



# MIDNIGHT

Oil Exploration Ltd.

EXPLORING WITH ENERGY AND EXPERIENCE

***Solid Growth – Excellent Potential  
Light Oil Program Gains Momentum***

**CAPP 2006**

JUNE 2006



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## ***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 (<i>Since Inception</i>)</b>	\$3.06-\$4.98
<b>Shares Outstanding</b>	
Basic	42.3 MM
Fully diluted	45.5 MM
<b>Market Capitalization</b>	\$180-\$190 MM
<b>Management Ownership (fd)</b>	13.7 %

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

Proven high-end technical team with excellent business execution skills focused in high potential multi-zone areas. Excellent results driven by drill bit success and selective acquisitions – solid reserve growth, production growth and cash flow growth throughout commodity price cycle.



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## ***HIGHLIGHTS***

### **Solid Growth**

- ◆ Reserves up
- ◆ Production up
- ◆ Cash flow up

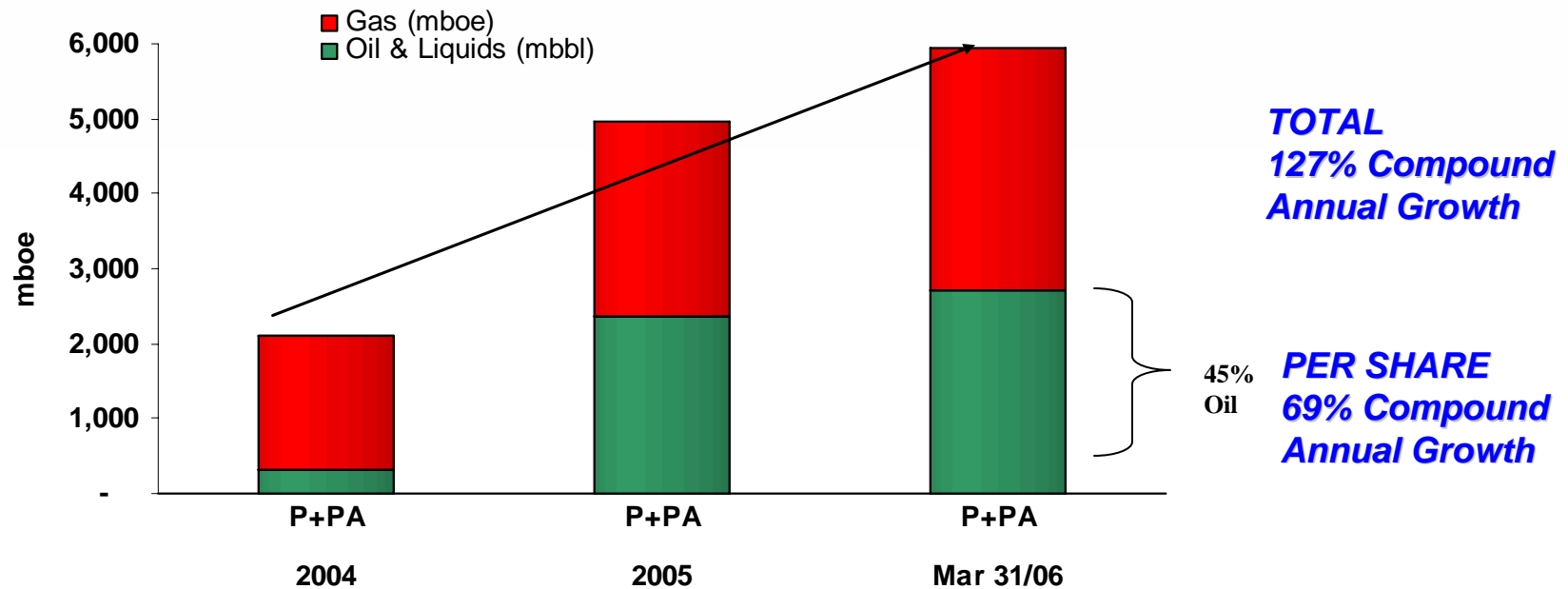
### **Excellent Potential**

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

***Increased Activity Deliver Results – Drilling Program Gains Momentum***



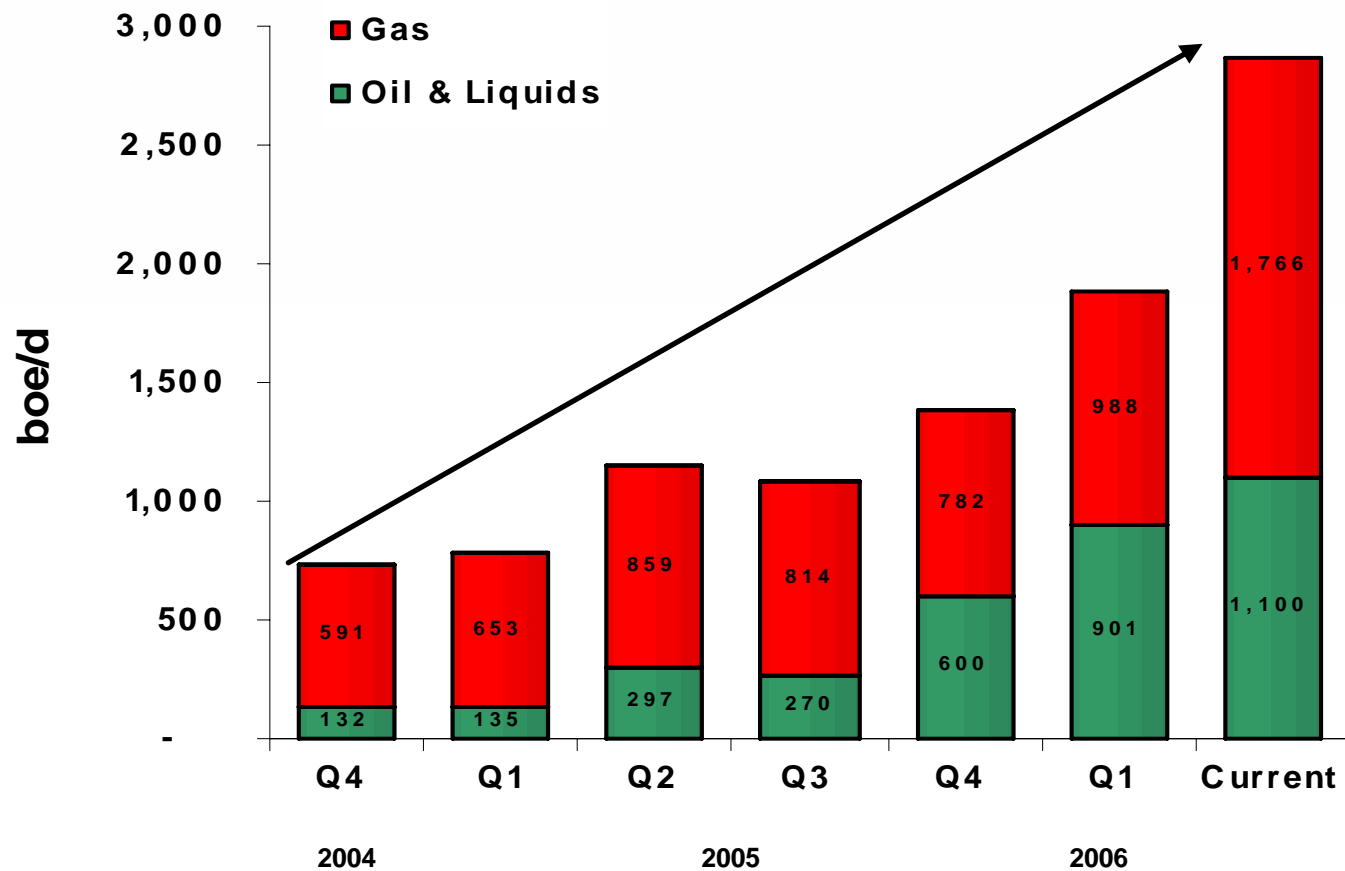
## ***SOLID GROWTH IN RESERVES***





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



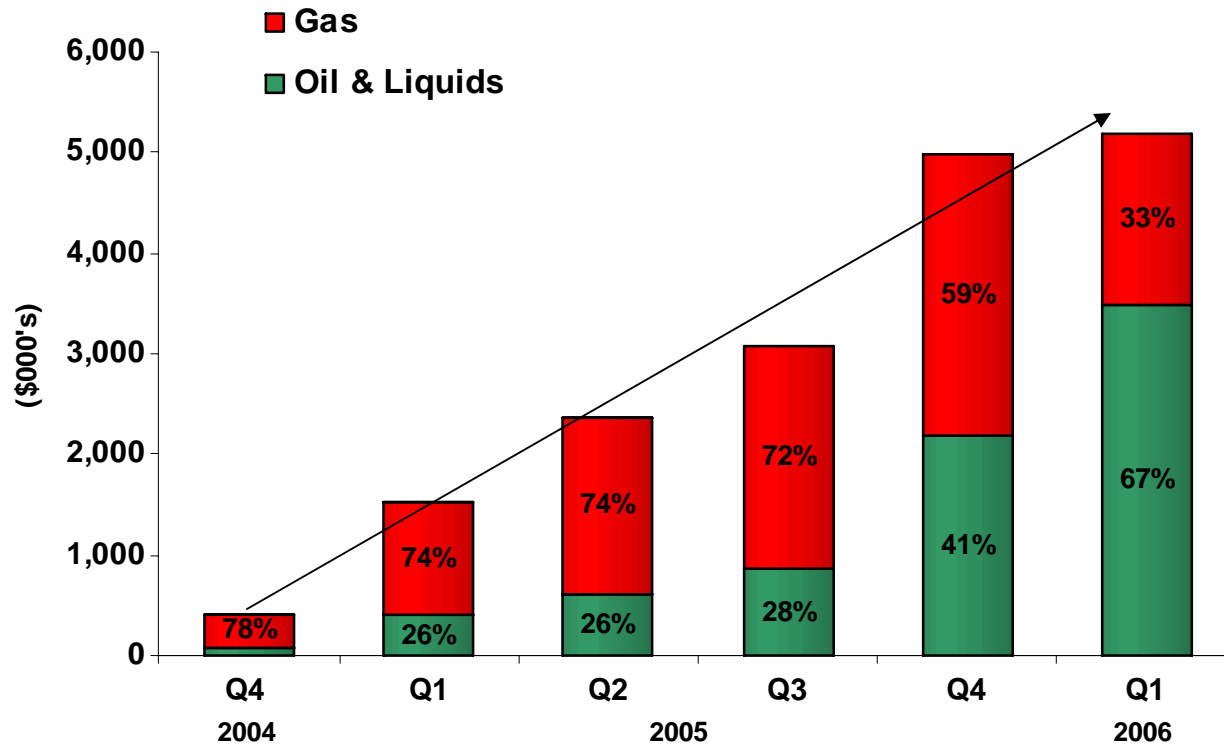
**TOTAL**  
**165% Compound**  
**Annual Growth**

**PER SHARE**  
**92% Compound**  
**Annual Growth**



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



**TOTAL**  
**686% Compound**  
**Annual Growth**

**PER SHARE**  
**349% Compound**  
**Annual Growth**



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

	<b>2006 Q1</b>	<b>2005 Q1</b>	<b>%Change</b>
<b>Reserves (mboe)</b>			
Proven	4,077	1,888	+116
Proven + Probable	5,930	2,589	+129
<b>Production</b>			
Natural Gas (mmcf/d)	5.9	3.9	+51
Oil & Liquids (bbls/d)	901	135	+567
Boe/d	1,889	788	+140
<b>Financial (thousands, except per share)</b>			
Cash flow	\$ 5,187	\$ 1,529	+239
per share (diluted)	\$ 0.13	\$ 0.06	+134

***Strong First Quarter 2006 Performance***



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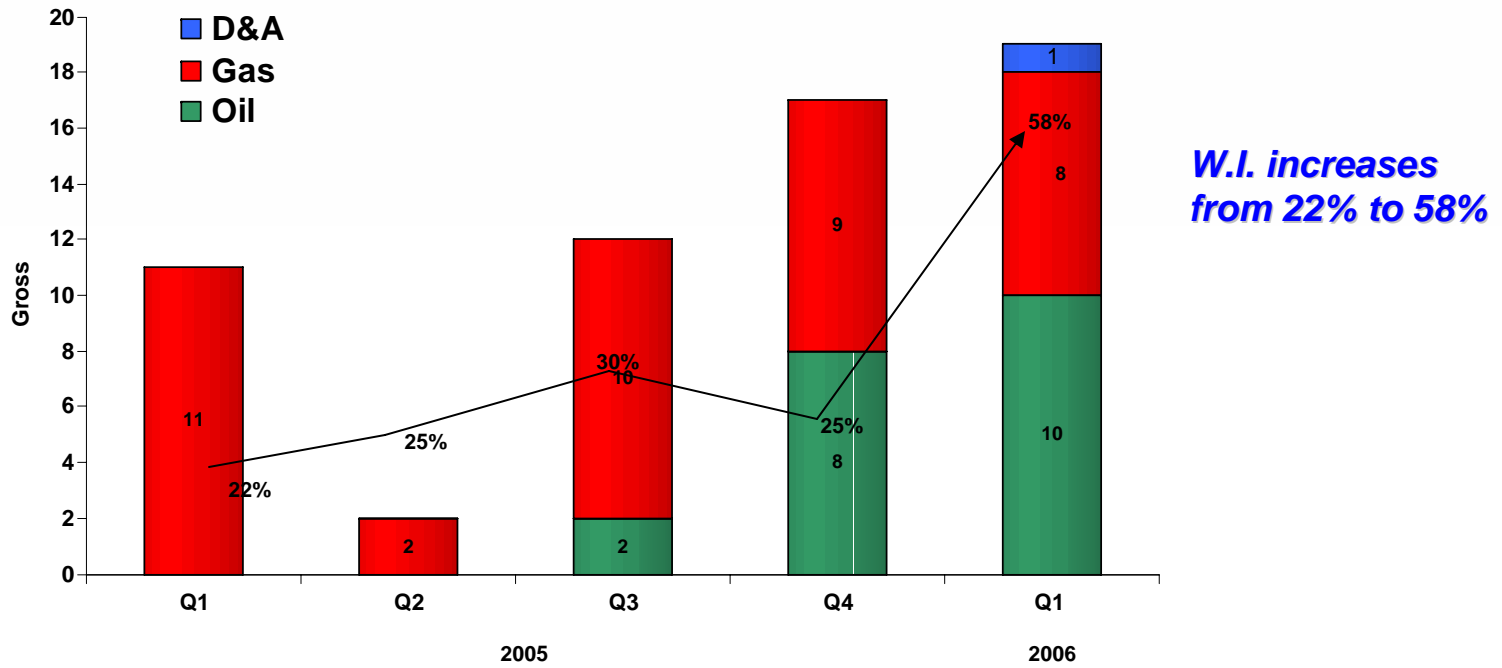
## ***DRILLING ACTIVITY INCREASES IN Q1***

<b>Area</b>	<b>Gas</b>	<b>Oil</b>	<b>Dry</b>	<b>Total</b>
	<b>Gross (Net)</b>			
Red Earth	-	10 (6.3)	-	10 (6.3)
Peace River Arch	4 (3.3)	-	1 (1)	5 (4.3)
West Central Alberta	4 (0.5)	-	-	4 (0.5)
<b>Total Q1 2006</b>	8 (3.8)	10 (6.3)	1 (1)	19 (11.1)
<b>All 2005</b>	32 (6.4)	10 (4.4)	0	42 (10.8)

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



## *WELLS DRILLED*



*Increased Working Interest – Increased Oil Focus*



## ***EXCELLENT POTENTIAL***

### ***Increased Activity Increases Momentum***

#### **Attributes**

Focused in multi-zone high potential area

Multi year light oil & liquids rich gas prospect inventory

Total acreage

- ◆ Gross 514,000
- ◆ Net 203,000

Operated drilling and production

Highly successful winter program

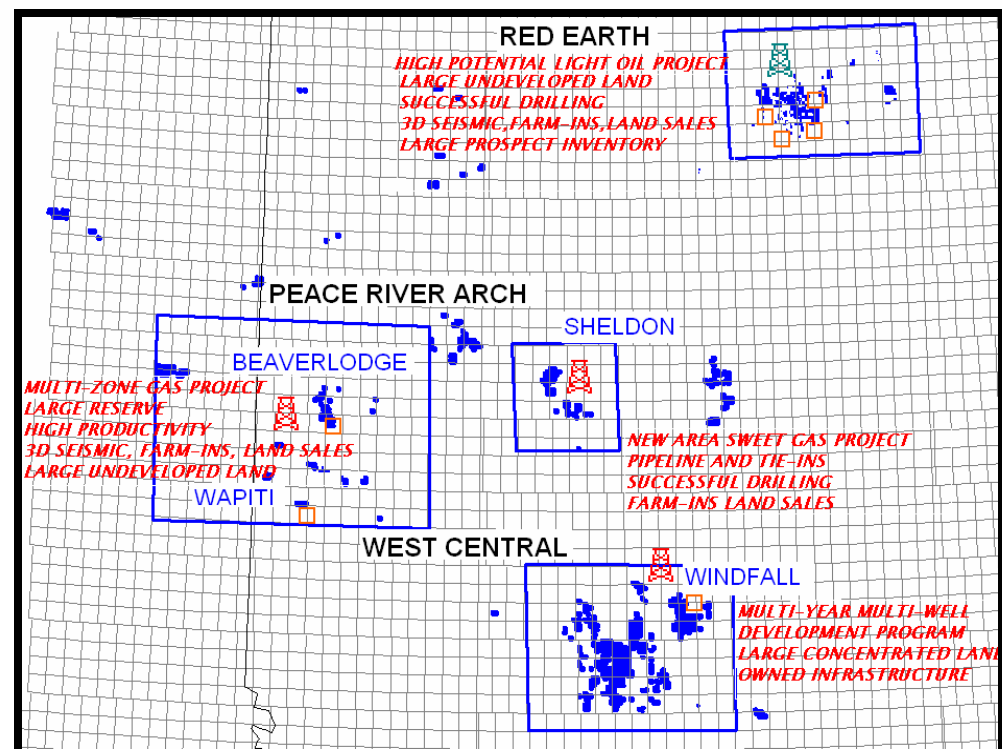
- ◆ Active drilling, 3D seismic, construction

Active summer/fall program

- ◆ Two drilling rigs lined up

2006 budget +/- \$50-55 million

Drilling inventory 140-175 gross wells





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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>	\$1.6	\$2.2
<b>Reserves (mboe)</b>	80-120	200-300
With waterflood	120-160	-
<b>F&amp;D (\$/boe)</b>	\$16.00	\$ 8.80
With waterflood	\$11.50	-
<b>Production (boe/d)</b>	90	150
<b>\$ per flowing barrel</b>	\$17,500	\$14,500
<b>Netbacks (\$/boe)*</b>	\$55.00	\$30.00
<b>Recycle ratio</b>	3.5-5.0	3.5

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

**\*Commodity prices: WTI US\$71.50/bbl, AECO C\$7.00/mcf and US\$/C\$0.90**



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## ***RED EARTH AREA***

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

#### **Attributes**

Working Interest: 25-100%

Large exploration/development project

Total acreage

◆ Gross 108,000

◆ Net 77,000

Operated drilling and production

Successful winter program - 18/18 oil wells

◆ Four 3D seismic programs, farm-ins, land acquisitions

◆ Pipeline and facilities construction

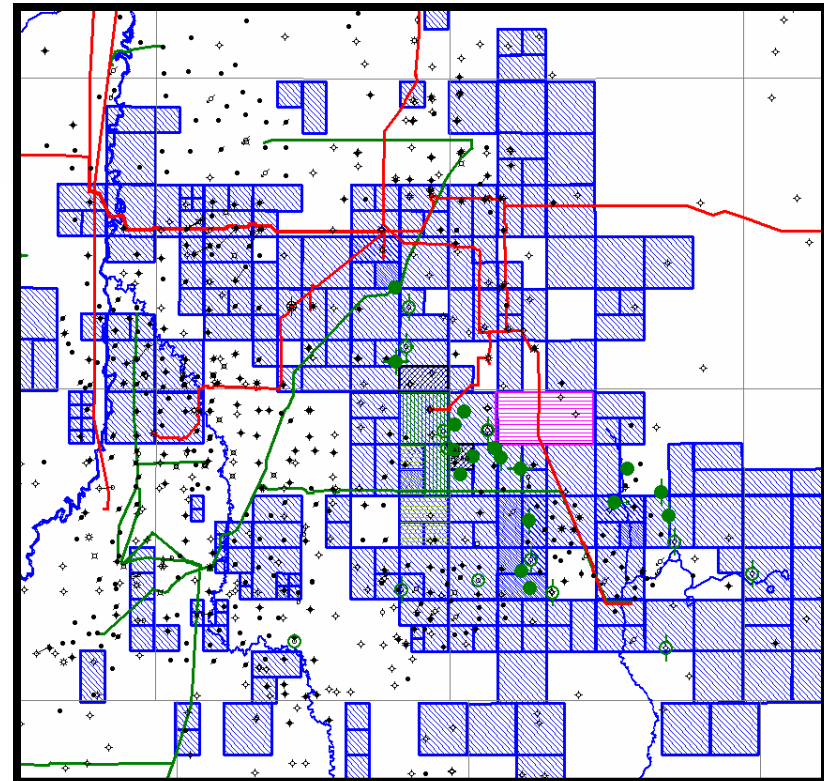
Summer program

◆ Active drilling – one rig

◆ Ongoing waterflood development

2006 budget +/- \$20 million

Drilling inventory 45-55 gross wells





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## ***PEACE RIVER ARCH***

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

#### **Attributes**

Working Interest: 25-100%

Large reserve high productivity

- ◆ 2-4 bcf, 2-5 mmcf/d

Total acreage (Peace River Arch)

- ◆ Gross 146,000
- ◆ Net 103,000

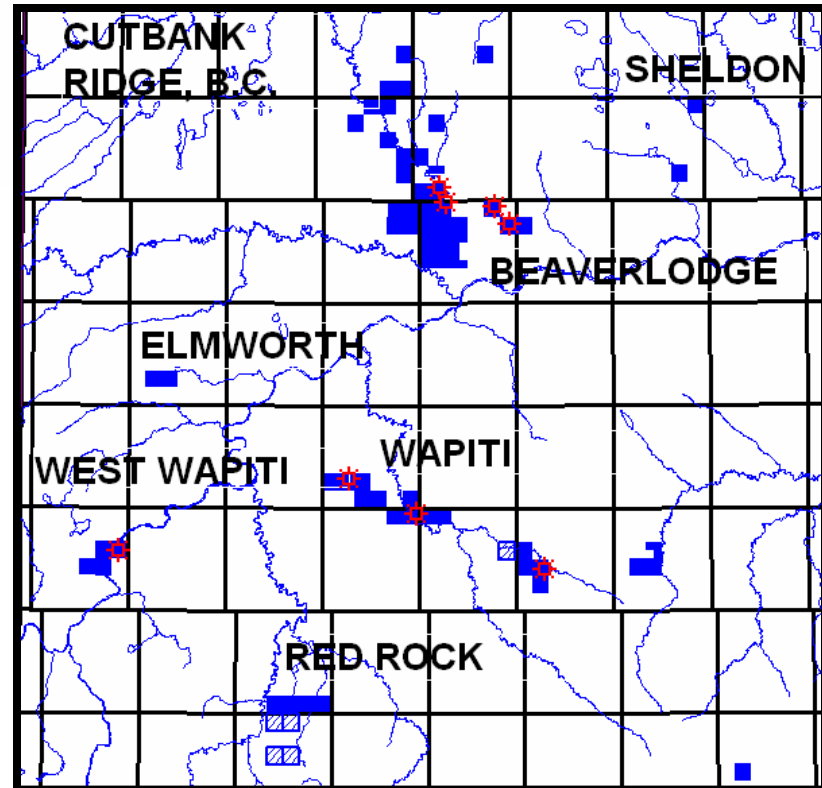
Successful winter program

Summer/fall program

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

2006 budget \$20-25 million

Drilling inventory 20-35 gross wells





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# *PEACE RIVER ARCH*

## **WAPITI**

### 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

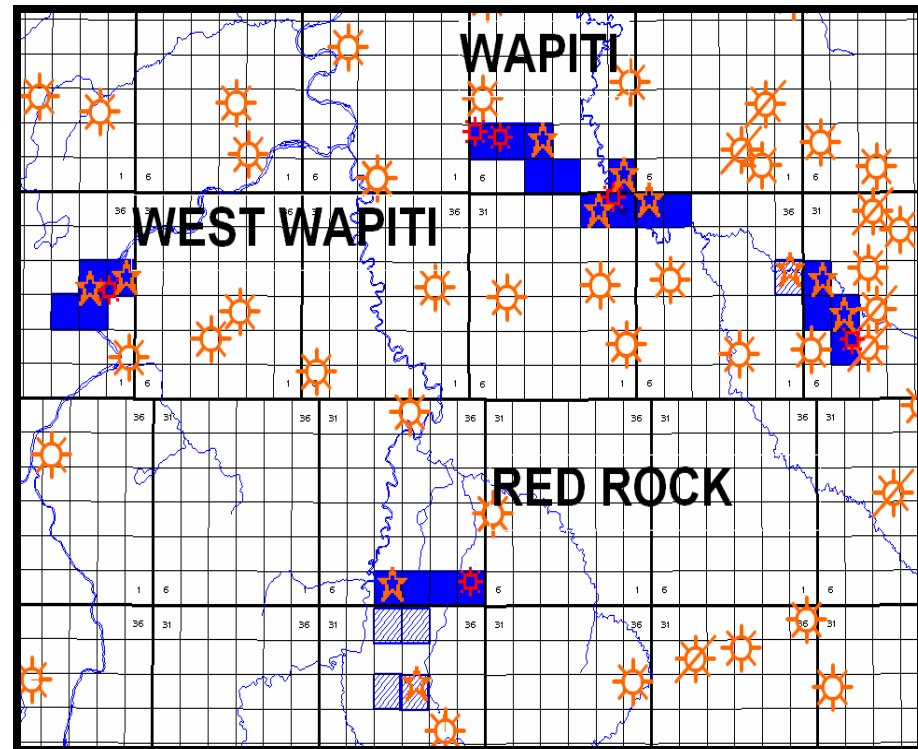
- Red Rock – high impact well

2006 budget \$10-15 million

Drilling inventory 10-15 gross wells

*High Potential Multi-Zone Gas Project*

*3 month (IP) Greater than 10 mmcfpd*





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## ***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

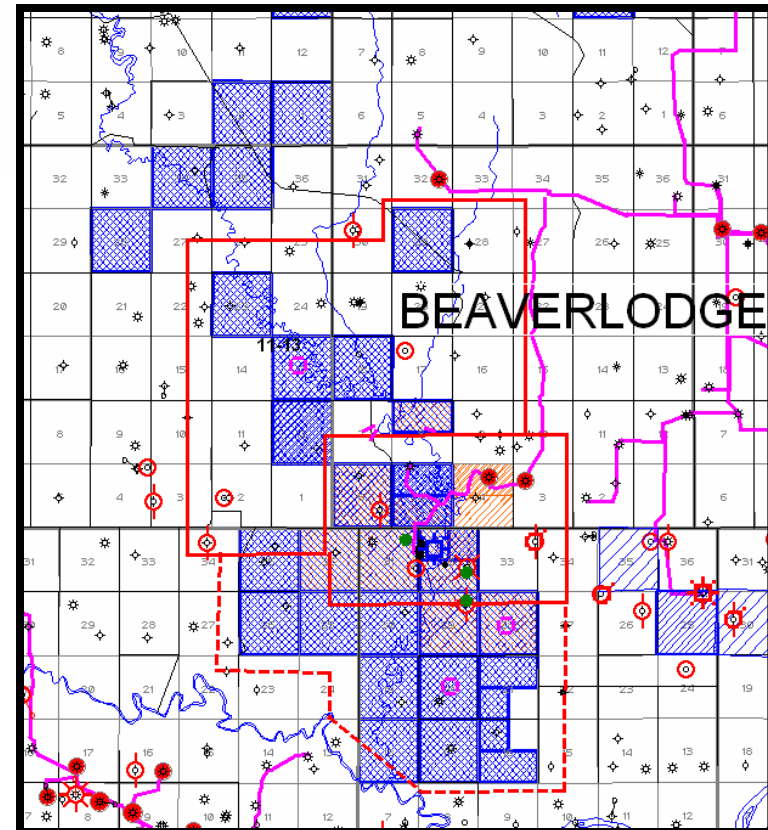
Summer/fall program

- ◆ Active drilling
- ◆ Halfway/Montney – high impact well
- ◆ Potential pipeline/facilities expansion

2006 budget \$5-7 million

Drilling inventory 5-10 locations

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





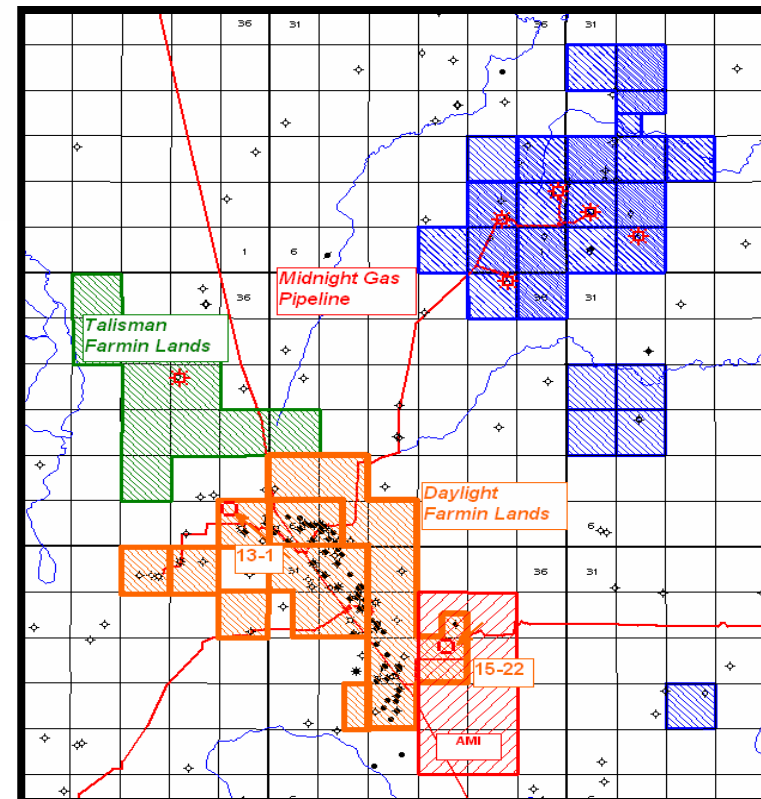
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## ***PEACE RIVER ARCH*** **SHELDON**

### ***New Area Sweet Gas Project***

#### **Attributes**

- Working Interest: 50-100%
- Successful, multi-zone exploration prospects
- New Midnight operated area
- Total acreage
  - 💧 Gross 20,000
  - 💧 Net 16,000
  - 💧 Farm-in lands 18,000
- Successful winter program
- Summer program
  - 💧 Three well drilling program
  - 💧 Farm-ins, facilities and tie-ins
- 2006 budget \$3-5 million
- Drilling inventory 5-10 locations





## ***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

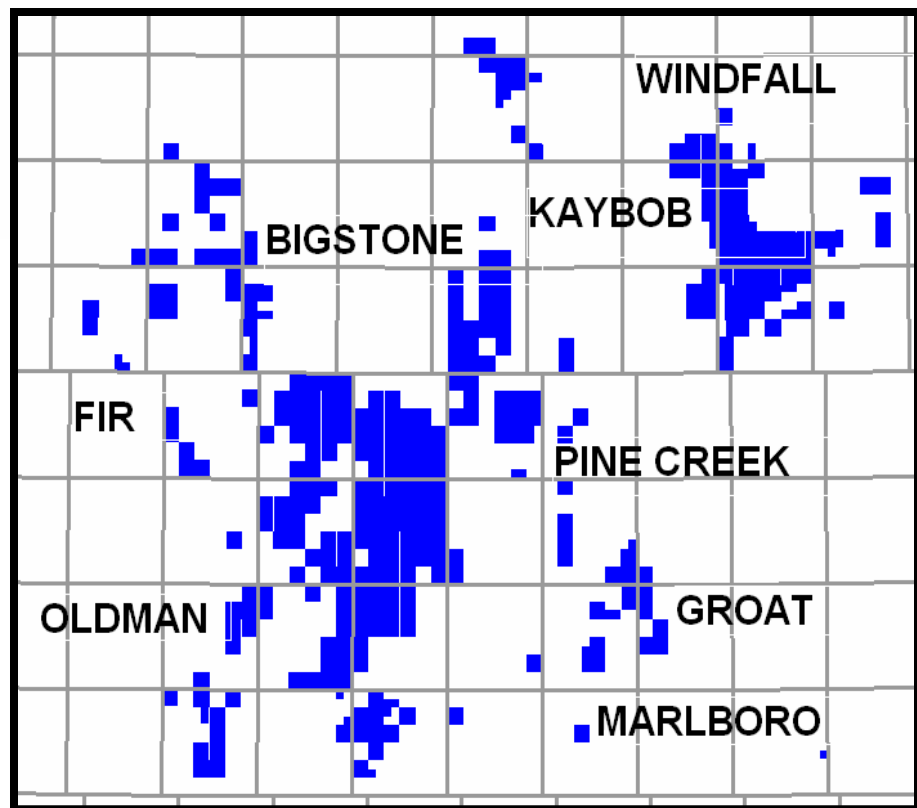
Summer program

- ◆ 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>	11,000	4,000	135,000	99,000	146,000	103,000
<b>West Central Area</b>	141,000	9,000	119,000	14,000	260,000	23,000
<b>Total WCSB</b>	167,000	24,000	347,000	179,000	514,000	203,000

*\* Acreage as at March 31, 2006*

*Large Undeveloped Land Holding with Large Prospect Inventory*



## ***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	20	16	+/- \$ 20
<b>Peace River Arch</b>				
<b>Deep Basin</b>	10-15	10	6	\$ 10-15
<b>Beaverlodge</b>	5-10	5	3	\$ 5-7
<b>Sheldon</b>	5-10	5	2	\$ 3-5
<b>Sub-Total Peace River Arch</b>	20-35	20	11	\$ 20-25
<b>West Central</b>	75-85	40	6	\$ 6-8
<b>Total</b>	140-175	80	33	+/- \$ 50

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



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

	<u>2005A</u>	<u>2006F</u>	<u>% Change</u>
<b>Production</b>			
Natural Gas (mmcf/d)	4.7	11.0-12.5	+/- 140
Oil & Liquids (bbls/d)	326	1,200-1,400	+/- 300
Boe/d	1,104	3,300-3,500	+/- 200
<b>Financial (millions, except per share)</b>			
Cash flow	\$ 12.0	\$ 37.5-42.5	+/- 225
- per share (diluted)	\$ 0.43	+/- \$ 0.90	+/- 110
Capital expenditures	\$ 28.8	\$ 50.0-55.0	+/- 80
Net debt	\$ 16.7	\$ 12.0-17.0	+/- (15)
<b>Assumptions</b>			
WTI (US\$/bbl)		\$ 71.50	
AECO (C\$/mcf)		\$ 7.00	



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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 127% per share 69%
- ◆ Production up– Total 165% per share 92%
- ◆ Cash flow up – Total 686% per share 349%

### **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**  
Vice-President & CFO

**Chad Kalmakoff**  
Vice-President, Finance

**Don Leitch**  
Vice-President, Operations

**Thomas F. Moslow**  
Vice-President, Exploration

**Peter O'Leary**  
Vice-President, Geology

**Martin Saizew**  
Vice-President, Engineering

**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**

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### **TSX LISTING**

Trading Symbol: MOX

### **CONTACTS**

Fred Woods, President & CEO

Judy Stripling, 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