



# MIDNIGHT

Oil Exploration Ltd.

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

*Excellent Value  
Tremendous Potential*

## ***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.*

## ***CORPORATE PROFILE***

|  |                     |
|--|---------------------|
| <b>TSX Listed and Symbol</b>             | <b>MOX</b>          |
| <b>Market Capitalization</b>             | <b>+/- \$ 90 MM</b> |
| <b>Shares Outstanding</b>                |                     |
| <b>Basic</b>                             | <b>47.8 MM</b>      |
| <b>Fully diluted</b>                     | <b>53.2 MM</b>      |
| <b>Undeveloped Land Base (net acres)</b> | <b>162,000</b>      |
| <b>Management Ownership</b>              | <b>~ 15 %</b>       |
| <b>Q1 2007 Production (boe/d)</b>        | <b>2,239</b>        |
| <b>Balanced Oil and Gas</b>              | <b>~ 50/50</b>      |



## ***Notes***

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## ***THE MIDNIGHT MODEL***

### ***PROVEN TEAM – EXPERIENCE AND EXPERTISE***

- ◆ Excellent highly qualified technical team
- ◆ Strong business execution skills  
*- value added execution*

### ***QUALITY ASSETS – DEVELOPMENT AND EXPLORATION***

- ◆ Focused in multi-zone areas
- ◆ Large, multi-year oil and gas prospect inventory  
*- high potential areas*

### ***DELIVERING SOLID RESULTS***

- ◆ Reserve, production and cash flow
- ◆ Growth through the drill bit and selective acquisitions  
*- year after year, quarter after quarter*

*Excellent Value - Tremendous Potential*



## ***SOLID RESULTS***

### ***GROWTH YEAR OVER YEAR – 2006 OVER 2005***

- ◆ Production up – increased 95%
- ◆ Cash flow up – increased 81%
- ◆ Reserves up – increased 31% (P+P)
- ◆ Drilled 33 (17.2 net) wells – 87.8% success rate

### ***GROWTH QUARTER OVER QUARTER – Q1 2007 over Q4 2006***

- ◆ Production up – increased 6%
- ◆ Cash flow up – increased 18%
- ◆ Reserves up – increased 4%
- ◆ Drilled 10 (3.6 net) wells – 100% success rate



## ***TREMENDOUS POTENTIAL***

### ***KEY BUSINESS DRIVERS TO DELIVER ON POTENTIAL***

- ◆ Proven team with excellent business execution skills
- ◆ Large high potential land base
- ◆ Multi-year light oil exploration and development projects
- ◆ Tremendous liquids rich natural gas opportunities

*Balanced Portfolio - Large Undeveloped Land Base*



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## ***OPERATING DATA***

|                                     | <b>2006</b> | <b>2005</b> | <b>%<br/>Change</b> | <b>Q1<br/>2007</b> | <b>Q4<br/>2006</b> | <b>%<br/>Change</b> |
|-------------------------------------|-------------|-------------|---------------------|--------------------|--------------------|---------------------|
| <b>Operations</b>                   |             |             |                     |                    |                    |                     |
| Natural gas (mmcf/d)                | 7.8         | 4.7         | + 66                | 6.9                | 7.4                | - 9                 |
| Oil & liquids (bbls/d)              | 866         | 326         | + 166               | 1,090              | 890                | + 22                |
| Total (boe/d)                       | 2,158       | 1,104       | + 95                | 2,239              | 2,115              | + 6                 |
| Wells drilled gross (net)           | 33 (17.2)   | 42 (10.8)   | + 59                | 10 (3.6)           | 3 (0.5)            | + 620               |
| Gross land (net) (000s acres)       | 508 (201)   | 521 (209)   | - 4                 | 504 (194)          | 508 (201)          | - 3                 |
| Undeveloped land (net) (000s acres) | 334 (173)   | 354 (186)   | - 7                 | 314 (162)          | 334 (173)          | - 6                 |

*Execution Drives Results*



## ***FINANCIAL DATA***

|   | <b>2006</b> | <b>2005</b> | <b>%<br/>Change</b> | <b>Q1<br/>2007</b> | <b>Q4<br/>2006</b> | <b>%<br/>Change</b> |
|---|-------------|-------------|---------------------|--------------------|--------------------|---------------------|
| <b>Financial</b> (\$000s, except per share) |             |             |                     |                    |                    |                     |
| Cash flow                                   | \$ 21,702   | \$ 11,967   | + 81                | \$ 5,386           | \$ 4,555           | + 18                |
| per share (diluted)                         | 0.52        | 0.43        | + 21                | 0.11               | 0.10               | + 10                |
| Capital expenditures                        | 61,752      | 28,841      | + 114               | 12,582             | 8,652              | + 45                |
| Net debt                                    | 21,974      | 16,730      | + 31                | 29,170             | 21,974             | + 33                |
| Total assets                                | \$152,833   | \$111,171   | + 37                | \$159,594          | \$152,833          | + 4                 |

*Quality Assets Delivers Results*



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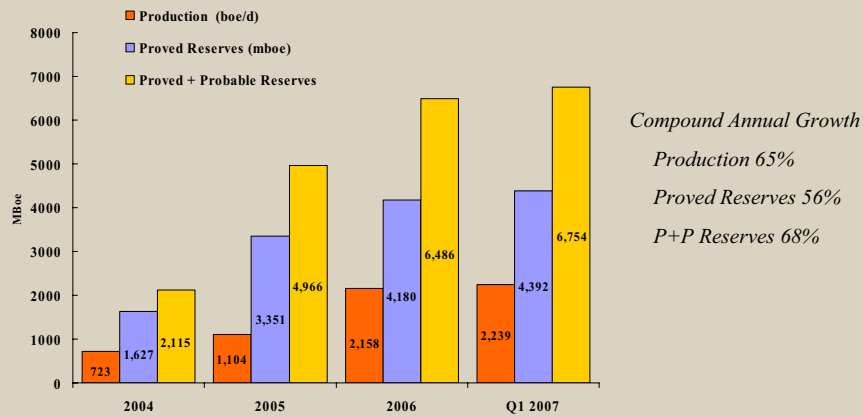
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## SOLID PRODUCTION AND RESERVES



## DRILLING ACTIVITY

|                        | 2007 Q1 |     | 2007 Remaining |     | 2007 Budget |      | 2006  |      | 2005  |      |
|------------------------|---------|-----|----------------|-----|-------------|------|-------|------|-------|------|
|                        | Gross   | Net | Gross          | Net | Gross       | Net  | Gross | Net  | Gross | Net  |
| <b>Red Earth</b>       | 1       | 1.0 | 9              | 5.3 | 10          | 6.3  | 12    | 8.0  | 7     | 2.8  |
| <b>Deep Basin</b>      | 2       | 1.0 | 2              | 1.5 | 4           | 2.5  | 9     | 7.4  | 9     | 4.8  |
| <b>Beaverlodge</b>     | 2       | 1.3 | 3              | 0.9 | 5           | 2.2  | 3     | 1.0  | 6     | 1.8  |
| <b>West Central</b>    | 5       | 0.3 | 13             | 0.8 | 18          | 1.1  | 9     | 0.8  | 18    | 0.7  |
| <b>Other (Pembina)</b> | -       | -   | 1              | 0.4 | 1           | 0.4  | -     | -    | 2     | 0.7  |
| <b>Total</b>           | 10      | 3.6 | 28             | 8.9 | 38          | 12.5 | 33    | 17.2 | 42    | 10.8 |

*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 – Peace River Arch, Red Earth, West Central

- ◆ Gross 504,000
- ◆ Net 194,000

Total undeveloped acreage – Peace River Arch and Red Earth

- ◆ Gross 206,000
- ◆ Net 148,000

Operated drilling and production

Highly successful program

- ◆ High Working Interest - drilling, multiple 3D seismic, pipeline and facilities construction

2007 budget +/- \$30 million

38 Gross (12.5 net) wells

Drilling inventory 135-170 gross wells

### Tremendous Multi-Year Prospect Inventory



## RED EARTH AREA

### Attributes

Working Interest: 25-100% (Operated)  
Large exploration/development project  
High value – top quality light oil property

Total undeveloped acreage

- ◆ Gross 94,000
- ◆ Net 68,000

Operated drilling and production

Successful program - 21/21 oil wells

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

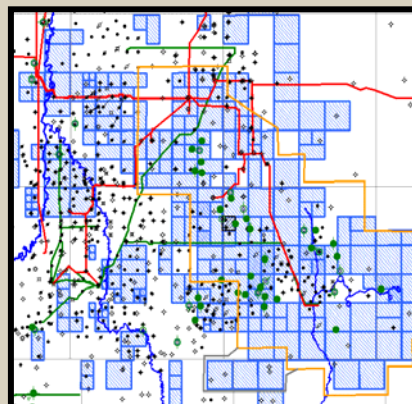
Ongoing waterflood development

2007 budget +/- \$10 million

10 Gross (6.3 net) wells

Drilling inventory 45-55 gross wells

### High Potential Light Oil Project



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## PEACE RIVER ARCH

### Attributes

Working Interest: 25-100% (Operated)  
 Focused high impact multi-zone gas program

Large reserve high productivity

- ◆ 2-4 bcf, 2-5 mmcf/d

Total undeveloped acreage (Peace River Arch)

- ◆ Gross 112,000
- ◆ Net 80,000

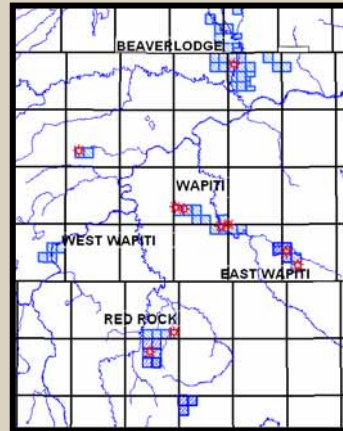
Highly Successful program

2007 budget +/- \$11.5 million

9 Gross (4.7 net) wells

Drilling inventory 15-25 gross wells

### High Potential Multi-Zone Gas Project



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## PEACE RIVER ARCH – BEAVER LODGE

### Attributes

Working Interest: 25-100%  
 Successful high impact multi-zone  
 Paddy oil, Cretaceous sweet gas, Halfway sour gas

Total acreage

- ◆ Gross 24,000
- ◆ Net 14,500

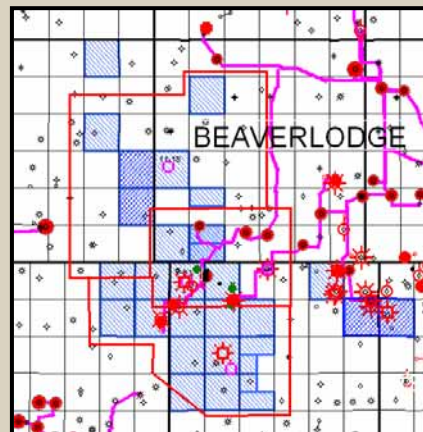
Ongoing successful program

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

2007 budget +/- \$3.5 million

Drilling inventory 5-10 locations

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



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## WEST CENTRAL ALBERTA

### Attributes

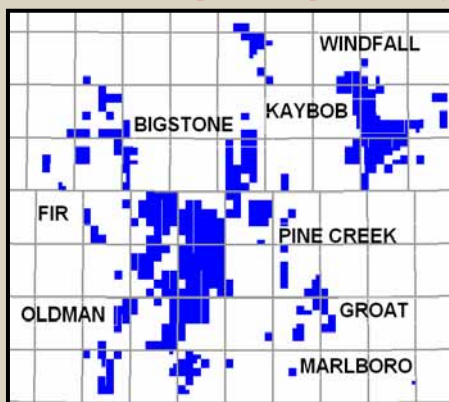
Working Interest: 3-25%  
 High rate multi-zone gas potential  
 ♦ Wells - 1-3 mmcf/d (2-5 bcf/well)  
 Large concentrated landholdings

Total acreage  
 ♦ Gross 262,000  
 ♦ Net 23,000

Owned infrastructure  
 On-going successful program  
 ♦ 3D Seismic  
 ♦ Windfall follow-up well

2007 budget +/- \$4.0 million  
 Drilling inventory 75-85 locations

### Multi-Year Development Prospect Inventory



## MIDNIGHT PORTFOLIO ECONOMICS

|                         | Red Earth East<br>Light Sweet Oil | Peace River Arch<br>Liquids Rich Gas |
|-------------------------|-----------------------------------|--------------------------------------|
| Capital (millions/well) | \$ 2.7                            | \$ 3.1                               |
| Reserves (mboe)         | 250                               | 215                                  |
| F&D (\$/boe)            | \$ 10.80                          | \$ 14.42                             |
| Production (boe/d)      |                                   |                                      |
| MRL                     | 125                               | 215                                  |
| GPP                     | 250                               |                                      |
| \$ per flowing barrel   | \$ 21,600                         | \$ 14,400                            |
| Netbacks (\$/boe)*      | \$ 43.50                          | \$ 30.60                             |
| Recycle ratio           | 4.0                               | 2.1                                  |

*Excellent Go Forward Economics - High Value Oil & Gas Prospects*

\* Commodity prices: WTI US\$65/bbl - AECO C\$7.50 & US\$/C\$0.92



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## *2007 Budget*

| Area                      | Inventory | Gross Wells | Net Wells | 2007 Total<br>Capex \$MM |
|---------------------------|-----------|-------------|-----------|--------------------------|
| <b>Red Earth</b>          | 45-55     | 10          | 6.3       | \$ +/- 10.0              |
| <b>Peace River Arch</b>   |           |             |           |                          |
| <b>Deep Basin</b>         | 10-15     | 4           | 2.5       | \$ +/- 8.0               |
| <b>Beaverlodge</b>        | 5-10      | 5           | 2.2       | \$ +/- 3.5               |
| <b>West Central</b>       | 75-85     | 18          | 1.1       | \$ +/- 4.0               |
| <b>Other</b>              | 1-5       | 1           | 0.4       | \$ +/- 1.5               |
| <b>Land &amp; Seismic</b> |           |             |           | \$ +/- 3.0               |
|                           | 135-170   | 38          | 12.5      | \$ +/- 30.0              |

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



## *LAND BASE*

| Area                     | Developed      |        | Undeveloped    |         | Total          |         |
|--------------------------|----------------|--------|----------------|---------|----------------|---------|
|                          | Gross          | Net    | Gross          | Net     | Gross          | Net     |
|                          | <i>(acres)</i> |        | <i>(acres)</i> |         | <i>(acres)</i> |         |
| <b>Red Earth</b>         | 15,000         | 11,000 | 94,000         | 68,000  | 109,000        | 79,000  |
| <b>Peace River Arch</b>  | 21,000         | 12,000 | 112,000        | 80,000  | 133,000        | 92,000  |
| <b>West Central Area</b> | 154,000        | 9,000  | 108,000        | 14,000  | 262,000        | 23,000  |
| <b>Total WCSB</b>        | 190,000        | 32,000 | 314,000        | 162,000 | 504,000        | 194,000 |

*Acreage as at March 31, 2007*

*Large Undeveloped Land Holdings - Large Prospect Inventory*



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## SUMMARY AND HIGHLIGHTS

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

- ◆ Highly qualified technical team generates successful drilling
- ◆ Executes business strategy adds value and opportunities

### Solid Growth Year over Year – Quarter over Quarter

- ◆ Production up – increased 95% - **up 6%**
- ◆ Cash flow up – increased 81% - **up 18%**
- ◆ Reserves up – increased 31% (P+P) - **up 4%**
- ◆ Drilled 33 (17.2 net) wells – 87.8% success rate

### Excellent Potential

- ◆ Large high potential land base
- ◆ Risk balanced – commodity balanced prospect inventory
- ◆ Tremendous multi-year light oil prospect inventory
- ◆ Tremendous liquids rich natural gas opportunities



## CORPORATE INFORMATION

### OFFICERS

**Fred Woods**  
President & CEO

**Judy Stripling**  
Executive VP & CFO

**Chad Kalmakoff**  
VP, Finance

**C. Donald 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

Peter T. Harrison  
Anthony M. Lambert

Tom J. Medvedic  
Jay D. Squiers

Fred N. Woods (Chairman)

### 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



## *The History of Midnight*

- ◆ July 2000 - Midnight Oil & Gas Ltd. raises a \$15.0 MM non-brokered blind pool financing to commence operations as a private oil and gas exploration and production company.  
The Midnight Team comprises the senior management and technical team from Ulster Petroleums with a proven track record of value added drilling and strategic acquisitions.
- ◆ December 2002 - Midnight Oil & Gas Ltd. completes a reverse takeover of a TSX listed Oil & Gas company and commences trading under the symbol “MOG”.
- ◆ April 2003 – MOG completes a \$22.4MM strategic acquisition of a private oil and gas company.
- ◆ November 2004 – MOG executes a highly accretive \$350MM reverse takeover of Vintage Petroleum Canada, reorganizing to form Daylight Energy Trust and **Midnight Oil Exploration Ltd. – “MOX”**.
- ◆ November 2005 – Midnight Oil Exploration Ltd. completes a strategic property acquisition in the Red Earth, AB area, adding top quality light oil production and a large high potential prospect inventory.



## MIDNIGHT

Oil Exploration Ltd.

Sun Life Plaza, West Tower  
Suite 2100, 144 - 4th Avenue SE  
Calgary, Alberta T2P 3N4  
Phone: 403-303-8500  
Fax: 403-264-0085  
Email: [ir@midnightoil.ca](mailto:ir@midnightoil.ca)  
[www.midnightoil.ca](http://www.midnightoil.ca)