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**HERITAGE OIL RELEASES FIRST QUARTER 2007 RESULTS
AND OPERATIONAL UPDATE**

Calgary, Alberta, May 11, 2007 – Heritage Oil Corporation (TSX: HOC) today announced its financial and operating results for the first quarter of 2007. Heritage's consolidated financial statements and Management's Discussion and Analysis for Q1 2007 have been filed and are available on SEDAR at www.sedar.com and can also be viewed on the Company's website at www.heritageoilcorp.com. All figures are in US Dollars unless otherwise noted.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

The first months of this year have been very active for Heritage, with a significant oil discovery in Uganda, completion of testing of a significant oil and gas discovery in Oman and the commencement of a multi-well drilling program in the Zapadno Chumpasskoye field, Russia. In addition, \$165 million was raised by the issue of an 8% convertible bond (2007 bonds) and there was the redemption of existing bonds for \$82.5 million.

With a strong cash position of \$93.4 million at March 31, 2007, including \$19.8 million of restricted cash, which is held in escrow to finance the first three semi-annual interest payments on the 2007 bonds, Heritage is well positioned to finance 2007 programs which include drilling in Western Siberia, development of the West Bukha field in Oman, seismic programs and further drilling in Uganda and formalising a Production Sharing Agreement (PSA) in the Kurdistan Region of Iraq.

Heritage's operating and financial highlights for the first quarter of 2007 include the following:

- In Uganda, the Kingfisher deviated well in Block 3A, Uganda (Heritage operator, 50% interest) was drilled to a total depth of 3,195 metres. Four intervals were tested successfully, producing an aggregate flow rate of 13,893 bopd. The 2007 work program has been accelerated and the shooting of two seismic surveys has commenced; a 325 square kilometre 3D program over the Kingfisher and Pelican structures in Block 3A and a 500 kilometre 2D survey in Block 1. Heritage is looking to drill another well on the Kingfisher prospect later this year to target the primary objective which lies beneath the approximate 3,200 metres reached in the Kingfisher well. Drilling of the Pelican structure is expected to commence in 2008.
- In the Zapadno Chumpasskoye field, Russia (Heritage operator, 95% interest) Heritage commenced drilling the first well in a multi-well program, comprising three appraisal wells and an initial 16 development wells. The well currently being drilled is an appraisal well that is to be drilled to a total depth of approximately 3,000 metres. It will target the Late Jurassic sandstone reservoir, which is the same horizon as nearby well

#226 which tested at the end of 2006 at a rate of 124 barrels of oil over a five hour period (corresponding to 600 barrels of oil per day). Commercial production is scheduled to commence before the end of the second quarter 2007.

- Progress continues in the Kurdistan Region of Iraq. Following last year's strategic review, a decision was made to terminate the existing corporate relationships in the Kurdistan Region of Iraq. This decision acted as a catalyst to re-energise Heritage's initiatives and an application for a PSA has been submitted to the Minister of Hydrocarbons of Kurdistan in the first quarter of 2007. The draft oil and gas law, prepared by the Council of Ministers and the Oil and Energy Committee, was sent to the Iraqi Parliament for approval at the beginning of May 2007.
- Testing of the West Bukha-2 appraisal/development well in Block 8 Oman (10% interest) was completed in Q1, 2007. The well test produced a combined flow-rate from the Ilam/Mishrif/Mauddud and Thamama zones of approximately 12,750 bopd of 42° API oil and 26 MMscf/d. The development of the West Bukha field continues, with first production slated for the first half of 2008. The West Bukha field is to be tied into the Bukha field and production will be brought onshore through existing facilities.
- In March 2007, Heritage disposed of its non-core equity interests in Natural Pipelay Worldwide Limited and Naturalay Technologies Limited, for consideration of 605,000 common shares in SeaDragon Offshore Limited ("SeaDragon"), a private company, resulting in a gain on disposition of \$1,082,120. SeaDragon is building one of the world's largest semi-submersible rigs.
- In order to secure adequate financing for the Company's expanding operational base, Heritage raised \$165 million five year convertible 8% bonds with J.P. Morgan Securities Ltd. in February 2007.

Q1 2007 FINANCIAL RESULTS

Total revenue from continuing operations of \$1,080,957 in the first quarter of 2007 was \$1,040,771 lower than the same period last year as a result of the periodic nature of condensate sales from Oman, where there are typically two sales per annum. Only LPG was sold during the first quarter of 2007, while in the same period last year 17,578 barrels of condensate were sold, generating revenue of \$1,119,325.

On January 17, 2007, the Company gave notice that it had exercised its option to redeem 550 outstanding unsecured senior convertible bonds at 150% of par value for total proceeds of \$82,500,000 plus accrued interest, which was paid on March 28, 2007. This redemption, which was financed by the 2007 bonds that have a conversion price of US\$47.00 per share compared to US\$18.00 for the existing bonds, resulted in a significant reduction in dilution to existing shareholders. The consideration of \$82,500,000 was allocated between the liability and equity components which resulted in recognition of loss on redemption, net of transaction costs, of the liability component of \$3,740,780, included in the statement of earnings (loss), and a premium on redemption of the equity component of \$26,195,196, which was charged to retained earnings.

The net loss in the first quarter of 2007 was \$7,973,111, compared to earnings of \$434,168 in the same period in 2006. In Q1 2007, basic and diluted loss per share was \$0.36, compared to

basic and diluted earnings per share of \$0.02 in the same period last year. The results of operations in Congo were classified as discontinued operations in 2006 and 2007.

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 areas 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" in its AIF and elsewhere in Heritage documents filed from time-to-time with the Toronto Stock Exchange and other regulatory authorities. Further, any forward-looking statement is made only as of a certain date and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or reflect the occurrence of unanticipated events, except as may be required by applicable securities laws. New factors emerge from time to time, and it is not possible for management of the Company to predict all of these factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

HERITAGE OIL CORPORATION

Consolidated Balance Sheets

March 31, 2007 and December 31, 2006 (Unaudited)

(U.S. dollars)

	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 73,557,533	\$46,861,146
Restricted cash	13,243,551	–
Accounts receivable	5,586,753	9,839,506
Inventories	208,602	50,552
Prepaid expenses	117,633	531,273
	<u>92,714,072</u>	<u>57,282,477</u>
Restricted cash	6,600,000	–
Investment in warrants	741,656	719,380
Investment in shares	2,420,000	–
Property, plant and equipment	123,624,680	98,311,833
Deferred financing costs	–	2,539,726
Deferred development costs	–	1,574,039
	<u>\$ 226,100,408</u>	<u>\$ 160,427,455</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,857,692	\$ 12,715,381
Current portion of long-term debt	149,296	147,720
	<u>9,006,988</u>	<u>12,863,101</u>
Long-term debt	8,409,697	8,409,793
Convertible bonds	140,621,314	57,115,731
Asset retirement obligations	63,880	62,322
Future income tax liability	2,346,605	2,346,605
Shareholders' equity:		
Share capital	29,614,370	24,580,984
Equity component of convertible bonds	17,866,517	3,284,890
Contributed surplus	2,913,669	2,533,532
Retained earnings	15,257,368	49,230,497
	<u>65,651,924</u>	<u>79,629,903</u>
	<u>\$ 226,100,408</u>	<u>\$ 160,427,455</u>

HERITAGE OIL CORPORATION

Consolidated Statements of Earnings (Loss) and Retained Earnings

Three-months ended March 31, 2007 and 2006 (*Unaudited*)

(U.S. dollars)

	2007	2006
REVENUE:		
Petroleum and natural gas	\$ 83,761	\$ 1,231,615
Drill rig	–	812,627
Interest	997,196	77,486
	1,080,957	2,121,728
EXPENSES:		
Petroleum and natural gas operating	129,333	273,185
Drilling rig operating	38,359	593,614
General and administrative	2,002,587	1,242,131
Financing charges	3,726,056	217,714
Foreign exchange losses	35,925	50,997
Depletion, depreciation and accretion	290,246	136,167
	6,222,506	2,513,808
Loss on redemption of liability component of convertible bonds	(3,740,780)	–
Gain on disposition of investments in subsidiaries	1,082,120	–
Unrealized loss on investment in warrants	(172,902)	–
Loss from continuing operations	(7,973,111)	(392,080)
Earnings from discontinued operations	–	826,248
Net earnings (loss)	(7,973,111)	434,168
Retained earnings, beginning of period	49,230,497	47,894,165
Impact of change in accounting policies	195,178	–
Premium on redemption of equity component of convertible bonds	(26,195,196)	–
Retained earnings, end of period	\$ 15,257,368	\$ 48,328,333
Net earnings (loss) per share from continuing operations :		
Basic and diluted	\$ (0.36)	\$ (0.02)
Net earnings (loss) per share :		
Basic and diluted	\$ (0.36)	\$ 0.02

HERITAGE OIL CORPORATION

Consolidated Statements of Cash Flows

Three-months ended March 31, 2007 and 2006 (Unaudited)

(U.S. dollars)

	2007	2006
CASH PROVIDED BY (USED IN):		
OPERATING:		
Net loss from continuing operations	\$ (7,973,111)	\$ (392,080)
Items not involving cash:		
Depletion, depreciation and accretion	290,246	136,167
Financing charges	726,365	15,373
Foreign exchange losses	12,865	122,682
Stock based compensation	322,301	183,625
Loss on redemption of liability component of convertible bonds	3,740,780	—
Gain on disposition of investments in subsidiaries	(1,082,120)	—
Unrealized loss on investment in warrants	172,902	—
Changes in non-cash operating working capital	4,869,985	(1,643,727)
Continuing operations	1,080,213	(1,577,960)
Discontinued operations	—	1,981,249
	1,080,213	403,289
FINANCING:		
Issue of convertible bonds, net of issue costs	158,020,732	57,000,000
Redemption of convertible bonds	(83,022,752)	—
Repayment of long-term debt	(39,601)	(162,193)
Changes in non-cash financing working capital	—	1,500,000
	74,958,379	58,337,807
INVESTING:		
Property, plant and equipment expenditures	(25,543,699)	(3,173,797)
Development expenditure	(63,840)	(8,782)
Restricted cash	(19,843,551)	—
Changes in non-cash investing working capital	(3,919,331)	1,396,652
	(49,370,421)	(1,785,927)
Discontinued operations	—	(806,995)
	(49,370,421)	(2,592,922)
Foreign exchange losses on cash and cash equivalents in foreign currency	28,216	(38,287)
Increase in cash and cash equivalents	26,696,387	56,109,887
Cash and cash equivalents, beginning of period	46,861,146	8,583,321
Cash and cash equivalents, end of period	\$ 73,557,533	\$ 64,693,208
Supplementary information:		
Interest received	\$ 1,098,984	\$ 51,351
Interest paid	\$ 1,511,197	\$ 120,749