



MIDNIGHT

Oil Exploration Ltd.

Adjusted Cost Base

As outlined in the Information Circular and Proxy Statement with respect to a Plan of Arrangement (“Arrangement”) dated October 28, 2004, the shareholders[1] of Midnight Oil & Gas Ltd. (“Midnight”) sold their common shares for a Trust Note and Explorecoco Note. These notes were then used to purchase a Daylight Trust Unit and a Midnight Oil Exploration Share. The Midnight Oil Exploration Ltd shares' were subsequently consolidated on a 2 for 1 basis.

The estimated fair market value of the above notes, which were subsequently used to purchase one Daylight Energy Trust units and 0.5 Midnight Oil Exploration Ltd shares is as follows:

1 Trust Note (1 DAY.UN Unit)	\$ 9.65
1 Explorecoco Note (0.5 MOX share)	<u>\$ 0.75</u>
Total FMV	\$10.40

Although management of Daylight Energy Trust and the former management of Midnight believe that the above values represent a reasonable estimate using appropriate valuation procedures, they make no explicit or implicit representation as to their accuracy and note that the values are not binding on any party and, in particular, the values have not been accepted by or reviewed with CRA. Each former Shareholder should consult with their tax advisor for assistance.

[1] Shareholder of Midnight Oil & Gas Ltd exclude those shareholders that elected in prescribed form to receive exchangeable shares.