



**For Immediate Release: Tuesday, November 14, 2006**

**HERITAGE OIL REPORTS THIRD QUARTER 2006 RESULTS AND OPERATIONAL UPDATE**

Calgary, Alberta, November 14 – Heritage Oil Corporation (TSX: HOC) today reported its financial results for the third quarter of 2006. All figures are in U.S. Dollars.

**Third Quarter Results:** (three-months ended September 30, 2006 compared with three-months ended September 30, 2005)

	<b>2006 US\$</b>	<b>2005 US\$</b>
Revenue from continuing operations	2,704,573	158,595
Loss from continuing operations	(2,007,968)	(1,145,922)
Net loss per share from continuing operations (basic and diluted)	(0.09)	(0.05)
Net earnings (loss) after discontinued activities	(1,681,729)	196,520
Net (loss) earnings per share (basic and diluted)	(0.08)	0.01
Cash and cash equivalents at period end	46,851,571	16,198,891

**Year-To-Date Results:** (nine-months ended September 30, 2006 compared with nine-months ended September 30, 2005)

	<b>2006 US\$</b>	<b>2005 US\$</b>
Revenue from continuing operations	6,732,674	1,015,749
Loss from continuing operations	(5,345,804)	(3,902,273)
Net loss per share from continuing operations (basic and diluted)	(0.24)	(0.18)
Net loss after discontinued activities	(2,928,488)	(936,505)
Net loss per share (basic and diluted)	(0.13)	(0.04)

Heritage CEO, Tony Buckingham, stated “The results in the first nine-months of this year are generally in-line with our expectations; however, shareholders can reasonably expect material increases in operating and financial performance and in the independently recognized value of our assets in the future. Our recent oil discovery in Uganda proves there is a working hydrocarbon system in Block 3A, plus the recent oil discovery in the Sultanate of Oman and the continued development of the West Chumpass field will positively impact Heritage’s future production and financial performance.”

**OPERATIONAL HIGHLIGHTS**

### Uganda

Subsequent to quarter-end, Heritage announced that two upper zones of the Kingfisher-1 well in Block 3A, Uganda tested a stabilized flow rate of approximately 4,120 bopd through a fixed one inch choke at a flowing well head pressure of 221 psia. The oil was light (approximately 30° API) and sweet with a low gas/oil ratio and some associated wax. The test rate was constrained by available completion and test facilities, and flow data indicated that when equipped for production, the well should be capable of flowing at stable rates of approximately 5,600 bopd. The flow data from the test indicated an extremely high permeability of over 2,000 milliDarcies. The tests represented a secondary exploration objective for the well, which will now be sidetracked and drilling will continue to the deeper primary objectives. Heritage has a 50% interest in the license.

### Democratic Republic of Congo

Heritage strengthened its presence in the Albert Graben basin by signing a Production Sharing Agreement (PSA) with the government in September for a 39.5% working interest in two blocks covering over 6,000 square kilometres. The exploration work program is scheduled to commence following receipt of a Presidential decree ratifying the block awards. The new DRC blocks include the entire area of Lake Albert onshore and offshore lands that lie in the DRC adjacent to Heritage's Block 3A, Uganda license and the Block 2 license held by another operator. This new PSA further extends and consolidates Heritage's acreage position in the highly prospective Albert Graben basin.

### Russia

The development of the West Chumpass field is on-going. A multi-well drilling program is planned to commence before the year's end. The Company is looking to conclude a Joint Venture Agreement with TISE Holding Company whose shareholders include Zarubejneft, Gazprom, Technoexport and Zarubejmontajstroy before the year-end. This association should give Heritage access to oil fields with highly attractive reserves, while the strength and stature of the partners should ensure operations are undertaken in an efficient and transparent manner.

Heritage also continues to actively appraise a number of other Russian oil and gas opportunities, in line with its strategy to build a more substantial presence in development and producing assets in that country.

### Oman

The testing of the West Bukha-2 appraisal/development well in Block 8, offshore the Sultanate of Oman is being undertaken. Subsequent to quarter-end, Heritage announced that the lower Thamama formation flowed 4,392 bopd and 1.4 mmscf/d of gas through a 50/64' choke at a flowing tubing pressure of 2,512 psia. The oil was light (approximately 42° API). Further testing of the primary reservoir target (Mishrif/Mauddud formations) is planned. Heritage has a 10% working interest in the license.

### Kurdistan and Iraq

Heritage continues to appraise opportunities and believes that it is well placed to participate in a meaningful way in the long-term development of the oil industry in this region.

### Republic of Congo

Heritage expects to complete the sale of its Congolese assets by year-end, which will raise \$28 million in cash, of which \$2 million is to be placed in a security account.

## FINANCIAL

Total revenue from continuing operations for the three and nine-month periods ended September 30, 2006 were \$2.7 million and \$6.7 million respectively, up materially from revenue reported in the comparable periods in 2005 (\$0.15 million in Q3 2005 and \$1.0 million for the first three quarters in 2005). Production in the third quarter of 2006 of 229 bpd from the Bukha field, Oman was 18% higher than in the same period last year.

There was a net loss of \$1,681,729 (Cdn\$1,880,918) in the third quarter of 2006 compared to a gain of \$196,520 (Cdn\$229,747) in the same period last year. The third quarter net loss was in line with the loss reported in the second quarter of this year. In Q3 2006, the basic and diluted loss per share were \$0.08, compared to basic and diluted earnings per share of \$0.01 in the same period last year. In the first nine-months of 2006, the basic and diluted loss per share were \$0.13, compared to basic and diluted loss per share of \$0.04 in the same period last year.

Complete Financial Statements and Management's Discussion and Analysis will be filed by the end of the day and will be available on SEDAR at [www.sedar.com](http://www.sedar.com).

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 announced the sale of its interests in the Republic of Congo, subject to certain pre-emption rights and conditions precedent, on June 7, 2006. Through its subsidiary KPC, the Company is pursuing opportunities in the Kurdistan region of Iraq, whilst Heritage Middle East is focusing on the other regions of Iraq.

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 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.

# HERITAGE OIL CORPORATION

Consolidated Balance Sheets

September 30, 2006 and December 31, 2005 (Unaudited)

(U.S. dollars)

	2006	2005
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 46,851,571	\$ 8,583,321
Accounts receivable	664,681	580,664
Inventories	102,595	193,361
Prepaid expenses	515,830	219,222
Assets held for sale	425,412	760,899
	<b>48,560,089</b>	10,337,467
Property and equipment	78,247,686	58,706,448
Deferred financing costs	2,690,959	—
Deferred development costs	1,346,858	1,187,371
Assets held for sale	16,211,270	13,676,487
	<b>\$ 147,056,862</b>	<b>\$ 83,907,773</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 7,784,135	\$ 4,438,649
Current portion of long-term debt	140,352	248,045
Liabilities associated with assets held for sale	807,208	—
	<b>8,731,695</b>	4,686,694
Long-term debt	65,055,868	7,520,438
Liabilities associated with assets held for sale	460,940	434,849
<b>SHAREHOLDERS' EQUITY:</b>		
Share capital	23,508,025	22,854,418
Contributed surplus	1,049,767	517,209
Convertible bonds equity component	3,284,890	—
Retained earnings	44,965,677	47,894,165
	<b>72,808,359</b>	71,265,792
	<b>\$ 147,056,862</b>	<b>\$ 83,907,773</b>

# HERITAGE OIL CORPORATION

Consolidated Statements of Earnings (Loss) and Retained Earnings

Three-months and nine-months ended September 30, 2006 and 2005 (*Unaudited*) (U.S. dollars)

	Three-months ended September 30		Nine-months ended September 30	
	2006	2005	2006	2005
<b>REVENUE:</b>				
Petroleum and natural gas	\$ 1,666,681	\$ 85,406	\$ 2,984,091	\$ 731,215
Drill rig	493,359	-	2,491,339	-
Interest	544,533	73,189	1,257,244	284,534
	<b>2,704,573</b>	158,595	<b>6,732,674</b>	1,015,749
<b>EXPENSES:</b>				
Petroleum and natural gas operating	197,728	57,314	516,868	391,119
Drill rig operating	333,350	-	1,912,123	-
General and administrative	1,814,345	1,078,854	4,561,404	2,597,714
Financing charges	1,929,520	132,656	4,059,832	358,699
Foreign exchange (gains) losses	245,413	(70,498)	516,436	1,162,147
Depletion, depreciation and accretion	192,185	106,191	511,815	408,343
	<b>4,712,541</b>	1,304,517	<b>12,078,478</b>	4,918,022
Loss from continuing operations	<b>(2,007,968)</b>	(1,145,922)	<b>(5,345,804)</b>	(3,902,273)
Earnings from discontinued operations	<b>326,239</b>	1,342,442	<b>2,417,316</b>	2,965,768
Net earnings (loss)	<b>(1,681,729)</b>	196,520	<b>(2,928,488)</b>	(936,505)
<b>Retained earnings, beginning of period</b>	<b>46,647,406</b>	50,675,206	<b>47,894,165</b>	52,434,857
Premium on purchase and cancellation of Common Shares	-	(114,253)	-	(740,879)
<b>Retained earnings, end of period</b>	<b>\$ 44,965,677</b>	\$ 50,757,473	<b>\$ 44,965,677</b>	\$ 50,757,473
Net loss per share from continuing operations:				
Basic and diluted	<b>\$ (0.09)</b>	\$ (0.05)	<b>\$ (0.24)</b>	\$ (0.18)
Net earnings (loss) per share:				
Basic and diluted	<b>\$ (0.08)</b>	\$ 0.01	<b>\$ (0.13)</b>	\$ (0.04)

# HERITAGE OIL CORPORATION

Consolidated Statements of Cash Flows

Three-months and nine-months ended September 30, 2006 and 2005 (Unaudited) (U.S. dollars)

	Three-months ended September 30		Nine-months ended September 30	
	2006	2005	2006	2005
<b>CASH PROVIDED BY (USED IN):</b>				
<b>OPERATING:</b>				
Loss from continuing operations	\$ (2,007,968)	\$ (1,145,922)	\$ (5,345,804)	\$ (3,902,273)
Items not involving cash:				
Depletion, depreciation and accretion	192,185	106,191	511,815	408,343
Financing charges	282,865	-	578,029	-
Foreign exchange (gains) losses	233,097	(275,003)	380,951	474,165
Stock based compensation	204,699	179,634	583,972	439,975
Changes in non-cash operating working capital	(815,349)	532,524	(2,648,879)	884,398
	(1,910,471)	(602,576)	(5,939,916)	(1,695,392)
Discontinued operations				
Funds provided by discontinued operations	326,239	1,342,442	2,417,316	2,965,768
Depletion, depreciation and accretion	8,697	176,904	843,562	615,233
Change in non-cash operating working capital of discontinued operations	1,216,501	(228,862)	1,142,694	(1,803,719)
	(359,034)	687,908	(1,536,344)	81,890
<b>FINANCING:</b>				
Common Shares issued for cash	-	472,820	602,193	909,654
Convertible bonds, net of issue costs	-	-	57,000,000	-
Long-term debt	-	-	-	8,452,350
Repurchase of Common Shares	-	(134,000)	-	(876,217)
Repayment of long-term debt	(40,920)	(25,573)	(245,724)	(77,197)
	(40,920)	313,247	57,356,469	8,408,590
<b>INVESTING:</b>				
Property and equipment expenditures	(10,057,942)	(3,360,563)	(20,053,054)	(9,504,462)
Development expenditure	(89,184)	(3,331)	(159,487)	(132,520)
Changes in non-cash investing working capital	5,273,421	(882,934)	5,704,508	190,247
Discontinued operations repayment of note receivable	-	-	-	4,210,538
Discontinued operations property and equipment expenditures	(1,057,577)	(39,708)	(3,352,254)	(2,299,390)
	(5,931,282)	(4,286,536)	(17,860,287)	(7,535,587)
Foreign exchange gains (losses) on cash held in foreign currency	(119,736)	87,183	308,412	(991,825)
<b>Change in cash and cash equivalents</b>	<b>(6,450,972)</b>	<b>(3,198,198)</b>	<b>38,268,250</b>	<b>(36,932)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>53,302,543</b>	<b>19,396,789</b>	<b>8,583,321</b>	<b>16,235,523</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 46,851,571</b>	<b>\$ 16,198,591</b>	<b>\$ 46,851,571</b>	<b>\$ 16,198,591</b>
Supplementary information:				
Interest received	\$ 546,018	\$ 76,332	\$ 1,235,166	\$ 351,883
Interest paid	\$ 1,634,326	\$ 132,656	\$ 3,391,392	\$ 358,699