

IN THE MATTER OF THE *SECURITIES ACT*,

R.S.N.W.T. 1988, c.S-5

and

IN THE MATTER OF

MIDNIGHT OIL & GAS LTD.

DAYLIGHT ACQUISITION CORP.

DAYLIGHT ENERGY TRUST and

MIDNIGHT OIL EXPLORATION LTD.

EXEMPTION ORDER

UPON the application of Midnight Oil & Gas Ltd. ("**Midnight**"), Daylight Acquisition Corp. ("**AcquisitionCo**"), Daylight Energy Trust (the "**Trust**") and Midnight Oil Exploration Ltd. ("**ExploreCo**") (collectively, the "**Applicant**") to the Registrar of Securities (the "**Registrar**") for an order pursuant to subsection 4(5) and paragraph 27(2)(b) of the *Securities Act* R.S.N.W.T. 1988, c.S-5, as amended (the "**Act**"), exempting the distribution of securities described herein and the Applicant from the provisions of the Act requiring registration and the provisions of the Act requiring the filing of a prospectus or statement of material facts;

AND UPON the Applicant representing to the Registrar that:

1. On September 22, 2004, Midnight entered into an acquisition agreement providing for the acquisition of all of the issued and outstanding shares of Vintage Petroleum Canada, Inc. ("**Vintage**"). The purchase of Vintage will be paid for in cash and will be funded by a credit facility from a Canadian chartered bank and an equity and convertible debenture financing of the Trust.
2. On October 21, 2004, Midnight closed a bought deal financing through a syndicate of underwriters co-led by GMP Securities Ltd. and Scotia Capital Inc., and including CIBC World Markets Inc., Sprott Securities Inc. and FirstEnergy Capital Corp. The Trust issued, by way of private placement, 18,229,167 Series U subscription receipts ("**Series U Subscription Receipts**") in the capital of the Trust, at a price of \$9.60 per Series U Subscription Receipt, and 80,000 Series D subscription receipts ("**Series D Subscription Receipts**") in the capital of the Trust, at a price of \$1,000 per Series D Subscription Receipt, for aggregate gross proceeds of approximately \$255,000,000 (the "**Offering**").
3. Midnight has proposed a simultaneous and concurrent reorganization of Midnight pursuant to a plan of arrangement to be completed under the provisions of the *Business Corporations Act* (Alberta) (the "**Arrangement**") whereby Midnight, AcquisitionCo and Vintage will combine and create (i) the

Trust, which will be a new publicly listed oil and gas trust, and (ii) a separate publicly listed, exploration-focused oil and gas producer, being ExploreCo. Midnight has mailed an information circular and proxy statement dated October 28, 2004 (the "**Information Circular**") to its securityholders with respect to the Arrangement.

4. Pursuant to the Arrangement, each Series U Subscription Receipt will be converted into one trust unit ("**Trust Unit**") of the Trust and one common share of ExploreCo ("**ExploreCo Share**") and each Series D Subscription Receipt will be converted into a convertible debenture of the Trust ("**Convertible Debenture**"). The Convertible Debentures have a face value of \$1,000 per debenture and a maturity date of December 1, 2009. The Convertible Debentures pay a coupon of 8.5% per annum, payable semi-annually on June 1 and December 1 of each year, and will be convertible into Trust Units at a conversion price of \$9.50 per Trust Unit. No ExploreCo Shares will be issued to holders of Convertible Debentures on conversion.
5. Prior to the completion of the Arrangement, holders of Series U Subscription Receipts and Series D Subscription Receipts will not be unitholders or other security holders of the Trust, AcquisitionCo or ExploreCo and will not be entitled to vote on the Arrangement.
6. Pursuant to the Arrangement, shareholders of Midnight ("**Midnight Shareholders**") (subject to certain exceptions) will receive, for each common share of Midnight ("**Midnight Common Share**"): (i) one Trust Unit or one exchangeable share ("**Exchangeable Share**") of AcquisitionCo which will be exchangeable into one Trust Unit; and (ii) one ExploreCo Share. In addition, each Series U Subscription Receipt will be converted into one Trust Unit and one ExploreCo Share and each Series D Subscription Receipt will be converted into one Convertible Debenture. As part of the Arrangement, the ExploreCo Shares will be consolidated on a 1 for 2 basis.
7. A maximum of 3.9 million Exchangeable Shares will be issued under the Arrangement. To the extent that Midnight Shareholders elect to receive more than 3.9 million Exchangeable Shares, the 3.9 million Exchangeable Shares will be allocated on a pro-rated basis to all Midnight Shareholders electing to receive Exchangeable Shares. Non-resident and tax exempt shareholders will not be eligible to receive Exchangeable Shares.
8. No fractional securities will be issued pursuant to the Arrangement and to the extent that a fractional security would be issued, such security will be rounded to the nearest whole number.
9. Midnight, AcquisitionCo, the Trust and ExploreCo have made application pursuant to subsection 4(5) and paragraph 27(2)(b) of the Act for an order that all trades and distributions of securities made in connection with the Arrangement, including all subsequent trades or distributions of securities pursuant to the provisions of the Exchangeable Shares and certain ancillary agreements relating thereto are not subject to paragraphs 4(1)(a) and 27(2)(a) of the Act.

AND UPON reading and considering the application of Midnight, AcquisitionCo, the Trust and ExploreCo dated October 25, 2004;

AND UPON the Registrar being satisfied that it would not be prejudicial to the public interest to do so;

IT IS HEREBY ORDERED THAT:

1. Pursuant to subsection 4(5) and paragraph 27(2)(b) of the Act, all trades and distributions of securities made in connection with the Arrangement, including all subsequent trades or distributions of securities made pursuant to the provisions of the Exchangeable Shares and certain ancillary agreements relating thereto (all as described in the Information Circular) are not subject to paragraphs 4(1)(a) and 27(2)(a) of the Act.
2. The first trade in the securities acquired pursuant to this order shall be deemed to be a distribution unless the conditions in subsections 2.6(3) and 2.9(1) of Multilateral Instrument 45-102 Resale of Securities are satisfied.

DATED at the City of Yellowknife, in the Northwest Territories, this 18th day of November, 2004.

"Gary MacDougall"

Gary I. MacDougall
Registrar of Securities