, 2006.
- In Kurdistan, commenced a 120-day fieldwork program in the first MOU area in January. Discussions continue with the Oil, Gas and Petrochemical Establishment of Kurdistan to convert the two MOUs into Production Sharing Agreements.
- Commenced the development of the Zapadno-Chumpasskoye License in West Siberia. An operating office has been established in Nizhnevartovsk and a 2D seismic survey of over 200 km was acquired in March and April. A five-well drilling program is expected to commence in the second half of this year. Heritage also plans to fast-track commencement of initial field production by re-entering an existing wellbore later this year. Other development and production projects in Russia continue to be appraised, as Heritage looks to develop a greater presence there.
- Commenced the planning and logistics for a well to be drilled on the Kingfisher prospect in Uganda during the summer. The drilling of the Kingfisher prospect follows Hardman Resources' recent exploration success in Block 2, immediately north of Heritage's Block 3A. Hardman discovered oil in both of the wells they drilled, proving a working hydrocarbon system within the basin.

Chairman and CEO, Micael Gulbenkian, stated "We are making significant progress in all of our core focus areas and the outlook is promising. Updates regarding Kurdistan and the

disposition of non-core assets will be provided in timely fashion, as developments occur. We believe non-core asset dispositions will generate additional cash which can be redeployed to increase asset values. We also plan to obtain a secondary listing on a European stock exchange.”

FINANCIAL

Heritage’s net condensate, liquid petroleum gas (LPG) and crude oil production in the first quarter averaged 400 bpd, 2% higher than the fourth quarter of 2005, but 15% lower than the same period in the previous year. In spite of the decrease in production, sales volumes increased in the first quarter of 2006 compared to the same period in the previous year, due to the sales from condensate inventories in from Oman. Total revenue in the first quarter of \$3,857,871 was 114% higher than the same quarter of last year.

Earnings were \$434,168 (Cdn\$506,732) in the first quarter of 2006 compared to a loss of \$437,528 (Cdn\$532,273) in the same period last year. In Q1 2006, basic and diluted earnings per share were \$0.02 (Cdn\$0.02), compared to basic and diluted loss per share of \$0.02 (Cdn\$0.02) in the same period last year.

Complete Financial Statements and Management’s Discussion and Analysis have been filed and are available on SEDAR at www.sedar.com.

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 Regional Government of Kurdistan, Iraq. Heritage Middle East, which is focusing on Iraq, has established an office in Amman, Jordan, which it intends to relocate to Baghdad once the security situation permits.

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

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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 Canadian securities 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.

HERITAGE OIL CORPORATION

Consolidated Balance Sheets

March 31, 2006 (*Unaudited*) and December 31, 2005

(U.S. dollars)

	2006	2005
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 64,693,208	\$ 8,583,321
Accounts receivable	2,848,344	1,318,450
Inventories	104,746	216,474
Prepaid expenses	97,980	219,222
	67,744,278	10,337,467
Property and equipment	75,756,424	72,382,935
Deferred financing costs	2,991,781	—
Deferred development costs	1,196,153	1,187,371
	\$ 147,688,636	\$ 83,907,773
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 7,663,667	\$ 4,438,649
Current portion of long-term debt	122,229	248,045
	7,785,896	4,686,694
Long-term debt	64,290,720	7,520,438
Asset retirement obligations	443,546	434,849
SHAREHOLDERS' EQUITY:		
Share capital	22,854,418	22,854,418
Contributed surplus	700,833	517,209
Convertible bonds equity component	3,284,890	—
Retained earnings	48,328,333	47,894,165
	75,168,474	71,265,792
	\$ 147,688,636	\$ 83,907,773

HERITAGE OIL CORPORATION

Consolidated Statements of Earnings (Loss) and Retained Earnings

Three-months ended March 31, 2006 and 2005 (*Unaudited*)

(U.S. dollars)

	Three-months ended	
	2006	2005
REVENUE:		
Petroleum and natural gas	\$2,632,853	\$ 1,450,387
Interest	77,486	145,760
Other	1,147,532	205,100
	3,857,871	1,801,247
EXPENSES:		
Operating	1,086,556	374,637
Royalties	210,186	204,874
General and administrative	1,242,250	551,428
Financing charges	217,714	89,490
Foreign exchange losses	50,997	676,997
Depletion, depreciation and accretion	616,000	341,349
	3,423,703	2,238,775
Net earnings (loss)	434,168	(437,528)
Retained earnings, beginning of period	47,894,165	52,434,857
Premium on purchase and cancellation of Common Shares	—	(362,875)
Retained earnings, end of period	\$ 48,328,333	\$ 51,634,454
Net earnings (loss) per share:		
Basic and diluted	\$ 0.02	\$ (0.02)

HERITAGE OIL CORPORATION

Consolidated Statements of Cash Flows

Three-months ended March 31, 2006 and 2005 (*Unaudited*)

(U.S. dollars)

	Three-months ended	
	2006	2005
CASH PROVIDED BY (USED IN):		
OPERATING:		
Net earnings (loss)	\$ 434,168	\$ (437,528)
Items not involving cash:		
Depletion, depreciation and accretion	616,000	341,349
Financing charges	15,373	-
Foreign exchange losses	122,682	686,070
Stock based compensation	183,624	-
Changes in non-cash operating working capital	(968,558)	(678,447)
	403,289	(88,556)
FINANCING:		
Common shares issued for cash	-	42,629
Convertible bonds, net of issue costs	57,000,000	-
Long-term debt	-	8,452,350
Repurchase of common shares	-	(428,422)
Repayment of long-term debt	(162,193)	(19,892)
Changes in non-cash financing working capital	1,500,000	-
	58,337,807	8,046,665
INVESTING:		
Property and equipment expenditures	(3,980,792)	(3,126,632)
Repayment of note receivable	-	4,210,538
Development expenditure	(8,782)	(61,550)
Changes in non-cash investing working capital	1,396,652	1,881,787
	(2,592,922)	2,904,143
Foreign exchange losses on cash held in foreign currency	(38,287)	(616,447)
Increase in cash and cash equivalents	56,109,887	10,245,805
Cash and cash equivalents, beginning of period	8,583,321	16,235,523
Cash and cash equivalents, end of period	64,693,208	\$ 26,481,328
Supplementary information:		
Interest received	120,749	169,489
Interest paid	51,351	89,490