



MIDNIGHT

Oil Exploration Ltd.

Q3 2009

MIDNIGHT OIL EXPLORATION LTD. IS PLEASED TO ANNOUNCE Q3 2009 RESULTS

PRESS RELEASE - CALGARY, ALBERTA - (Marketwire – November 5, 2009) – Midnight Oil Exploration Ltd. (TSX: MOX) (“Midnight” or the “Company”) today announces its financial and operating results for the three and nine months ended September 30, 2009.

Midnight Oil Exploration Ltd. is pleased to announce the results for the third quarter of 2009. Midnight has built a tremendous opportunity base in a world class natural gas resource play in the Deep Basin area of Alberta. We continue to pursue a measured approach to this opportunity within our current environment of soft natural gas prices and uncertain capital markets. We are patiently deploying capital while restricting and delaying production additions and enhancements to minimize low value gas sales. As a result, our production averaged 1,812 barrels of oil equivalent (“boe”) per day for the quarter. Significant behind pipe production exists as related production optimization projects continue to be postponed.

Our watchful and managed capital spending also produced our 7th consecutive quarter of operating cost reductions contributing to cashflow of \$1.6 million or \$0.03/share. During the quarter we added significant financial flexibility as we closed a bought deal financing in September that raised \$17.6 million which reduced our net debt to \$9.9 million on a borrowing base of \$35 million. Notwithstanding the challenges of our current climate, we are optimistic for the future based on the success of our program as we continue our drive for capital efficiencies in exploiting the large natural gas resource base we have built.

During the third quarter we focused our program in the Bilbo area and continued work to fulfill our earning obligation. Overall we have drilled six wells to date on this farm-in and have completed and placed three wells (0.9 net) on restricted flow. During the quarter we conducted multi-zone multi-stage fracture completions on two (0.6 net) wells drilled during the previous winter program. The results from these vertical Cadomin Nikanassin completions were in the high end of our expected range of 3 – 5 mmcf/d. These are the fourth and fifth wells we have completed and have been obtaining progressively better results as we apply knowledge and experience gained from this play. We are now working on the multi-zone multi-stage fracture completion of our sixth well and late in the quarter spud a horizontal Cadomin well that is offsetting our best well drilled in the Bilbo area.

Continued weak natural gas prices were impactful on our activities as we restricted our capital program limiting investment to \$4 million in Q3 2009. In addition, we restricted production through the deferral of a number of routine operations including removing the bottom hole choke on one well, completing uphole zones from producing wells and adding field compression to increase gas production. These optimization options are still available and will be pursued in Q4 2009 and Q1 2010 when we anticipate stronger natural gas prices.

Midnight has built a world class natural gas opportunity base and through a planned and paced program has assembled a range of development opportunities. Midnight was early to identify the “game changing” impact that technology and resource plays would have on the North American natural gas business. In anticipation, we announced our Deep Basin Tight Gas initiative and put in place an interdisciplinary team to conduct research, data gathering, detailed evaluation and analysis to determine the prospects and the potential. Based on this analysis, we put in place a business strategy to focus in our historical core area of the Deep Basin where the Cadomin and Nikanassin formations are the resource target and the uphole multi-zone potential of the conventional reservoirs contribute additional economic benefit. Our strategy to focus on building the Deep Basin Resource Play has been planned to be flexible and opportunistic. Over the past 18 months we have been aggressive to secure lands and prudent and practical in our program to validate and prove the potential in this area. As a result, we have been extremely successful and have built a proven and unequalled long-term high potential resource play. Midnight is exposed to over 94,000 gross acres of mineral rights in the Deep Basin area of Alberta and British Columbia. We now have the flexibility to patiently and selectively place and space our development for the next several quarters and several years. The unique characteristics of this sweet gas development make it a key and core area for many industry majors that contribute to its evaluation as a top tier resource play among other resource plays in North America.

Each of our core areas in the Deep Basin are at different stages on our project development model. At Elsworth, we are furthest along having significantly de-risked this play and have evolved to drilling horizontal Cadomin wells and downspacing. We hold 9 gross (5 net) highly prospective sections and have received government approval to down space up to four wells per section. Our first round of horizontal Cadomin wells at Elsworth produced at initial rates of 3 – 5 mmcf/d gross per well. We plan to drill an additional long reach (over 1,000 meter) Cadomin Horizontal well in Q4 2009 and also plan to complete 5 uphole zones in one of our initial wells that is currently only producing from the horizontal Cadomin. These wells are currently producing at a restricted rate and we plan to install additional compression to allow the wells to flow at greater sustained rates. We are very pleased with our results and excited about prospects on this acreage base which targets the high potential stacked uphole Cretaceous reservoirs and the tight gas conglomerate of the Cadomin. With approved down spacing, this acreage provides substantial future development for Midnight.

At Bilbo we are at the early stage of development and are driving increasingly better results. We have elected to drill and complete our seventh farm-in well in this area which will complete our farm-in obligations and will conclude our earning on a total of 42 gross (12.6 net) sections of land in this stacked multi-zone resource play. Based on our successful drilling results and additional mapping that we submitted to the Crown, we successfully continued all of these lands for another year. The drilling results and the successful continuation allows Midnight and our partners additional time to further develop these prized mineral rights. As mentioned, we are getting progressively improved results from our program and during the quarter we completed two more wells with each well flowing at rates of between 4 – 5 mmcf/d. We are currently completing the sixth well in the Nikanassin which tested at rates of over 2 mmcf/d from the upper portion of this zone. We have 5 additional uphole zones that will also be completed. Due to soft gas prices we delayed the tie-in of these wells but have recently commenced the field work to place these wells on stream in Q4 2009 and Q1 2010. This is an area of active drilling by industry as a partner and competitor has drilled over 25 Cadomin Nikanassin wells over the past year with a further seven well program planned for the winter. Despite flow restrictions we are experiencing in the early stages of this development, we have been very encouraged by our results and are currently working with third parties in the area to ensure that we have adequate take-away capacity to produce these wells at unrestricted rates.

At Chinook Ridge we plan to significantly expand our drilling, land and production this winter. Third quarter operations have been delayed due to weather and accordingly we have not been able to commence our drilling program. Midnight has some flexibility as to timing and plans on drilling, re-entering and deepening up to five wells on its resource base in this area over the winter. These wells target the stacked resource plays of the Nikanassin and Cadomin along with the uphole conventional Cretaceous sands. These wells are a follow up to our highly successful (2-3 mmcf/d) Nikanassin well drilled on this acreage during last winter's program. Based on our results to date and significant amount of area activity we are very excited about the potential of this area. Shortly after the end of the quarter, Midnight added to its natural gas resource base by entering into a farm-in agreement with a major company exposing Midnight to an additional 24 gross sections of land.

Midnight's balanced production and revenue base, its high-end technical teams, its proven business execution skills and its enviable opportunity base for the scaleable development of its Deep Basin Resource Play are the foundation for a bright future. We are optimistic about the long term outlook for commodity prices despite the recent corrections. In this light, Midnight believes that the light oil from Red Earth along with the sweet gas from the Deep Basin expanding opportunity base will deliver solid returns to our shareholders.

As stated previously, we consciously curtailed production during the low gas price environment of the last several quarters. The Company is not anticipating any production additions until late Q4 2009 when we complete construction of facilities and pipelines for the wells we completed this summer and when we anticipate performing some production optimizations. These planned delays with our Elsworth program and current capacity restrictions at Bilbo will likely result in lower Q4 2009 average production and defer our forecast exit rate of 2,500 to 3,000 boe/d into the first quarter of 2010.

The economics for drilling in the Deep Basin remain very robust and benefit from the drilling credits provided under the Alberta Drilling Royalty Credit Incentive Program. This program provides a drilling credit of \$200 per meter drilled (average measured well depth of 3,500 meters) and the New Well Royalty Incentive Program provides a five percent royalty for the first year of production up to 500 mmcf.

We are on track to invest approximately \$40 million in our capital program in 2009. Our primary focus has been on building our inventory and proving up the resource play concepts on the Cadomin and Nikanassin in our core area of the Deep Basin. We are very well positioned with our lands in key and strategic areas as each of our Deep Basin areas has been very active and competitive for industry overall.

Midnight's balanced production and revenue base, its high-end technical teams, its proven business execution skills and its enviable opportunity base for the scaleable development of its Deep Basin Resource Play are the foundation for a bright future.

Midnight remains optimistic about the long term outlook for commodity prices. In this light, Midnight believes that the light oil from Red Earth along with the sweet gas from the Deep Basin expanding opportunity base will deliver solid returns to our shareholders.

Midnight is a top quality junior exploration company with a high-end technical team and a proven track record. Our balanced sweet gas and light oil production base, our strong balance sheet and our tremendous Deep Basin Resource Play prospect inventory positions us well for the future. Common shares of Midnight are listed on the Toronto Stock Exchange under the symbol MOX.

Copies of the interim consolidated financial statements and Management's Discussion and Analysis in respect thereof for the three and nine months ended September 30, 2009 are being filed with Canadian securities regulators today and will be available on SEDAR and can be accessed at www.sedar.com or by visiting Midnight's website at www.midnightoil.ca.

Q3 2009 and YTD 2009 financial and operational highlights with comparative data are as follows:

Financial (000's, except for per share amounts)	Q3 2009	Q3 2008	Q2 2009	YTD 2009	YTD 2008
Petroleum and natural gas sales	\$ 5,506	\$ 14,930	\$ 6,371	\$ 17,025	\$ 41,749
Royalties	1,340	3,171	1,293	3,953	9,279
Operating expenses	1,472	1,934	1,770	4,655	5,971
Transportation expenses	43	80	54	148	401
Netback	\$ 2,651	\$ 9,745	\$ 3,254	\$ 8,269	\$ 26,098
G&A – cash charge	897	1,453	1,066	2,534	3,281
Interest	173	369	150	377	1,115
Other income	-	-	(16)	(39)	(142)
Funds from operations	\$ 1,581	\$ 7,923	\$ 2,054	\$ 5,397	\$ 21,844
Per share – Basic	0.03	0.17	0.04	0.10	0.46
– Diluted	0.03	0.17	0.04	0.10	0.46
Net income (loss)	\$ (3,190)	\$ 1,647	\$ (3,668)	\$ (8,765)	\$ 3,829
Per share – Basic	(0.06)	0.03	(0.06)	(0.16)	0.08
– Diluted	(0.06)	0.03	(0.06)	(0.16)	0.08
Petroleum and natural gas additions	\$ 4,043	\$ 6,417	\$ 4,081	\$ 32,409	\$ 22,744
Net debt	9,907	29,536	23,944	9,907	29,536
Total assets	166,386	172,180	169,471	166,386	172,180
Shares outstanding					
Basic	75,335	47,423	57,885	75,335	47,423
Diluted	80,634	53,591	62,053	80,634	53,591
Operations	Q3 2009	Q3 2008	Q2 2009	YTD 2009	YTD 2008
Average daily production					
Natural gas (mcf/d)	7,064	6,097	9,004	6,986	5,713
Oil (bbls/d)	537	792	560	560	788
NGLs (bbls/d)	98	149	128	117	144
Combined (boe/d)	1,812	1,957	2,189	1,841	1,874
Average prices received					
Natural gas (\$/mcf)	\$ 2.85	\$ 8.64	\$ 3.45	\$ 3.66	\$ 9.03
Oil (\$/bbl)	68.62	121.45	63.30	59.54	114.54
NGLs (\$/bbl)	29.02	75.48	27.10	28.22	72.82
Combined (\$/boe)	\$ 33.02	\$ 82.91	\$ 31.99	\$ 33.87	\$ 81.30
Royalties	8.03	17.61	6.49	7.86	18.07
Operating expenses	8.83	10.74	8.89	9.26	11.63
Transportation expenses	0.26	0.44	0.27	0.30	0.78
Netback received (\$/boe)	\$ 15.90	\$ 54.12	\$ 16.34	\$ 16.45	\$ 50.82

Forward Looking Statements – Certain statements contained within this press release, and in certain documents incorporated by reference into this press release including our interim consolidated financial statements for the three and nine months ended September 30, 2009 and the Management's Discussion and Analysis thereon, constitute forward looking statements. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward looking statements. Forward looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements.

In particular, this press release and the documents incorporated by reference within contain the following forward looking statements pertaining to, without limitation, the following: Midnight's future production volumes and the timing of when additional production volumes will come on stream; Midnight's realized price of commodities in relation to reference prices; the Company's future commodity mix; future commodity prices; the Company's expectations regarding future royalty rates and the realization of royalty incentives; Midnight's expectation of reducing operating costs on a per unit basis; the relationship of Midnight's interest expense and the Bank of Canada interest rates; changes in general and administrative expenses; future development and exploration activities and the timing thereof; the future tax liability of the Company; the expected decrease the depletion, depreciation and accretion rate; the estimated future contractual obligations of the Company and the amount expected to be incurred under its farm-in commitments; the estimated future capital expenditures of the Company; the future liquidity and financial capacity of the Company; and its ability to fund its working capital and forecasted capital expenditures. In addition, statements relating to "reserves" or "resources" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future.

With respect to the forward looking statements contained in this press release and the documents incorporated by reference, Midnight has made assumptions regarding: future commodity prices; the impact of royalty regimes and certain royalty incentives, the timing and the amount of capital expenditures; production of new and existing wells and the timing of new wells coming on stream; future proved finding and development costs; future operating expenses including processing and gathering fees; the performance characteristics of oil and natural gas properties; the size of oil and natural gas reserves; the ability to raise capital and to continually add to reserves through exploration and development; the continued availability of capital, undeveloped land and skilled personnel; the ability to obtain equipment in a timely manner to carry out exploration and development activities; the ability to obtain financing on acceptable terms; the ability to add production and reserves through exploration and development activities; and the continuation of the current tax and regulation.

We believe the expectations reflected in those forward looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward looking statements included in, or incorporated by reference into, this press release should not be unduly relied upon. These statements speak only as of the date of this press release or as of the date specified in the documents incorporated by reference into this press release, as the case may be. The actual results could differ materially from those anticipated in these forward looking statements as a result of the risk factors set forth including: volatility in market prices for oil and natural gas; counterparty credit risk; access to capital; changes or fluctuations in production levels; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; stock market volatility and market valuation of Midnight stock; geological, technical, drilling and processing problems; limitations on insurance; changes in environmental or legislation applicable to our operations, and our ability to comply with current and future environmental and other laws; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; and the other factors discussed under "Risk Factors" in our Annual Information Form filed on SEDAR. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward looking statements contained in this press release and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The forward-looking statements contained in this document speak only as of the date of this document and Midnight does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws.

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