



# MIDNIGHT

Oil Exploration Ltd.

EXPLORING WITH ENERGY AND EXPERIENCE

*Highly Successful Drilling  
Tremendous Multi-Year  
Light Oil & Natural Gas Prospect Inventory*

*Solid Growth –  
Excellent Potential*

SEPTEMBER 2006



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Oil Exploration Ltd.

## ***FORWARD LOOKING STATEMENT***

*This disclosure contains certain forward looking statements that involve substantial known and unknown risks and uncertainties, certain of which are beyond the company's control, including: the impact of general economic conditions in Canada and the United States, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Midnight's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that the company will derive therefrom.*



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## ***CORPORATE PROFILE***

<b>TSX Listed and Symbol</b>	MOX
<b>Trading Range</b> ( <i>Since Inception</i> )	\$2.85-\$4.98
<b>Shares Outstanding</b>	
Basic	42.3 MM
Fully diluted	45.9 MM
<b>Market Capitalization</b>	\$170 MM
<b>Management Ownership (fd)</b>	15 %

### **Background - The Midnight Business Model**

Proven high-end technical team with excellent business execution skills focused in high potential multi-zone areas. Solid results driven by drill bit success and selective acquisitions – reserve growth, production growth and cash flow growth throughout commodity price cycle. Large multi-year oil and gas development and exploration prospect inventory



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## ***HIGHLIGHTS***

### **Solid Growth**

- ◆ Reserves up – total 93% per share 41%
- ◆ Production up– total 130% per share 70%
- ◆ Cash flow up – total 549% per share 302%

### **Excellent Potential**

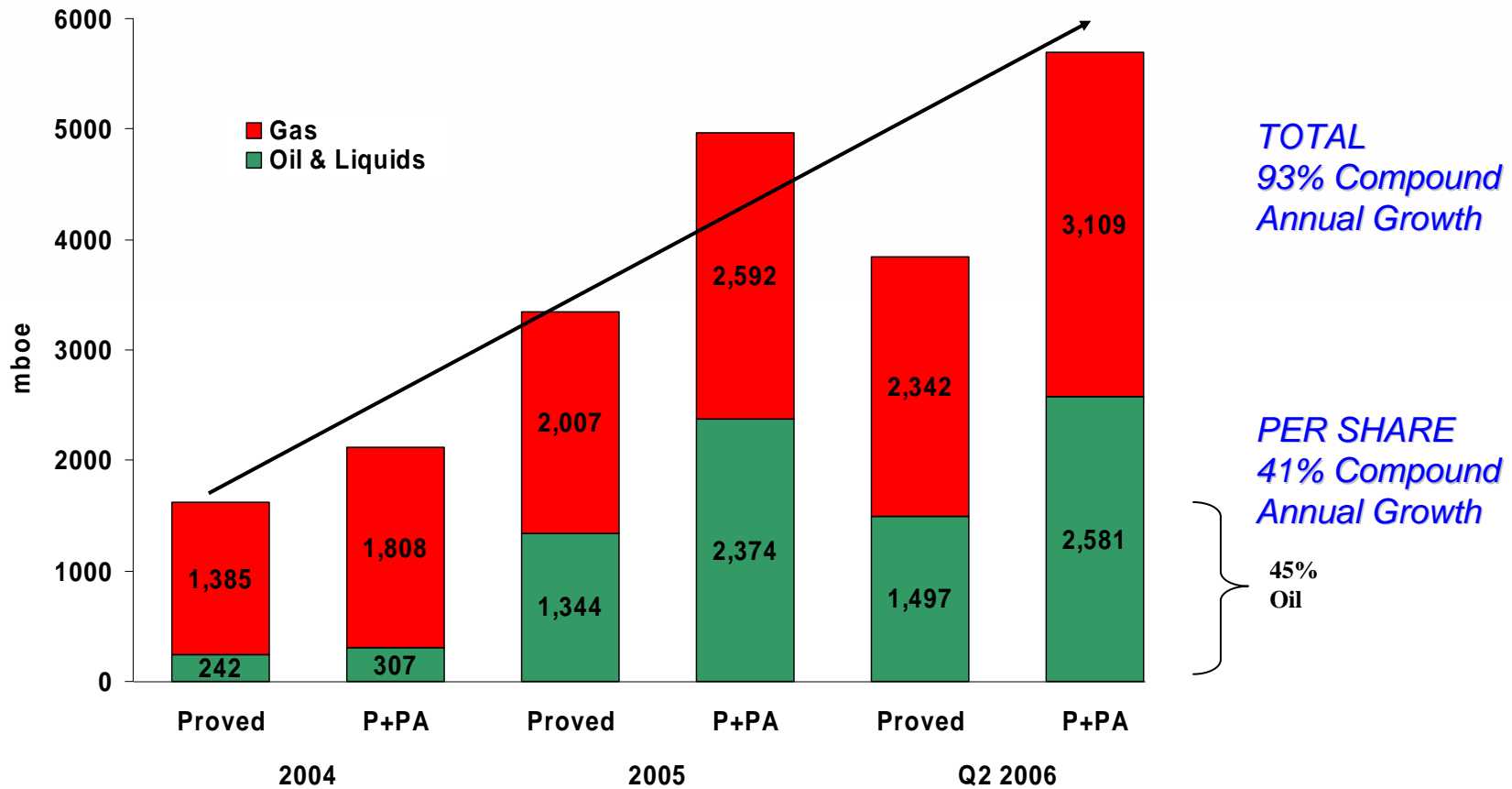
- ◆ Large high potential land base
- ◆ Multi-year light oil exploration and development project
- ◆ Tremendous liquids rich natural gas opportunities

***Increased Activity Deliver Results – Drilling Success Drives Momentum***



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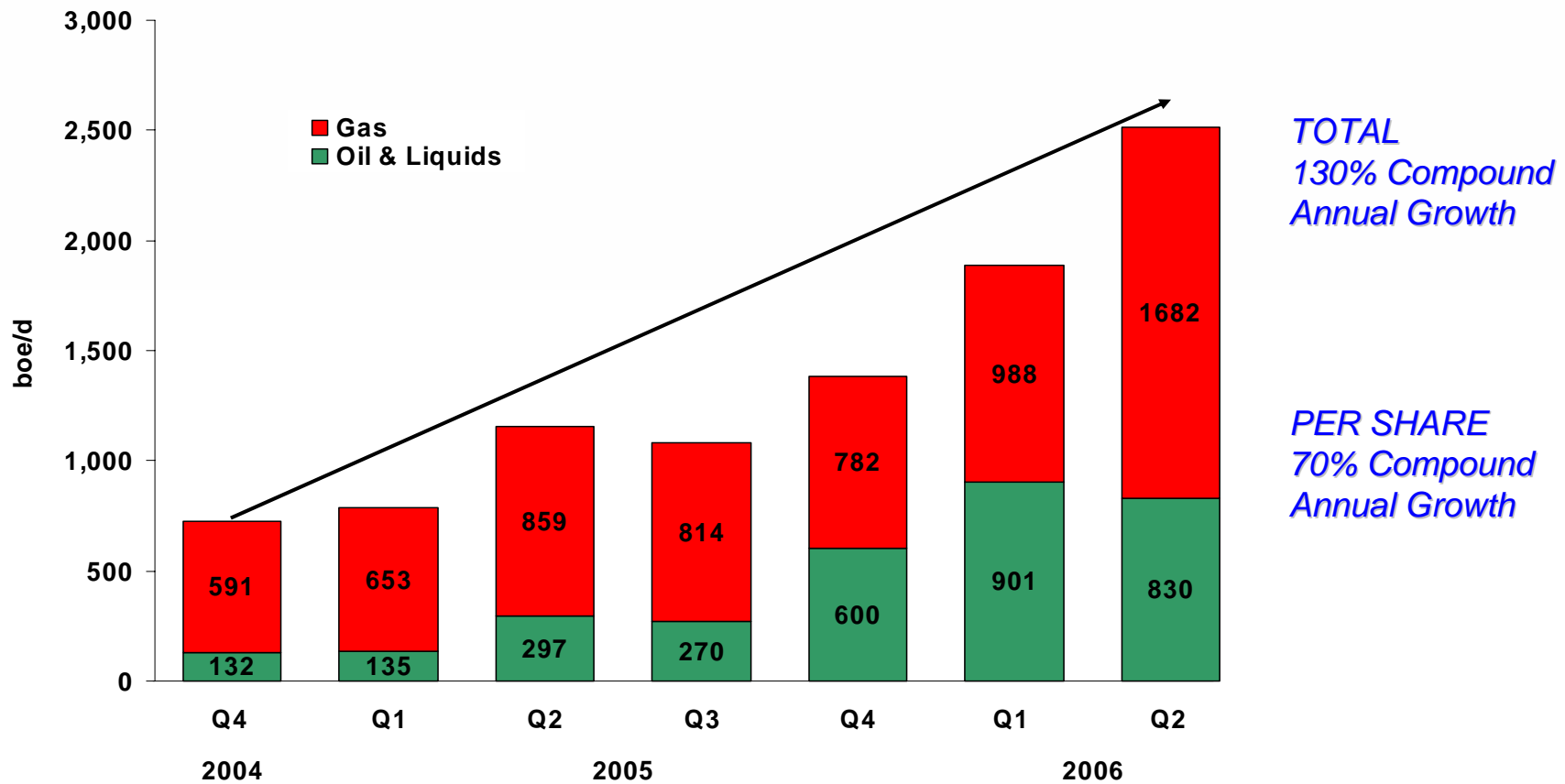
## ***SOLID GROWTH IN RESERVES***





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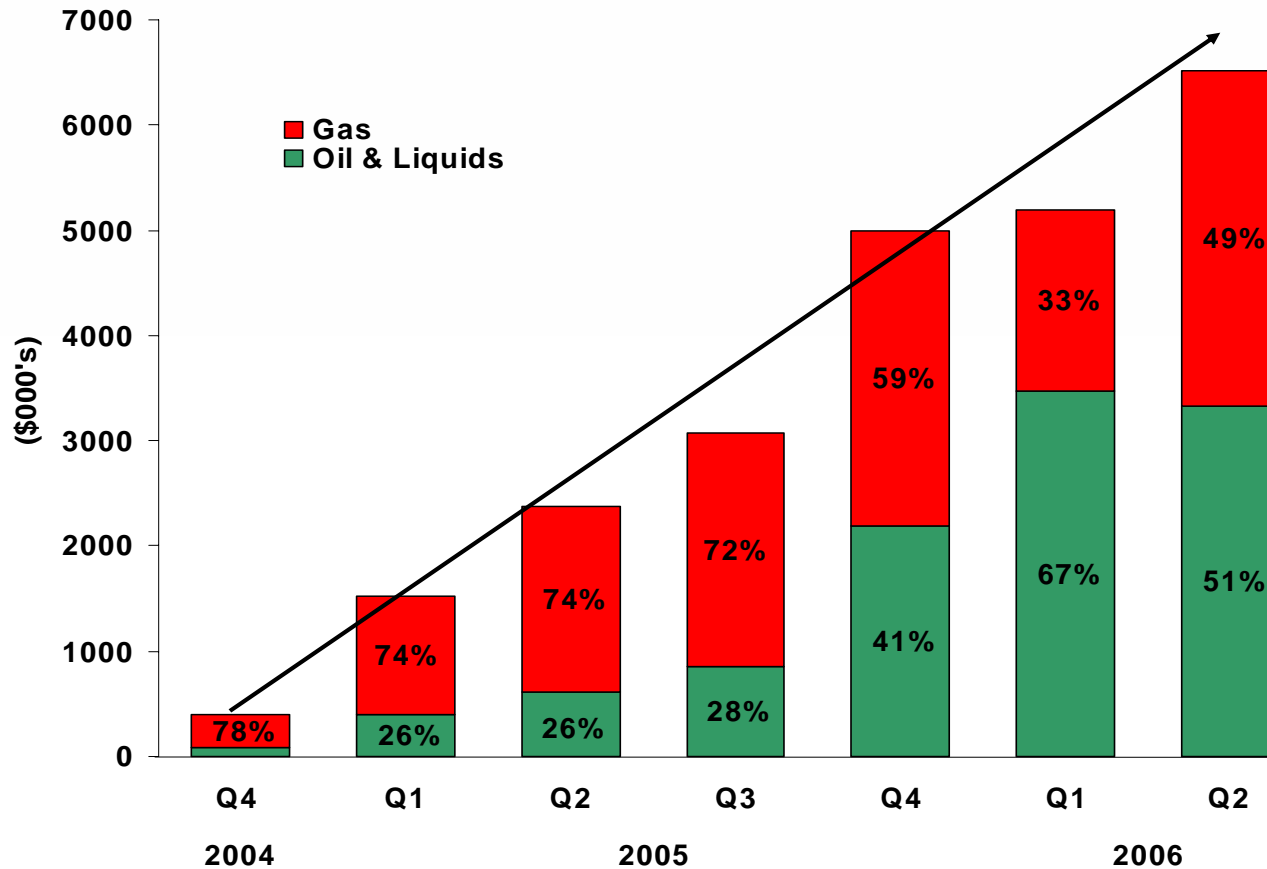
## ***SOLID GROWTH IN PRODUCTION***





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## ***SOLID GROWTH IN CASH FLOW***



***TOTAL***  
***549% Compound***  
***Annual Growth***

***PER SHARE***  
***302% Compound***  
***Annual Growth***



## ***OPERATING AND FINANCIAL DATA***

	<b>2006 Q2</b>	<b>2006 Q1</b>	<b>% Change</b>	<b>2005 Q2</b>	<b>% Change</b>
<b>Production</b>					
Natural Gas (mmcf/d)	10.1	5.9	+71	5.2	+ 94%
Oil & Liquids (bbls/d)	830	901	- 8	297	+179%
Boe/d	2,512	1,889	+33	1,156	+117%
<b>Financial (thousands, except per share)</b>					
Cash flow	\$ 6,515	\$ 5,187	+26	\$2,374	+174%
per share (diluted)	\$ 0.16	\$ 0.13	+23	\$ 0.09	+ 77%

***Excellent Growth Quarter Over Quarter, Year Over Year***



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## ***DRILLING ACTIVITY INCREASES IN 2006***

<b>Area</b>	<b>Gas</b>	<b>Oil</b>	<b>Dry</b>	<b>Total</b>	<b>WI%</b>
	<b>Gross (Net)</b>				
Red Earth	-	12 (8.0)	-	12 (8.0)	67%
Peace River Arch	6 (3.9)	-	3 (2.1)	9 (6.0)	67%
West Central Alberta	4 (0.5)	-	-	4 (0.5)	12%
<b>YTD 2006</b>	10 (4.4)	12 (8.0)	3 (2.1)	25 (14.5)	58%
<b>All 2005</b>	32 (6.4)	10 (4.4)	0	42 (10.8)	26%

***Highly Successful Drilling Program - Over Half Exploratory Wells***



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## ***EXCELLENT POTENTIAL***

### Attributes

Focused in multi-zone high potential areas

Multi year light oil & liquids rich gas prospect inventory

Total acreage

- ◆ Gross 513,000
- ◆ Net 203,000

Operated drilling and production

Highly successful winter program

- ◆ High W.I. - drilling, multiple 3D seismic, pipeline and facilities construction

Active summer/fall program

- ◆ Exploration, development drilling, completions, tie-ins and waterflood work and study
- ◆ Expanding multi-zone prospectivity

2006 budget +/- \$60-65 million

Drilling inventory 140-175 gross wells

### *Increased Activity Increases Momentum*





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## ***MIDNIGHT PORTFOLIO ECONOMICS***

	<b>Red Earth Light Sweet Oil</b>	<b>Peace River Arch Liquids Rich Gas</b>
<b>Capital (millions)</b>	\$ 2.0	\$ 2.2
<b>Reserves (mboe)</b>	100	200-300
With waterflood	150	-
<b>F&amp;D (\$/boe)</b>	\$ 20.00	\$ 8.80
With waterflood (\$0.4mm capital)	\$ 16.00	-
<b>Production (boe/d)</b>	100	150
<b>\$ per flowing barrel</b>	\$ 24,000	\$ 14,500
<b>Netbacks (\$/boe)*</b>	\$ 50.00	\$ 30.00
<b>Recycle ratio</b>	2.5-3.00	3.5

***Excellent Economics in High Value Oil and Gas Prospects***

**\*Commodity prices: WTI US\$70.00/bbl, AECO C\$7.00/mcf and US\$/C\$0.90**



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## ***RED EARTH AREA***

### **Attributes**

Working Interest: 25-100% (Operated)

Large exploration/development project

Total acreage

- ◆ Gross 108,000
- ◆ Net 77,000

Operated drilling and production

Successful program - 20/20 oil wells

- ◆ Four 3D seismic programs, farm-ins, land acquisitions
- ◆ Pipeline and facilities construction

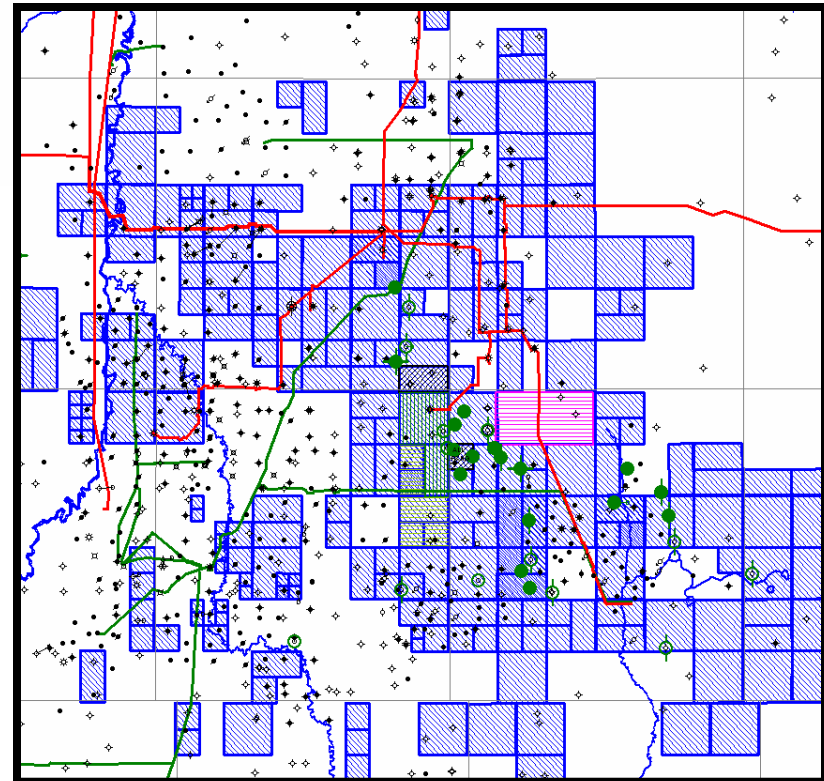
Summer/fall program

- ◆ Active drilling – one rig
- ◆ Completion, tie-in and multi-zone exploration
- ◆ Ongoing waterflood development

2006 budget +/- \$30 million

Drilling inventory 45-55 gross wells

### ***High Potential Light Oil Project***





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## ***PEACE RIVER ARCH***

### ***High Potential Multi-Zone Gas Project***

#### **Attributes**

Working Interest: 25-100% (Operated)

Large reserve high productivity

- ◆ 2-4 bcf, 2-5 mmcf/d

Total acreage (Peace River Arch)

- ◆ Gross 145,000
- ◆ Net 103,000

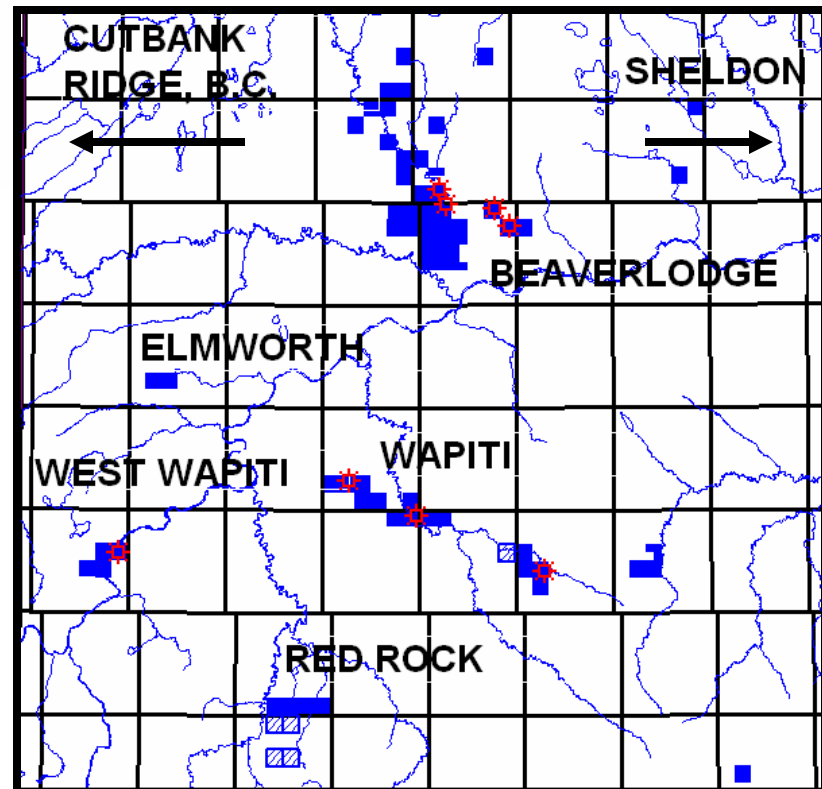
Successful winter program

Summer/fall program

- ◆ Focused high impact multi-zone gas program
- ◆ 3D seismic, farm-ins, land acquisition

2006 budget \$25-30 million

Drilling inventory 20-30 gross wells





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# *PEACE RIVER ARCH*

## **WAPITI**

*High Potential Multi-Zone Gas Project*

### Attributes

Working Interest: 30-100% (Operated)

Traditional Midnight exploration area

Large reserve high productivity

- 2-4 bcf, 2-5 mmcf/d

Total acreage

- Gross 16,000
- Net 8,800
- Farm-in lands 3,200

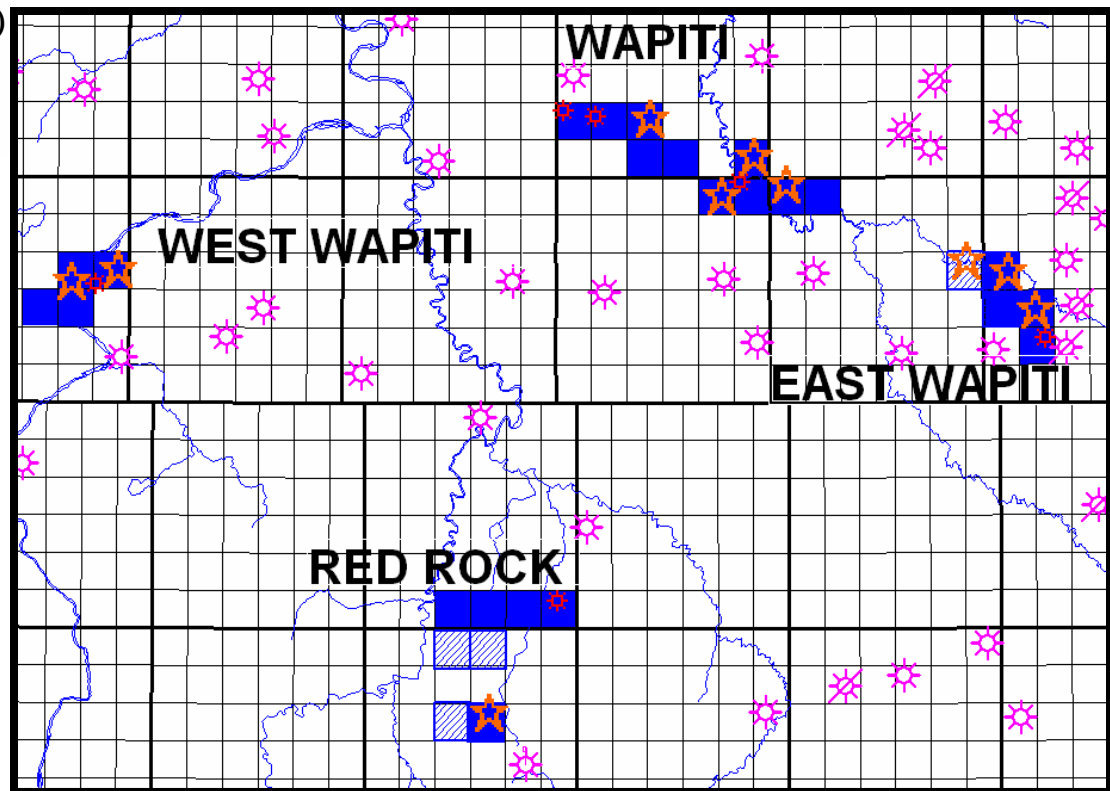
Successful winter program

Summer program

- Active drilling – one rig
- Red Rock – high impact well

2006 budget \$10-15 million

Drilling inventory 10-15 gross wells



*3 month (IP) greater than 10 mmcf/d and/or Reserves greater than 5 bcf*



## ***PEACE RIVER ARCH*** **BEAVERLODGE**

### **Attributes**

Working Interest: 25-100%

Highly successful, high impact multi-zone

Paddy Oil, Cretaceous sweet gas, Halfway sour gas

Total acreage

- ◆ Gross 25,000
- ◆ Net 15,000

Successful winter – oil and multi-zone gas discovery

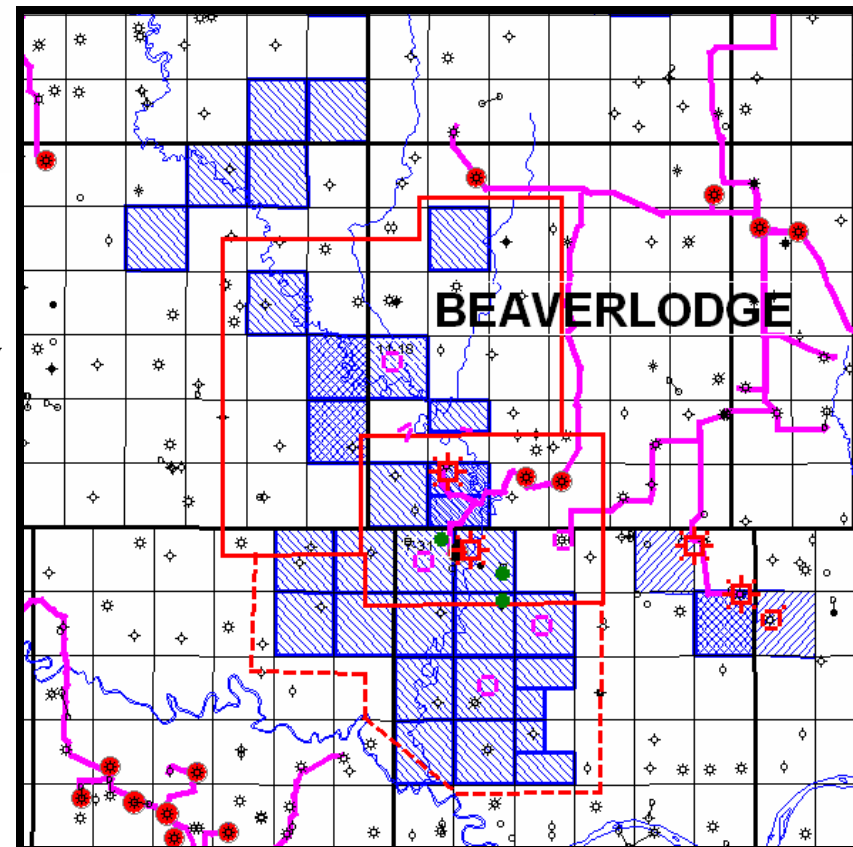
Summer/fall program

- ◆ Active multi-zone exploratory drilling
- ◆ Sweet gas exploration/development
- ◆ Halfway/Montney – high impact well
- ◆ Potential sour pipeline/facilities expansion

2006 budget \$3-5 million

Drilling inventory 5-10 locations

### ***High Potential Multi-Zone Oil/Gas Project***





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## ***WEST CENTRAL ALBERTA***

### **Attributes**

Working Interest: 3-25%

High rate multi-zone gas potential

- ◆ Wells - 1-3 mmcf/d (2-5 bcf/well)

Large concentrated landholdings

Total acreage

- ◆ Gross 260,000
- ◆ Net 23,000

Owned infrastructure

Winter program - 100% drilling success

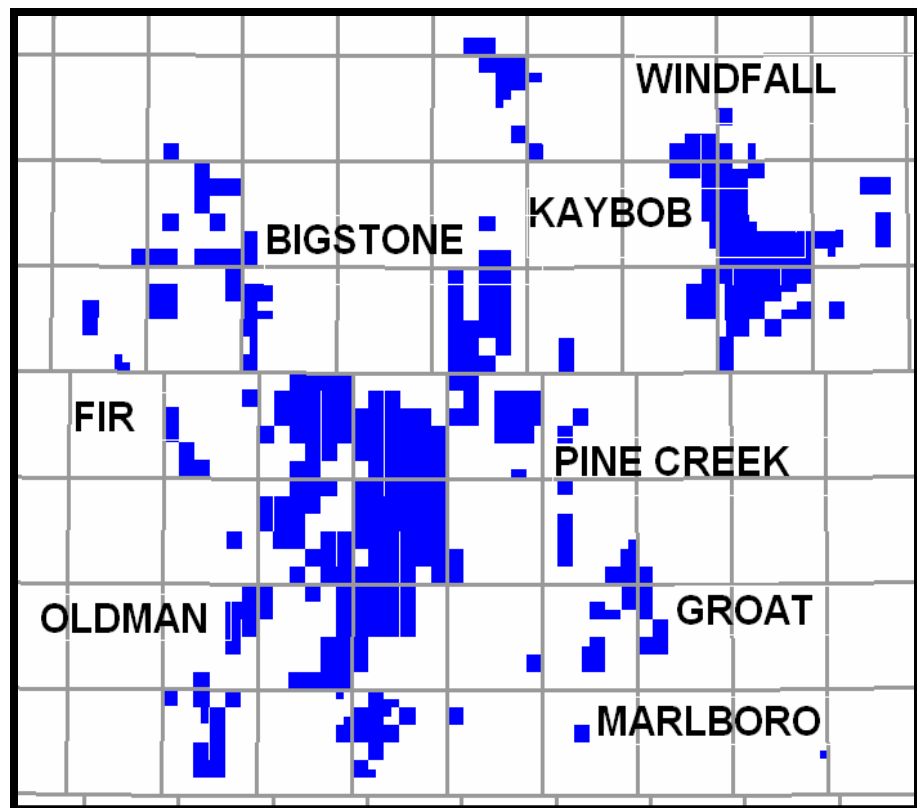
Summer program

- ◆ Windfall follow-up well
- ◆ 3D Seismic

2006 budget \$6-8 million

Drilling inventory 75-85 locations

### ***Multi-Year Development Prospect Inventory***





## ***LAND BASE***

<b>Area</b>	<b>Developed</b>		<b>Undeveloped</b>		<b>Total</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
	<i>(acres)</i>		<i>(acres)</i>		<i>(acres)</i>	
<b>Red Earth</b>	15,000	11,000	93,000	66,000	108,000	77,000
<b>Peace River Arch</b>	16,000	8,000	129,000	95,000	145,000	103,000
<b>West Central Area</b>	141,000	9,000	119,000	14,000	260,000	23,000
<b>Total WCSB</b>	172,000	28,000	341,000	175,000	513,000	203,000

*\* Acreage as at June 30, 2006*

*Large Undeveloped Land Holding with Large Prospect Inventory*



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## ***2006 BUDGET***

<b>Area</b>	<b>Inventory</b>	<b>Gross Wells</b>	<b>Net Wells</b>	<b>2006 Total Capex \$MM</b>
<b>Red Earth</b>	45-55	18	12	\$ +/- 30
<b>Peace River Arch</b>				
<b>Deep Basin</b>	10-15	10	6	\$ 10-15
<b>Beaverlodge</b>	5-10	3	2	\$ 3-5
<b>Sheldon</b>	5	5	2	\$ +/- 10
<b>Sub-Total Peace River Arch</b>	20-30	20	10	\$ 25-30
<b>West Central</b>	75-85	30	3	\$ 6-8
<b>Total</b>	140-170	68	25	\$ +/- 60-65

***High Potential Multi-Year Light Oil and Liquids Rich Gas Drilling Program***



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## ***SUMMARY AND HIGHLIGHTS***

### **Midnight Business Model Delivers Results – Growth and Potential**

- ◆ High-end technical team generates successful drilling
- ◆ Executed business strategy adds value and opportunities

### **Solid Growth - CAGR\***

- ◆ Reserves up – total 93% per share 41%
- ◆ Production up– total 130% per share 70%
- ◆ Cash flow up – total 549% per share 302%

### **Excellent Potential**

- ◆ Large high potential land base
- ◆ Growing light oil prospect inventory
- ◆ Tremendous liquids rich natural gas opportunities

***Increased Activity and Continued Success Generates Strong Momentum***

\* CAGR- Compound Annual Growth Rate - per share (fully diluted)



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## ***CORPORATE INFORMATION***

### **OFFICERS**

**Fred Woods**  
President & CEO

**Judy Stripling**  
Executive VP & CFO

**Chad Kalmakoff**  
VP, Finance

**Don Leitch**  
VP, Operations

**Thomas F. Moslow**  
Senior VP, Exploration

**Peter O'Leary**  
VP, Geology

**Martin Saizew**  
VP, Engineering

**Andrew D. Weldon**  
VP, Business Development

**Chris von Vegesack**  
Corporate Secretary

### **DIRECTORS**

Paul E. Moynihan (Chairman)

Jay D. Squiers

Tom J. Medvedic

Fred N. Woods

Anthony M. Lambert

### **CORPORATE OFFICE**

Sun Life Plaza, West Tower  
Suite 2100, 144 – 4th Avenue SW  
Calgary, AB T2P 3N4

T: (403) 303-8500

F: (403) 264-0085

Email: [ir@midnightoil.ca](mailto:ir@midnightoil.ca)

Website: [www.midnightoil.ca](http://www.midnightoil.ca)

### **TSX LISTING**

Trading Symbol: MOX

### **CONTACTS**

Fred Woods, President & CEO

Judy Stripling, Exec. VP & CFO

### **BANK**

Canadian Imperial Bank of  
Commerce

### **LEGAL COUNSEL**

Burnet, Duckworth & Palmer LLP

### **AUDITORS**

KPMG LLP

### **RESERVE ENGINEERS**

GLJ Petroleum Consultants

### **TRANSFER AGENT**

Valiant Trust Company