



MIDNIGHT

Oil Exploration Ltd.

EXPLORING WITH ENERGY AND EXPERIENCE

***Successful Winter Program
Fuels Growth in Oil-Weighted
Junior Explorer***

ANNUAL GENERAL MEETING

MAY 12, 2006



MIDNIGHT
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.



MIDNIGHT
Oil Exploration Ltd.

CORPORATE PROFILE

TSX Listed and Symbol	MOX
Trading Range (<i>Since Inception</i>)	\$3.06-\$4.98
Shares Outstanding	
Basic*	42.3 MM
Fully diluted*	45.5 MM
Market Capitalization	\$180-\$190 MM
Management Ownership	10.2 %

Successful Exploration - Strategic Acquisitions - Large Oil/Gas Prospect Inventory

****Includes flow through financing scheduled to close May 17, 2006***



MIDNIGHT
Oil Exploration Ltd.

THE MIDNIGHT STORY

The Midnight Business Model

- ◆ High-end technical expertise creates competitive edge and delivers excellent drilling results
- ◆ Value added business execution skills – identifies and executes on strategic opportunities

Our History - Midnight Oil & Gas (MOG) - A Success Story

- ◆ Solid growth delivered to shareholders by successful drilling
- ◆ Creative and strategic value added acquisitions

Midnight Oil Exploration (MOX) - The Success Continues

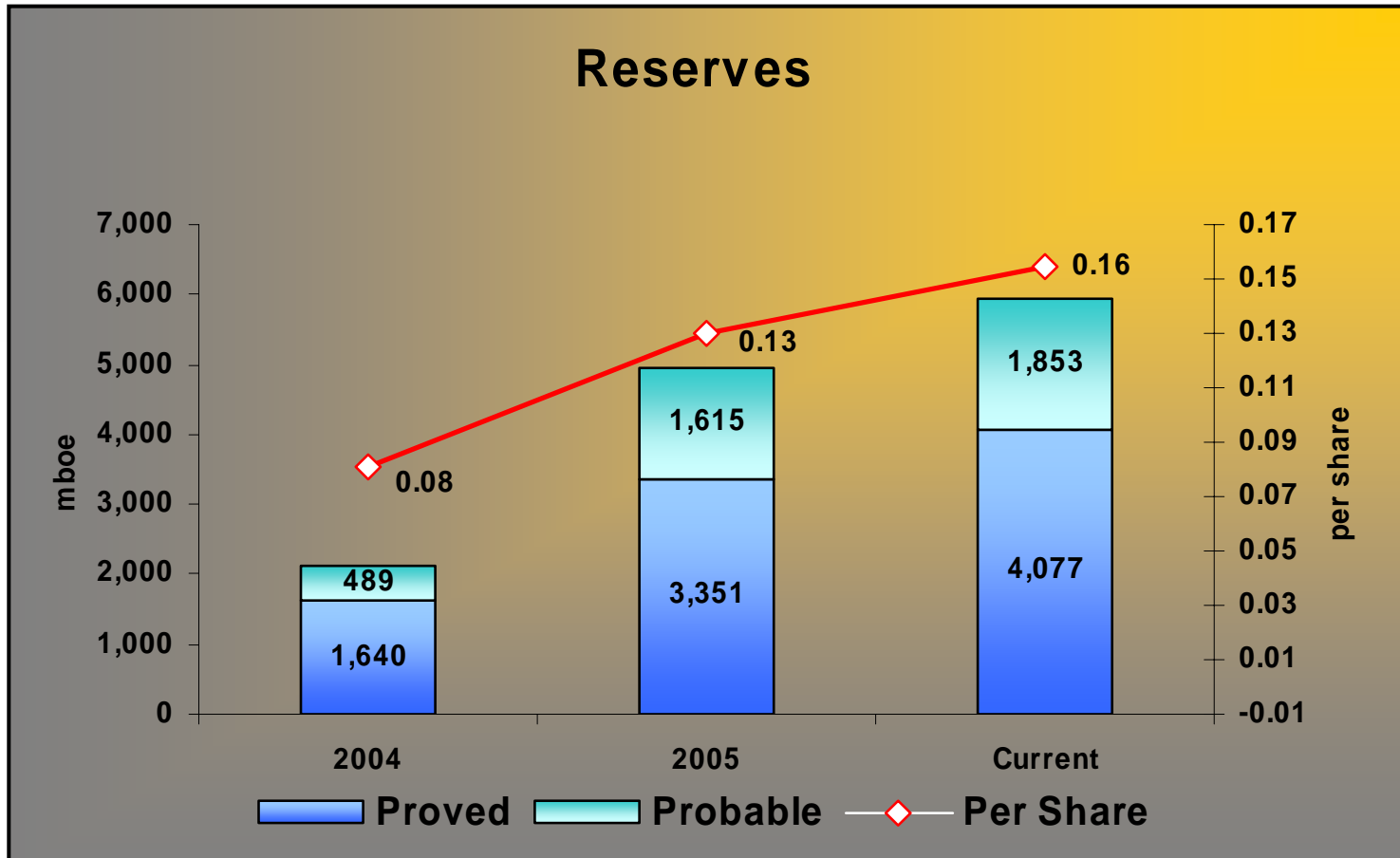
- ◆ Continued successful drill results from large prospect inventory
- ◆ Red Earth Acquisition – Tremendous Exploration Potential

Overview - Properties, Prospects and Potential

- ◆ Quality property base focused in high-potential, multi-zone areas
- ◆ Excellent drilling results – Red Earth, Wapiti, Sheldon
- ◆ Large multi-year risk balanced prospect inventory



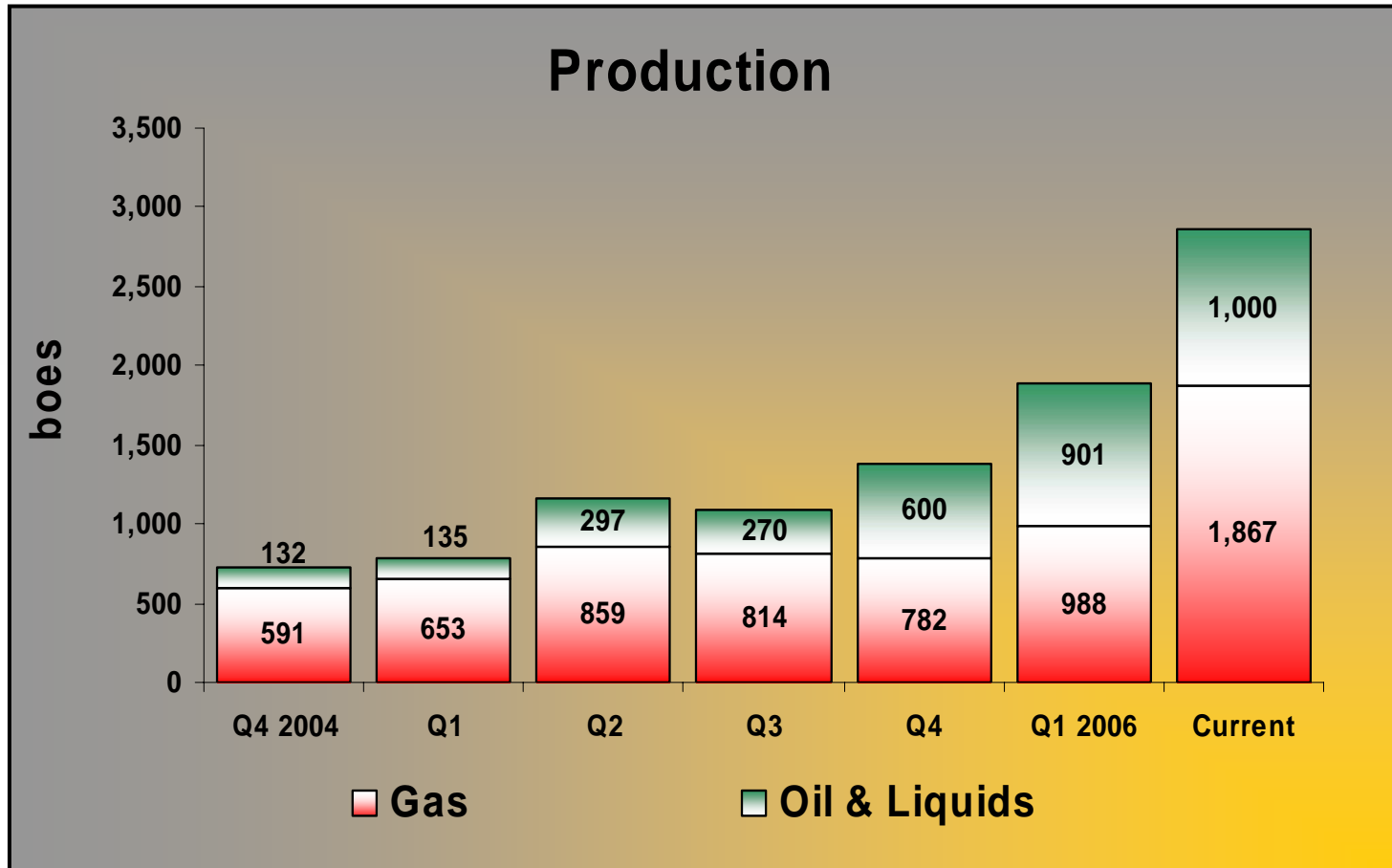
MIDNIGHT
Oil Exploration Ltd.



Strategic Acquisitions and Drillbit Additions



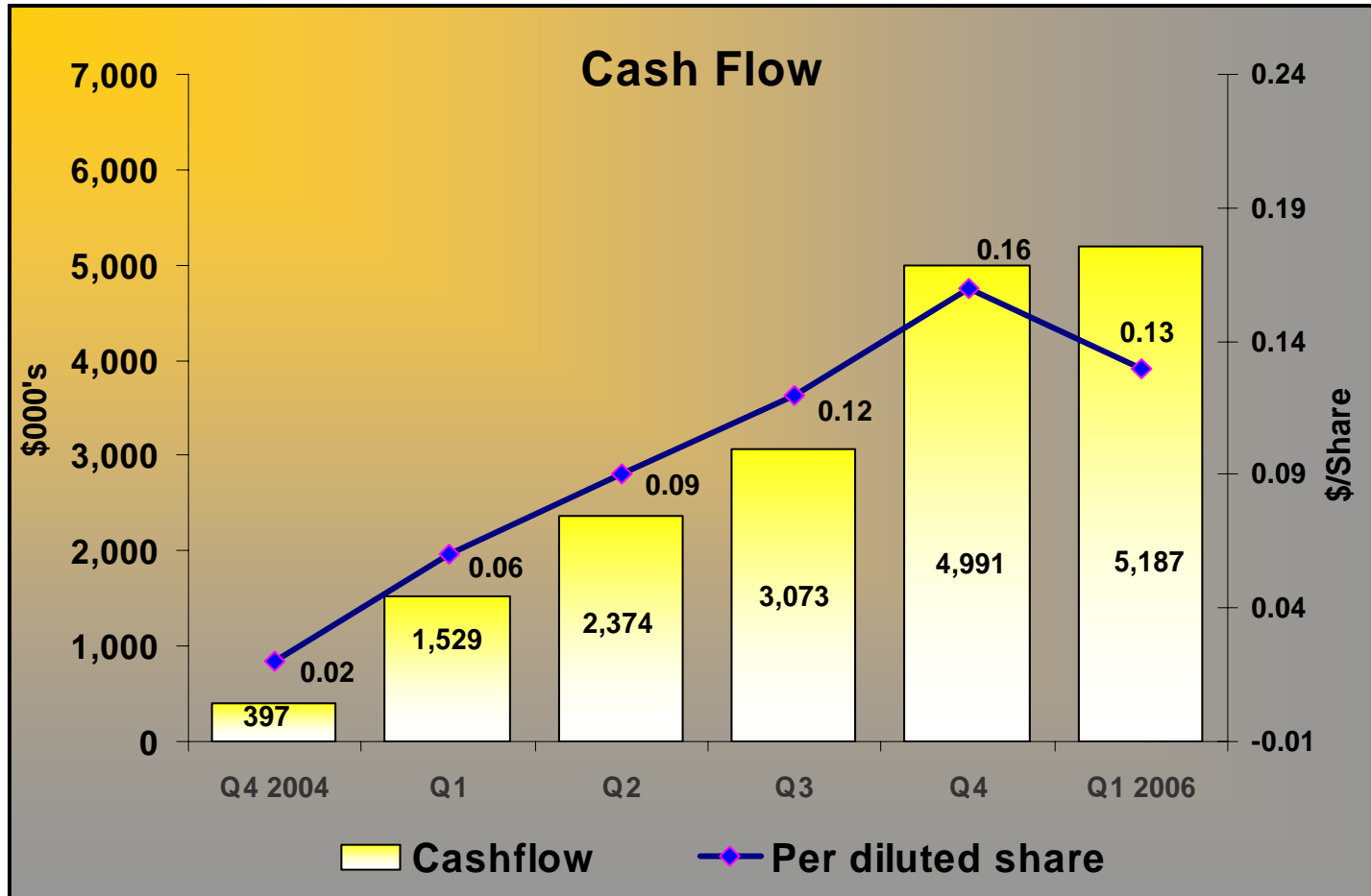
MIDNIGHT
Oil Exploration Ltd.



Activity Drives On-stream Additions



MIDNIGHT
Oil Exploration Ltd.



Solid Growth – More to Come



EXPLORATION HIGHLIGHTS

Focused areas of operations

- ◆ Multi-well light oil prospects at Red Earth
- ◆ Multiple high potential multi-zone gas prospects at PRA and West Central

Barriers to entry reduce competition

- ◆ Technically challenging prospect areas
- ◆ Access to land and infrastructure

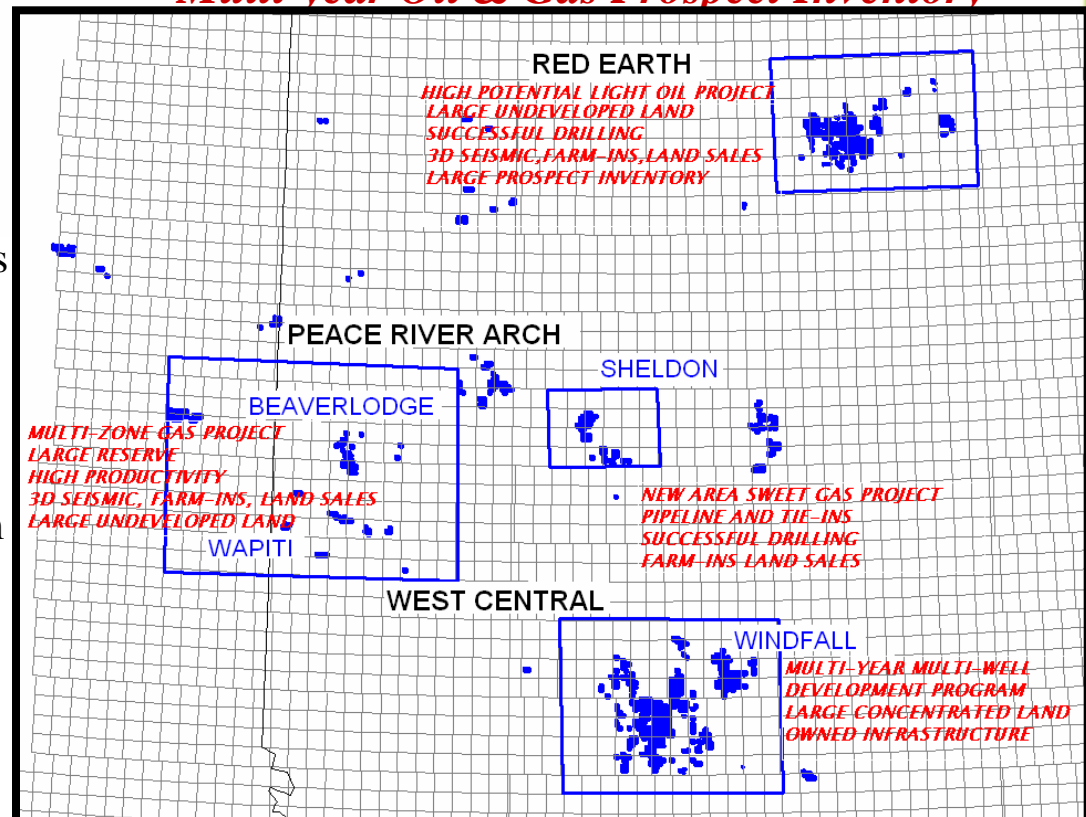
Midnight proven technical expertise

- ◆ Exploration/development/operations
- ◆ Geological/geophysical expertise
- ◆ 5,300 core & cuttings desc./50,000 km seismic

Active winter program

- ◆ Aggressive drilling program
- ◆ Facilities and pipeline construction
- ◆ Multiple 3D seismic programs
- ◆ Farm-ins and land acquisitions

Multi-year Oil & Gas Prospect Inventory





RED EARTH AREA

Attributes

High value light oil targets - Keg River, Granite Wash
Large Exploration/Development Project

Total acreage

- ◆ Gross 108,000
- ◆ Net 77,000

Operated drilling and production

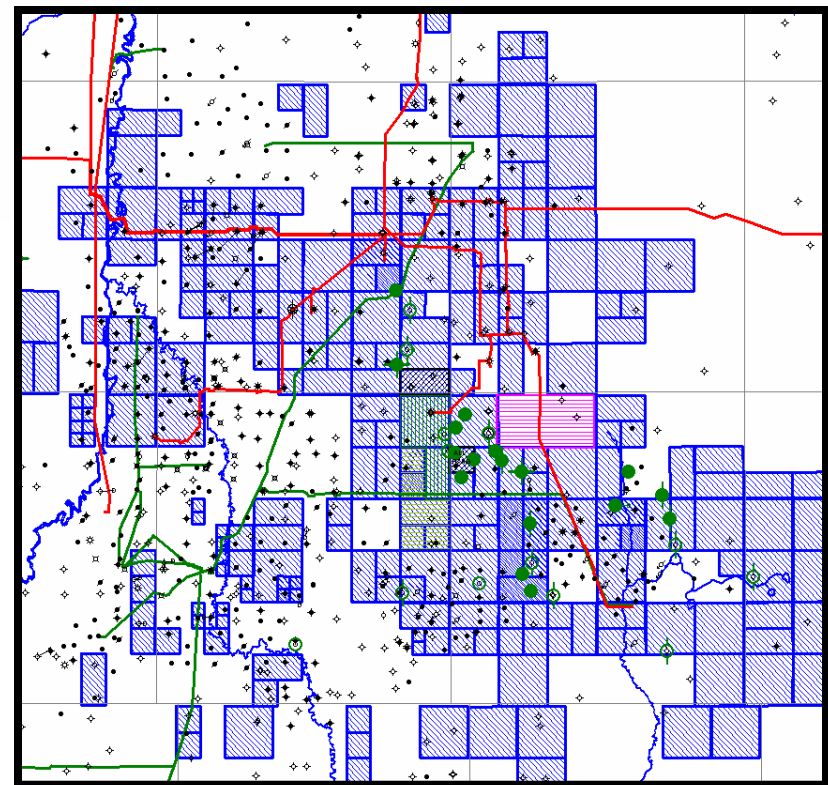
Winter program - drilling success

- ◆ 2005 - Q4 - 8/8 wells
- ◆ 2006 - Q1 - 10/10 wells
- ◆ Completion/service rig, four 3D seismic programs, farm-ins, land acquisitions
- ◆ Pipeline and facilities construction

2006 budget +/- \$20 million

Drilling inventory 35-45 gross wells

High Potential Light Oil Project





PEACE RIVER ARCH **WAPITI / DEEP BASIN**

Attributes

Wapiti/Deep Basin large highly prospective land base

Large reserve high productivity

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

Traditional Midnight exploration area

Total acreage (Peace River Arch)

- Gross 146,000
- Net 103,000

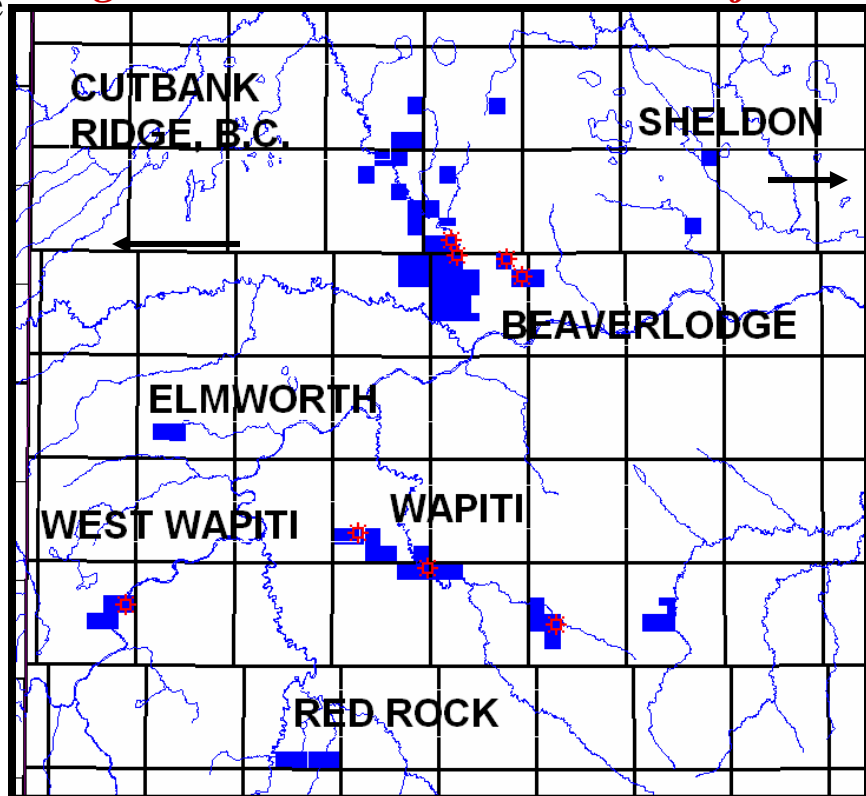
Winter program

- Successful exploration/development
- Multiple drilling completion/service activity
- 3D seismic, farm-ins, land acquisition
- Pipelining and production tie-ins

2006 budget \$10-15 million

Drilling inventory 10-15 gross wells

High Potential Multi-zone Gas Project





MIDNIGHT
Oil Exploration Ltd.

PEACE RIVER ARCH

BEAVERLODGE

Attributes

Highly successful, high impact multi-zone
Paddy Oil, Cretaceous sweet gas, Halfway sour

Midnight generated prospects

Total acreage

- ◆ Gross 25,000
- ◆ Net 15,000

Reasonable access to sour facilities

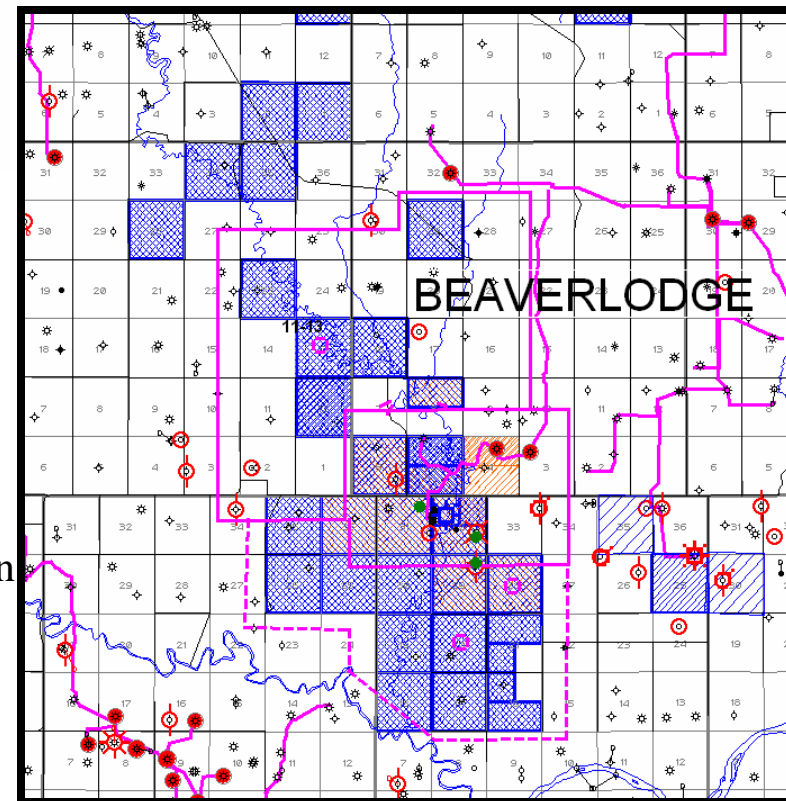
Fall/winter program

- ◆ Paddy (oil) development
- ◆ New multi-zone gas discovery
 - Two separate zones flowed 3+mmcf/d
- ◆ Seismic, farm-ins, land acquisition, production tie-ins
- ◆ Three well Halfway drilling program planned

2006 budget \$5-7 million

Drilling inventory 5-10 locations

High Potential Multi-zone Gas Project





PEACE RIVER ARCH

SHELDON

Attributes

Successful, multi-zone exploration prospects

New Midnight operated area

Total acreage

- ◆ Gross 20,000
- ◆ Net 16,000
- ◆ Farm-in lands 6,400

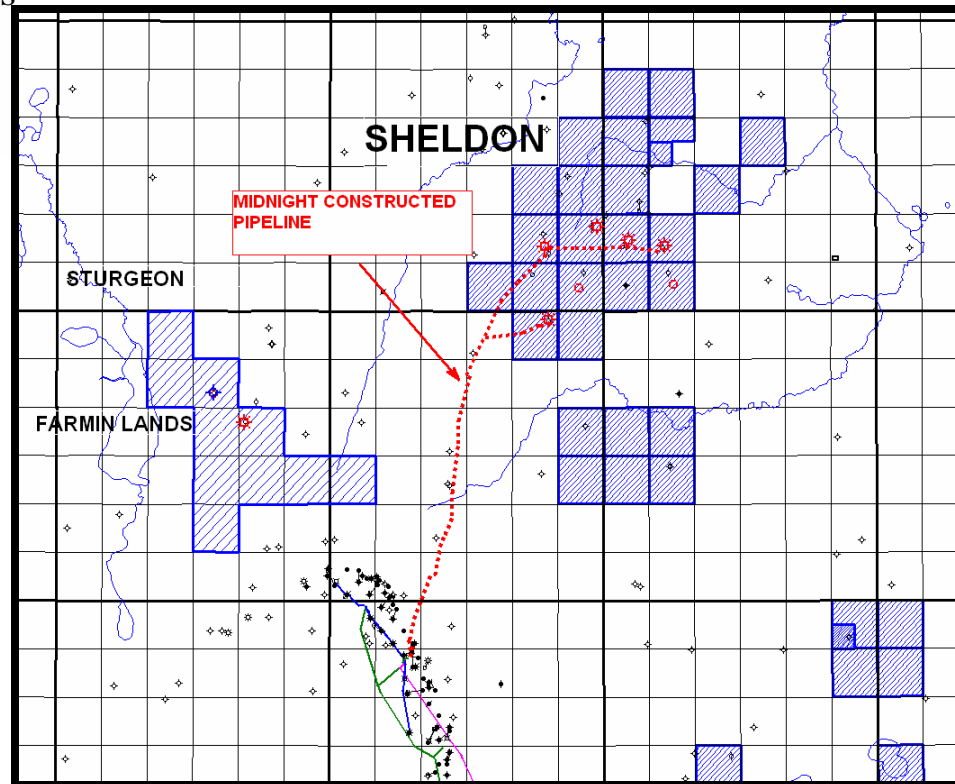
Winter program

- ◆ Five successful gas wells
- ◆ Completed wells flowed over 4+mmcf/d
- ◆ Tie-in and facilities construction
- ◆ Three well drilling program

2006 budget \$3-5 million

Drilling inventory 5-10 locations

New Area Sweet Gas Project





WEST CENTRAL ALBERTA

Attributes

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

Total undeveloped

- ◆ Gross 119,000

- ◆ Net 14,000

Owned infrastructure

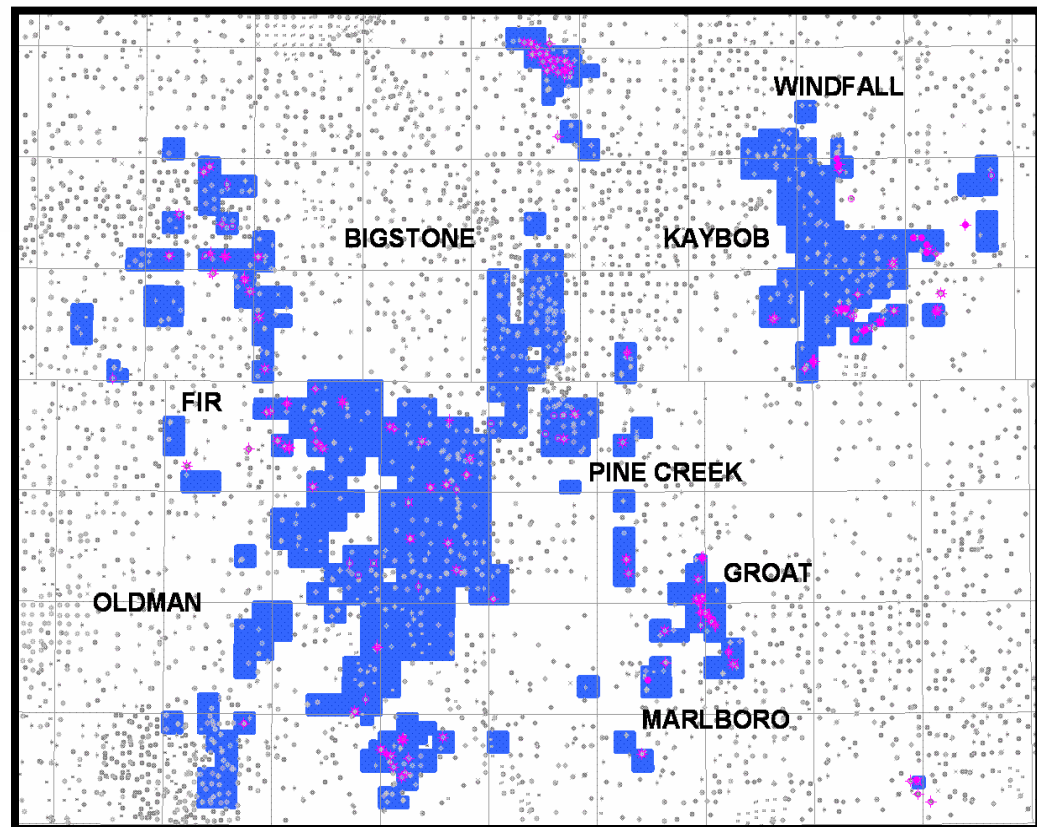
Winter program - 100% drilling success

- ◆ Windfall follow-up well

2006 budget \$6-8 million

Drilling inventory 80 locations

Multi-year development prospect inventory





LAND BASE

Area	Developed		Undeveloped		Total	
	Gross	Net	Gross	Net	Gross	Net
	<i>(acres)</i>		<i>(acres)</i>		<i>(acres)</i>	
Red Earth	15,040	11,200	93,200	66,275	108,240	77,475
Peace River Arch	11,491	4,336	134,802	98,642	146,293	102,978
West Central Area	140,925	8,289	119,147	14,422	260,072	22,711
Total WCSB	167,456	23,825	347,149	179,339	514,605	203,163

Large Undeveloped Land Holding with Large Prospect Inventory



MIDNIGHT
Oil Exploration Ltd.

2006 BUDGET

Area	Inventory	Gross Wells	Net Wells	2006 Total Capex \$MM
Red Earth	35-45	20	16	+/- \$ 20
Peace River Arch				
Deep Basin	10-15	10	6	\$ 10-15
Beaverlodge	5-10	5	3	\$ 5-7
Sheldon etc.	5-10	5	2	\$ 3-5
Sub-Total Peace River Arch	20-35	20	11	\$ 20-25
West Central	75-85	40	6	\$ 6-8
Total	130-165	80	33	+/- \$ 50

High Potential Multi-Year Light Oil and Gas Drilling Program



MIDNIGHT
Oil Exploration Ltd.

OPERATING AND FINANCIAL DATA

	2006 Q1	2005 Q1	%Change
Production			
Natural Gas (MMcf/d)	5.9	3.9	+51
Oil & NGL (Bbls/d)	901	135	+567
Boe/d	1,889	788	+140
Financial (millions, except per share)			
Cash flow	\$ 5,187	\$ 1,529	+239
- per share (diluted)	\$ 0.13	\$ 0.06	+134
Capital expenditures	\$ 29.5	\$ 8.6	+244
Net debt	\$ 41.0	\$ 4.1	+892



OPERATING AND FINANCIAL DATA

	<u>2005A</u>	<u>2006F</u>	<u>% Change</u>
Production			
Natural Gas (MMcf/d)	4.7	11.0-12.5	+/- 140
Oil & NGL (Bbls/d)	326	1,200-1,400	+/- 300
Boe/d	1,104	3,300-3,500	+/- 200
Financial (millions, except per share)			
Cash flow	\$ 12.0	\$ 37.5-42.5	+/- 225
- per share (diluted)	\$ 0.43	+/- \$ 0.90	+/- 110
Capital expenditures	\$ 76.5	\$ 50.0-55.0	+/- (30)
Net debt	\$ 16.7	\$ 12.0-17.0	+/- (15)
Assumptions			
WTI (US\$/Bbl)		\$ 71.50	
AECO (C\$/Mcf)		\$ 7.00	



MIDNIGHT
Oil Exploration Ltd.

SUMMARY AND HIGHLIGHTS

Midnight Business Model Delivers Results

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

Expanded Development and Exploration Prospect Inventory

- ◆ Large light oil potential at Red Earth
- ◆ High potential multi-zone gas success on Peace River Arch

Active program - Drilling, Completions and Tie-ins

- ◆ Continued successful drilling results
- ◆ Large behind pipe production adds coming on-stream

Quality Property Base and Large Prospect Inventory

- ◆ Over 200,000 net acres over 160 drilling locations

Increased Activity and Continued Success Generates Strong Momentum



MIDNIGHT
Oil Exploration Ltd.

CORPORATE INFORMATION

OFFICERS

Fred Woods

President and CEO

Judy Stripling

Vice-President, Finance and CFO

Thomas F. Moslow

Vice-President, Exploration

Andrew D. Weldon

Vice-President, Land

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

Website: www.midnightoil.ca

TSX LISTING

Trading Symbol: MOX

CONTACTS

Fred Woods, President & CEO

Judy Stripling, VP, Finance & 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