



MIDNIGHT

Oil Exploration Ltd.

MIDNIGHT OIL EXPLORATION LTD. ANNOUNCES STRATEGIC COMBINATION OF MIDNIGHT AND PROVIDENT ENERGY TRUST'S OIL AND GAS BUSINESS UNIT

Calgary, Alberta – (Marketwire – April 19, 2010) Midnight Oil Exploration Ltd. ("Midnight" or the "Company") (MOX-TSX) is pleased to announce that it has entered into an arrangement agreement (the "Arrangement Agreement") with Provident Energy Trust ("Provident") (PVE.UN-TSX) that provides for a synergistic and strategic combination of Midnight and Provident's upstream oil and gas business unit ("Provident Energy Resources Inc." or "PERI") to form a new, growth oriented, intermediate sized, commodity balanced producer with exposure to a large portfolio of resource plays.

The transaction will create a new TSX listed, intermediate oil and gas producer ("NewCo"). NewCo will have production of approximately 13,000 boe/d (34% oil and natural gas liquids), 60 million boe of proved plus probable reserves (43% oil and natural gas liquids) and over 500 identified drilling locations to pursue. NewCo will be run by the current management team of Midnight, led by Mr. Fred Woods, current President and CEO of Midnight. This management team has operated oil and gas companies from start-up to daily production of over 35,000 boe/d. The combination will be effected by way of a plan of arrangement under the Business Corporations Act (*Alberta*) (the "Arrangement"). The Board of Directors of Midnight and Provident have both unanimously approved the Arrangement.

Under the terms of the Arrangement Agreement, each Provident unitholder will directly receive 0.12225 shares of NewCo for every unit of Provident held and each Midnight shareholder will receive 0.1 shares of NewCo for every share of Midnight held. The exchange ratios incorporate a planned 10:1 consolidation of Midnight shares pursuant to the terms of the Arrangement immediately prior to the issuance of the NewCo Shares. Midnight shareholders will own approximately 19% of the pro-forma entity with Provident unitholders directly owning approximately 81%.

Fred Woods commented, "This transaction provides tremendous value and opportunity to Midnight shareholders. The synergies from the combination of the two entities creates a win/win transaction for both groups of equity holders. The transaction effectively results in Midnight shareholders receiving a significant premium of 56% based on PERI's net asset value and Midnight's recent trading price of \$1.05. The free cash flow that PERI's long life, low decline asset base generates can now be re-invested in Midnight's high growth asset base. The transaction is highly accretive to Midnight shareholders on per share metrics and represents excellent value in the context of recent transaction metrics. NewCo's free cash flow and increased size will better enable us to efficiently and effectively develop our Deep Basin resource opportunities which were a challenge at Midnight's existing size and given current natural gas prices. PERI's assets also provide

access to an extensive network of gas plants and processing infrastructure. NewCo will also be a more commodity balanced entity with one third of production being oil and liquids and we also benefit from additional oil resource plays.”

Transaction Rationale

The proposed combination allows Midnight shareholders and Provident unitholders to participate in a new, growth oriented, commodity balanced, intermediate producer. The combined entity has significant resource exposure and access to a suite of low-risk development opportunities. Midnight’s expansive Deep Basin resource opportunities and PERI’s long-life, low decline assets will provide critical mass and cash flow to allow NewCo to aggressively exploit its prolific resource inventory.

NewCo Strategic Attributes

- An experienced, proven management team with a track record of successful exploration and development of both conventional and resource plays;
- A stable, low decline production base of approximately 13,000 boe/d⁽¹⁾ (34% oil and liquids);
- Annualized pro forma funds from operations of over \$90 million⁽²⁾ (55% from oil and liquids)
 - Pro forma operating netback of approximately \$23/boe, operating costs of \$13/boe and royalties of 18% of revenues;
- Balance sheet flexibility with net debt of \$155 million relative to an expected credit facility of \$220 million;
- Proven plus probable reserves of 60 million boe⁽³⁾ (43% oil and liquids);
- Total proven reserves of 36 million boe⁽³⁾ (37% oil and liquids);
- Long life asset base with a proven plus probable reserve life index of 12.6 years;
- Portfolio of top-tier resource opportunities:
 - Multi-zone (Cadomin, Nikanassin, Falher) opportunities in the Deep Basin
 - Montney potential in the Peace River Arch
 - Large OOIP, light oil pool at Dixonville
 - Slave Point oil horizontal multi-stage frac potential at Red Earth
 - Large oil potential in Northwest Alberta;
- Significant net undeveloped land inventory of over 334,000 net acres;
- Prospect inventory of over 500 locations; and
- Ownership and operatorship of key strategic infrastructure throughout all its operating areas.

Key Pro forma Operating and Financial Information of NewCo

Shares outstanding (mm)		40
Net Debt (mm)	\$	155
Expected Credit Facility (mm)	\$	220
Cash Flow (mm) ⁽²⁾	\$	90

Production (boe/d)	13,000
Netback (\$/boe) ⁽²⁾	\$ 23
Proven Reserves (mmboe) ⁽³⁾	36
Proven plus Probable Reserves (mmboe) ⁽³⁾	60
NPV 10% of Proved Plus Probable Reserves before tax (mm) ⁽³⁾	\$ 758
Net Undeveloped Land (000 acres)	334
Net Asset Value/share ⁽³⁾⁽⁴⁾	\$ 16

- 1) BOEs may be misleading, particularly if used in isolation. A BOE conversion of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
- 2) Based on estimated commodity prices in 2010 of US\$85.00 per barrel WTI, C\$4.65 per mcf gas AECO and an exchange rate of 0.975 US\$/C\$.
- 3) Reserves are effective December 31, 2009 and are an internal evaluation based on a combination of NI 51-101 compliant reserve reports as evaluated by qualified independent reserves evaluators.
- 4) Net asset value based on total proved plus probable reserves discounted at 10%, net debt of \$155 million and undeveloped land valued at \$125/acre.

TRANSACTION METRICS

The transaction is highly accretive to Midnight shareholders including 12% on cash flow per share, reserves per share (99% on proved developed producing, 22% on proven and 12% on proven plus probable), and 4% on net asset value per share. As part of the transaction, NewCo will pay Provident \$120 million from its expected credit facility. Based on Midnight's closing price on April 19, 2010 of \$1.05 per share and \$120 million cash to be paid to Provident pursuant to the Arrangement, the total transaction value is approximately \$460 million. Excluding \$27 million in value attributed to land and other assets, the transaction metrics equate to:

• Price per flowing boe/d (10,500 boe/d)	\$ 41,311
• Price per proved boe (30.4 million boe)	\$ 14.27
• Price per proved plus probable boe (49.7 million boe)	\$ 8.73

These metrics are attractive to Midnight shareholders in the context of current commodity prices and recent comparable transactions.

MANAGEMENT AND GOVERNANCE

Fred Woods, currently President and Chief Executive Officer of Midnight, will continue as NewCo's President and Chief Executive Officer with the remainder of the executive team to be comprised primarily of Midnight's existing management. NewCo will have a high-end technical and highly experienced team who will be focused on exploring and exploiting NewCo's extensive asset base. The board of directors of NewCo will be comprised of seven members including four representatives from Midnight, of which one of the appointees will be Fred Woods, who will also assume the role of Chairman, and three representatives from Provident of which one of the appointees will be Tom Buchanan (President and CEO of Provident Energy Trust), who will also assume the role of Lead Director of NewCo.

This executive team brings a successful track record of executing value added acquisitions and executing successful exploitation, exploration and development programs, while maintaining sound financial management and strict cost controls that NewCo will rely on for future development.

Fred Woods
President & CEO

Mr. Woods has over 30 years industry experience in acquisitions, exploration, exploitation, and negotiations and is currently President & CEO of Midnight. Midnight was created along with Daylight Energy Ltd. through the combination of Midnight Oil & Gas Ltd. and Vintage Petroleum Canada which was orchestrated by Mr. Woods and his team. Prior to founding Midnight Oil & Gas Ltd., Mr. Woods was President & COO of Ulster Petroleums Ltd. where he was responsible for the company's growth from 3,000 boe/d to 35,000 boe/d before its ultimate sale to Anderson Energy Ltd.

Judy Stripling
Executive Vice-President
& CFO

Ms. Stripling is a chartered accountant with over 25 years of experience and was a co-founder of Midnight Oil & Gas Ltd. and participated in the growth of the company from inception to 3,500 boe/d and assisted with the reorganization of Daylight Energy Trust. Prior to her role at Midnight Oil & Gas Ltd., Ms. Stripling was Vice President Finance and Chief Financial Officer at Ulster Petroleums Ltd. where she had responsibility for all finance, tax, treasury, corporate accounting, information systems and marketing functions and participated in the growth of the company from 1,500 boe/d to 35,000 boe/d to an intermediate public corporation.

Dale Miller
Vice-President & Chief
Operating Officer

Mr. Miller is an engineer with over 27 years of domestic oil and gas experience. Prior to joining Midnight, Mr. Miller was Vice President Operations and Engineering at Gibraltar Exploration Ltd. where he was responsible for growing the company through the drill bit to a production level of 3,500 boe/d. Prior to Gibraltar, Mr. Miller spent the majority of his 10 years at Penn West Petroleum Ltd. as Vice President Operations & Engineering where he participated in the growth of the company from 1,500 boe/d to 100,000 boe/d.

Tom Moslow
Senior Vice-President,
Exploration

Dr. Moslow is a petroleum geologist with a PhD. in Geology from the University of South Carolina and a M.S. in Geology from Duke University and has over 29 years of experience. Dr. Moslow is co-founder of Midnight Oil & Gas Ltd. and has continued on as Senior Vice-President Exploration in Midnight Oil Exploration Ltd. He was Chief Geologist and Vice President New Ventures and Technology at Ulster Petroleums Ltd. an intermediate public corporation.

BOARD RECOMMENDATIONS

The board of directors of Midnight and Provident have unanimously approved the Arrangement and have concluded that the transaction is in the best interest of Midnight shareholders and Provident unitholders, respectively, and each has resolved to recommend that shareholders of Midnight and unitholders of Provident, respectively, vote their respective shares/units in favour of the proposed transaction. The management and board of Midnight and board of Provident have agreed to vote their securities in favour of the proposed combination.

Both Midnight and Provident have agreed that they will not solicit or initiate any discussions concerning the sale of material assets or the pursuit of any other business combination. Provident has agreed to pay a non-completion fee of \$12 million to Midnight in certain circumstances and Midnight has agreed to pay a break fee of \$5 million to Provident in certain circumstances. Each party has the right to match any competing superior proposal for the other, in the event such a superior proposal is made.

National Bank Financial Inc. has provided Midnight's board of directors with its verbal opinion that the consideration to be offered by Midnight in connection with the terms of the Arrangement is fair, subject to its review of the final form of the documents effecting the Arrangement, from a financial point of view, to Midnight shareholders.

ADVISORS

National Bank Financial Inc. and Cormark Securities Inc. are acting as financial advisors to Midnight. Paradigm Capital Inc. is acting as strategic advisor to Midnight.

TD Securities Inc. is acting as financial advisor and Morgan Stanley & Co. Incorporated is acting as strategic advisor to Provident in connection with the Arrangement with Midnight. Both TD Securities Inc. and Morgan Stanley & Co. Incorporated provided the Board of Directors of Provident Energy Ltd. with fairness opinions indicating that the consideration to be received by Provident unitholders under the Arrangement Agreement is fair, from a financial point of view, to holders of Provident units.

INFORMATION CIRCULAR

The Arrangement requires the approval of Midnight shareholders and Provident unitholders, as well as court, Toronto Stock Exchange and regulatory approvals that are typical of transactions of this nature. A joint management information circular and proxy statement outlining the details of the Arrangement will be mailed to Midnight Shareholders in mid May 2010 in connection with special meetings of Midnight shareholders and Provident unitholders to be called to consider and vote on the proposed Arrangement, which meetings are expected to occur on or about June 30, 2010. To be implemented, the Arrangement must be approved by not less than 66^{2/3} percent of the votes cast by Midnight shareholders and Provident unitholders voting at the applicable meetings. Closing of the Arrangement is anticipated on or about June 30, 2010.

Forward Looking Statements: This press release contains certain forward-looking statements and forward looking information (collectively referred to herein as "forward looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. In some cases, forward looking statements can be identified by terminology such as "may", "will", "should", "believes", "expects", "intends", "projects", "plans", "anticipates", "positions", "potential", "objective", "continuous", "ongoing", "estimates" or "contains" or similar words or the negative thereof. In particular, this press release contains forward looking statements relating to:

- the estimated production of NewCo,
- the estimated reserves of NewCo,
- the estimated pro-forma funds from operation of NewCo,
- the expected credit facility available to NewCo
- the anticipated number of wells and completions to be carried out,
- the anticipated replacement production from our new completions,
- the anticipated court, stock exchange, regulatory and security holder approvals of the transaction, and
- the anticipated closing of the transaction.

These statements represent management's expectations or beliefs concerning, among other things, future capital expenditures and future operating results and various components thereof or the economic performance of Midnight and include, without limitation, statements with respect to the future financial position, business strategy, budgets, projected costs and plans, objectives of or involving Midnight or any of its respective affiliates; access to credit facilities; capital taxes; income taxes; commodity prices; administration costs; commodity price risk management activities; expectation of future production rates and components of cash flow and earnings. Actual events or results may differ materially. The projections, estimates and beliefs contained in such forward-looking statements are based on management's estimates, opinions and assumptions at the time the statements were made including assumptions relating to the production performance of Midnight's oil and gas assets, the cost and competition for services throughout the oil and gas industry in 2010 and beyond and the continuation of the current regulatory and tax regime in Canada, and necessarily involve known and unknown risks and uncertainties which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted. Midnight does not undertake to update any forward-looking information contained in this press release whether as to new information, future events or otherwise except as required by securities rules and regulations. Barrels of Oil Equivalency: Barrels of oil equivalent (BOE's) may be misleading, particularly if used in isolation. In accordance with NI 51-101, a BOE conversion ratio for natural gas of 6 Mcf:1 bbl has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

FOR FURTHER INFORMATION PLEASE CONTACT:

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