



(TSX: MEL)  
**FOR IMMEDIATE RELEASE**  
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### **Midway Energy Ltd. Announces Strategic Acquisition and Equity Financing**

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**CALGARY, ALBERTA** — Midway Energy Ltd. ("Midway" or the "Company") (TSX: MEL) is pleased to announce that it has entered into an agreement to acquire all of the issued and outstanding shares of a private company ("TargetCo") for \$22.5 million, subject to adjustment, payable in cash (the "Acquisition"). At closing, TargetCo will hold certain oil and natural gas assets of a private oil and gas company with an effective date of July 1, 2009. The assets are located in the Garrington area of Alberta (the "Acquired Properties"). Completion of the Acquisition is subject to customary regulatory approvals and other conditions.

#### **Acquisition Highlights**

The proposed Acquisition is consistent with Midway's strategy of acquiring high quality, long-life oil assets with significant, repeatable low risk drilling opportunities. The Garrington properties to be acquired will provide Midway with approximately 15 additional net Cardium sections of land and over 58 horizontal drilling locations for Cardium light sweet oil using multi-stage frac technology, complimenting Midway's previously announced asset acquisition.

The Acquired Properties are generally characterized by high working interests (approximately 85%) and operatorship with extensive gathering and processing infrastructure to efficiently accommodate production additions.

In addition, the Acquired Properties will include a 5.696% working interest in Garrington Cardium Unit #2 which immediately offsets the Company's lands and has recently had 5 horizontal multi-stage frac wells drilled on it. The success of these wells, which show similar

Cardium "A" sand reservoir quality to Midway's lands, supports management's expectations regarding the potential for significant development on the Acquired Properties.

### **Acquired Properties**

The Acquired Properties are currently producing approximately 160 boe/d. The following table outlines the associated estimated gross reserves, effective July 1, 2009, of the assets to be acquired:

	<u>Oil</u> (mbbls)	<u>Natural Gas</u> (Mmcf)	<u>Natural Gas Liquids</u> (mbbls)	<u>Total BOE</u> (mboe)
Total Proved	486	1,266	57	753
Proved and Probable	570	1,507	67	889

The Acquired Properties were evaluated based on an independent engineering report using their July 1, 2009 price forecast in accordance with NI 51-101.

### **Financing**

In conjunction with the Acquisition, Midway has entered into an agreement to sell, on a bought deal basis, 20 million common shares ("Common Shares") at a price of \$1.25 per Common Share for gross proceeds of \$25 million (the "Offering") to a syndicate of underwriters led by GMP Securities LP and including Wellington West Capital Markets and FirstEnergy Capital Corp. (the "Underwriters"). Midway has also granted the Underwriters an over-allotment option (the "Over-Allotment Option") to purchase an additional 2 million Midway Shares at a price of \$1.25 per Common Share, which if exercised in full, will provide additional gross proceeds of \$2.5 million, exercisable in whole or in part at closing or until 15 days following closing of the Offering. Closing of the Offering will be conditional upon the concurrent closing of the Acquisition and the proceeds of the Offering will be used to fund the purchase price of the Acquisition, with the balance of the proceeds anticipated to be used for capital expenditures and future acquisitions in the Garrington area.

Completion of the Offering is also subject to certain conditions including normal regulatory and stock exchange approvals. The Midway Shares issued under the Offering will be offered in certain provinces of Canada by way of a short form prospectus. The closing of the Offering is expected to occur on or about October 6, 2009.

In connection with this Acquisition, Midway expects to increase its credit facilities from \$21 million to \$27 million effective at closing. The Company estimates it will have debt, net of working capital, of \$9.3 million at the closing of the Offering and the Acquisition (assuming that the Over-Allotment Option is exercised in full).

## **Closing of PrivateCo Acquisition**

Midway has also closed its previously announced acquisition of certain assets (the "PrivateCo Assets") of a private oil and gas company. These assets are also located in the Garrington area of Alberta. The purchase price for the PrivateCo Assets was \$8.25 million, which was satisfied by the payment of \$7.425 million in cash and the issuance of 620,301 Midway Shares. These assets included approximately 130 boe/d of light oil and solution gas and 9 net sections of Cardium land with 22 identified horizontal drilling locations.

These two acquisitions are expected to provide the following benefits to shareholders:

- Increases Midway's land position in the Cardium to 23 net, high working interest drillable sections with over 80 net Cardium horizontal drilling locations;
- Increases Midway's current production to approximately 1,200 boe/d;
- Increases Midway's estimated gross proved plus probable reserves by 23% to 4.8 million boe (based on Midway reserves effective December 31, 2008 and reserves effective July 1, 2009 for the acquisitions);
- Improves Midway's proved plus probable reserve life index to approximately 11 years using current production rates;
- Provides Midway with control of strategic infrastructure including pipelines, compression facilities and oil batteries;
- Provides Midway with the critical mass to increase stability over the longer term and allows for additional efficiencies in Midway's operations as well as greater access to capital markets.

## **Key Additions to Technical Team**

Midway is pleased to announce two strategic additions to its technical team, Mr. Kevin McIntosh and Mr. Art Slingsby. Mr. McIntosh is a drilling and completions engineer with extensive experience drilling and completing horizontal multi-stage frac wells. He has participated in the drilling and completion of over 800 horizontal wells in the Bakken, Viking and Shaunavon formations over the past several years. Management at Midway believes that Kevin's experience will add considerable value and will enable the Company to obtain increased cost savings and efficiencies in its Cardium drilling program. Mr. Slingsby, a geologist with over 25 years experience most recently at Wild River Resources Ltd., provides the Company with considerable geological expertise identifying and drilling horizontal wells in formations similar to the Cardium.

## **Midway's Strategic Direction**

Midway is focused on using management's technical expertise, gained by successfully drilling and completing horizontal wells in the Bakken play in southeast Saskatchewan, to develop a light oil resource play in south central Alberta. With these two announced acquisitions; Midway has acquired a significant land position in the Garrington Cardium fairway and is well positioned

for future growth. The Company will continue to focus on an aggressive strategy to consolidate additional assets in its new core Garrington area.

## **Investor Information**

Midway Energy Ltd. is a public oil and gas exploration and development company, located in Calgary, Alberta and carrying out operations in Alberta and British Columbia. Midway currently trades on the Toronto Stock Exchange (TSX) under the Symbol "MEL".

Additional information regarding Midway is available under the Company's profile at [www.sedar.com](http://www.sedar.com) and its website at [www.midwayenergy.ca](http://www.midwayenergy.ca).

## **Forward Looking Statements**

This news release contains forward-looking statements relating to the Company's plans and other aspects of the Company's anticipated future operations, strategies, financial and operating results and business opportunities. Forward-looking statements typically use words such as "anticipate", "believe", "project", "expect", "plan", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future. Specifically, this press release contains forward-looking statements relating to Midway's drilling plans including anticipated horizontal drilling locations; the potential for significant development on the Acquired Properties and Midway's other assets; the completion of the Acquisition and the Offering and the timing of closing; the satisfaction of closing conditions of the Acquisition and the Offering; the use of proceeds of the Offering; the expected increase in Midway's credit facility as a result of the Offering and the Acquisition; Midway's estimated net debt following completion of the Acquisition; anticipated additional efficiencies in Midway's operations as well as expected improved access to capital markets; anticipated increased cost savings and efficiencies in Midway's Cardium drilling program; and Midway's future growth and consolidation plans. In addition, statements regarding reserves are deemed to be forward-looking statements, as they involve estimates and assumptions as to the expectation that the reserves can be economically exploited in the future. These forward-looking statements are based on various assumptions including expectations regarding the Acquired Properties; the outlook for petroleum and natural gas prices; estimated amounts and timing of capital expenditures; the timing, location and extent of future drilling operations; anticipated timing and results of capital expenditures; estimates of future production; assumptions concerning the timing of obtaining regulatory approvals and the satisfaction of other closing conditions of the Offering and the Acquisition; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; future exchange and interest rates, Midway's ability to obtain equipment in a timely manner to carry out development activities, impact of increasing competition, ability to market oil and natural gas successfully and the ability of Midway to access capital. While Midway considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties and other factors that contribute to the possibility that the predicted outcome will not occur, including, without limitation: risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation; loss of markets; volatility of commodity prices; currency fluctuations; imprecision of reserve estimates;

environmental risks; competition from other producers; inability to retain drilling rigs and other services; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions; general economic conditions in Canada, the U.S. and globally; delays resulting from or inability to obtain required regulatory approvals and to satisfy various closing conditions; and ability to access sufficient capital from internal and external sources. Readers are cautioned that the foregoing list of factors is not exhaustive.

Although Midway believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements and you should not unduly rely on forward-looking statements. The forward-looking statements contained in this news release are made as the date of this new release and the company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

### **Cautionary Statement**

The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A conversion ratio for gas of 6 mcf:1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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