



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") is a review of operations, current financial position and outlook for Midway Energy Ltd. ("Midway" or the "Company") for the years ended December 31, 2009 and 2008 and should be read in conjunction with the audited financial statements of Midway for the years ended December 31, 2009 and 2008. This MD&A is dated March 22, 2010.

All figures in tables are stated in thousands of Canadian dollars, except for share, per share, per boe amounts and operational data.

Description of Company

Midway, (formerly Trafalgar Energy Ltd.), is a Calgary, Alberta based oil and natural gas exploration, production and development company, with operations in the Canadian provinces of Alberta and British Columbia. Midway was established in April 2006 and trades on the Toronto Stock Exchange ("TSX") under the symbol MEL. On July 31, 2009, Midway closed its acquisition of EET Management Corp. ("EET") pursuant to a Plan of Arrangement (the "Arrangement"). In connection with the Plan of Arrangement a new management team was appointed. The focus of the new management team is to increase the crude oil weighting of the Company's production mix through a combination of strategic acquisitions and low-risk development drilling. Management intends to focus its efforts on assets with established reserves that may be further exploited using new horizontal completion techniques to improve recovery.

Outlook

In connection with the Company's new strategy, Midway closed several acquisitions in the Company's new core area of Garrington during the third and fourth quarters of 2009. The acquired properties are located approximately 80 kilometers northwest of Calgary and are characterized by high working interest, long-life, high quality operated light oil and natural gas reserves with repeatable drilling upside. These acquisitions, including two that were completed in 2010, have provided Midway with over 43 net sections of land that are prospective for horizontal drilling in the Cardium. In addition, the acquisitions have provided Midway with control of strategic infrastructure including pipelines, compression and oil batteries.

To finance its fourth quarter acquisitions in Garrington, Midway completed two equity financings in the period for total gross proceeds of \$40.7 million, issuing 22 million common shares at \$1.25 per common share on October 6, 2009 and 7 million common shares at \$1.90 per common share on November 24, 2009. The Company is continuing its efforts to further consolidate its land position in Garrington by pursuing additional acquisitions of producing properties and other assets and has completed two acquisitions in the first quarter of 2010. Midway also initiated a horizontal well drilling program in Garrington in the fourth quarter drilling three oil wells (2.7 net) which were completed and tied-in during the first quarter of 2010. Midway anticipates drilling an additional 12 gross operated wells in Garrington in 2010.

Midway has finalized its 2010 capital expenditure budget and estimates capital expenditures will be approximately \$39 to \$41 million focused on acquisitions and development drilling and necessary facilities in Garrington for future growth. These capital expenditures are expected to result in exit production of 2,200 to 2,300 boe/d (60% weighted to crude oil and NGL's) for 2010. Average production for the year is forecasted to generate approximately \$23 to \$25 million of funds from operations for 2010 using estimated average prices of US \$75/bbl WTI and CAD \$5.25/GJ at AECO.

Non-GAAP Financial Measures

Midway uses the following terms for measurement within the MD&A that do not have a standardized prescribed meaning under GAAP and these measurements may not be comparable with the calculation of similar measurements of other entities.

The terms “funds from operations”, “funds from operations per share” and “operating netback” in this MD&A are not recognized measures under Canadian generally accepted accounting principles (GAAP). Management of Midway believes that in addition to net earnings and cash flow from operating activities as defined by GAAP, these terms are useful supplemental measures to evaluate operating performance and assess leverage. Funds from operations per share are calculated using the weighted average shares outstanding used in calculating earnings per share. Users are cautioned; however, that these measures should not be construed as an alternative to net earnings or cash flow from operating activities determined in accordance with GAAP as an indication of Midway’s performance.

Midway considers funds from operations to be an important measure of Midway’s ability to generate the funds necessary to finance capital expenditures and repay debt. All references to funds from operations throughout this MD&A are based on cash provided by operating activities before the change in non-cash working capital and actual asset retirement expenditures since Midway believes the timing of collection, payment or incurrence of these items involves a high degree of discretion and as such may not be useful for evaluating Midway’s operating performance. Midway’s method of calculating funds from operations may differ from that of other companies and, accordingly, may not be comparable to measures used by other companies.

A reconciliation of cash provided by operating activities to funds from operations is as follows:

Funds from operations (\$)	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
Cash provided by (used in) operating activities	467	(1,107)	533	401	8,378
Asset retirement expenditures	-	-	-	399	-
Change in non-cash working capital	(385)	(406)	282	(968)	114
Funds from (used in) operations	82	(1,513)	815	(168)	8,492

Midway also uses “operating netbacks” as a key performance indicator. Operating netback is utilized by Midway to evaluate the operating performance of its petroleum and natural gas assets. Operating netbacks are determined by deducting royalties and operating expenses from petroleum and natural gas sales revenue.

Frequently Used Terms

In this document certain terms are used frequently. For instance barrels of oil equivalent are regularly noted with the term “boe”.

Term or abbreviation

“bbl”	Barrel
“boe”	Barrel(s) of oil equivalent
“boe/d”	Barrel(s) of oil equivalent per day
“mcf”	Thousand cubic feet
“GJ”	Gigajoule
“m” preceding a volumetric measure	1,000 units of the volumetric measure
“mm” preceding a volumetric measure	1,000,000 units of the volumetric measure
“NGL”	Natural gas liquids
“EET”	EET Management Corp.

Boe Presentation

In conformity with National Instrument 51-101, *Standards for Disclosure of Oil and Gas Activities* (“NI 51-101”), natural gas volumes have been converted to barrels of oil equivalent using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. **This ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers are cautioned that the term “boe” may be misleading, particularly if used in isolation.**

Financial Markets

Recovery in the financial, credit and commodity markets began in mid-2009 as the financial crisis started to subside. Activity in the equity and debt capital markets increased throughout the year and into 2010 as investors became more optimistic about the economy and eager to invest low yielding cash investments into higher return prospects. Crude oil markets steadily improved after the spring of 2009 as WTI reached highs over US\$80.00 per barrel while the spot price of natural gas fell throughout the year before rising again to reach close to AECO \$5.70 per GJ during the month of December. The outlook for crude oil markets in 2010 and the continued industry success in applying horizontal multi-fracture technology provided the focus for Midway's capital budget for 2010.

Commodity Markets

Business Environment

The global recession had a significant impact on crude oil demand in 2009. Oil prices started 2009 near their recent lows and then steadily improved. The recession resulted in the second consecutive year of declining demand growth for crude oil. Some economists believe the recession has ended in North America; however, others believe the economic recovery is still fragile. In contrast, China and other Asian economies appear to be moving out of the recession at a faster pace than developed countries and many economists forecast this will result in an increase in global oil demand during 2010.

In contrast to crude oil, natural gas prices generally declined over most of 2009 before recovering somewhat in the fourth quarter. The demand for natural gas in North America was negatively impacted by the global recession, most specifically by lower demand from the U.S. industrial sector. This was partially offset by higher gas demand for power generation as low gas prices resulted in natural gas gaining market share from coal. Natural gas inventory levels reaching an all time high prior to commencement of this year's winter heating season. Cold North American weather near the end of 2009 increased the demand for natural gas and reduced storage levels to more normal levels which resulted in higher prices late in the year.

Crude Oil

In 2009, WTI crude oil prices averaged US\$69.73 per barrel compared to US\$104.34 per barrel in 2008. Crude oil prices averaged WTI US\$80.49 in the fourth quarter of 2009, an increase from US\$74.94 per barrel in the third quarter of 2009. Constraints on capital spending by Non-OPEC oil producers will likely keep supply from increasing which could cause OPEC's spare capacity to diminish over the foreseeable future thereby providing support for prices to remain at least at current levels.

Natural Gas

In 2009, the AECO 5A Index averaged \$3.75 per mcf compared to \$7.71 per mcf in 2008. The AECO 5A Index in the fourth quarter of 2009 averaged \$4.27 per mcf, an increase from \$2.78 per mcf in the third quarter of 2009; however, a decline from \$6.34 per mcf in the fourth quarter of 2008. Extremely cold North American weather in December 2009 and early January 2010 resulted in a decline in natural gas inventory levels from record highs in 2009 to more normal levels.

Results of Operations

Production

Total average production was 951 boe/d for the fourth quarter of 2009 compared to 969 boe/d for the corresponding period of 2008 and 887 boe/d for the third quarter of 2009 representing a decrease of 2% and an increase of 7%, respectively. Production for the fourth quarter of 2009 was weighted approximately 66% to natural gas and 34% to crude oil and NGL's. Midway closed several additional acquisitions in its new core area of Garrington, Alberta during the quarter. For the year ended December 31, 2009, average production was 962 boe/d compared to 1,009 boe/d for the same period in 2008 and production was weighted 79% to natural gas and 21% to crude oil and NGL's and we exited the year at 950 boe/d. Management is focused on increasing the crude oil and NGL weighting of its production mix through acquisitions and development drilling in Garrington.

Production by Product	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
Light Oil and NGL's (bbls/d)	291	113	100	164	52
Heavy Oil (bbls/d)	30	41	44	38	48
Total Oil and NGL's (bbls/d)	321	154	144	202	100
Natural Gas (mcf/d)	3,783	4,401	4,940	4,558	5,453
Total (boe/d) (6:1)	951	887	969	962	1,009

Production by Area (boe/d)	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
MacKay, Alberta	327	395	433	411	430
Garrington, Alberta	284	34	-	80	-
Grouard, Alberta	181	317	402	319	496
House Mountain, Alberta	68	62	77	81	18
Cypress, British Columbia	52	44	56	52	64
Other non-core	39	35	1	19	1
Total (boe/d) (6:1)	951	887	969	962	1,009

MacKay

The decrease in fourth quarter production from the fourth quarter of 2008 and the third quarter of 2009 as well as the decrease in year to date production compared to the prior period is due to natural field decline and the impact of limited capital expenditures.

Garrington

Midway established a new core area in Garrington following the closing of two significant acquisitions of properties producing light crude oil and associated natural gas and natural gas liquids from two private companies in September and October 2009. Average production for the fourth quarter was 284 boe/d, weighted 72% to light crude oil and NGL's and averaged 80 boe/d for the year ended December 31, 2009. During the fourth quarter the Company initiated its drilling program at Garrington, successfully drilling 3 operated (2.7 net) horizontal wells that were completed and brought on production in the first quarter of 2010.

Grouard

The decrease in fourth quarter production from the fourth quarter of 2008 and the third quarter of 2009 as well as the decrease in year to date production compared to the prior period is due to natural field decline, limited response from a heavy oil waterflood project in the area, downtime due to changing out the field compressor and the impact of limited capital expenditures. Midway replaced the compressor with a more efficient and cost effective unit in December 2009 which is expected to minimize downtime and lower unit operating costs in the area.

House Mountain ("House")

Production from the 3-36 well in House averaged 68 bbls/d for the fourth quarter of 2009 compared to 62 bbls/d in the third quarter of 2009 and 77 bbls/d in the fourth quarter of 2008. For the year ended December 31, 2009, production increased to 81 bbls/d compared to 18 bbls/d in 2008 as the well commenced production in November 2008.

Cypress

Decreases in production in this area for all periods are due to normal field decline and the impact of lower capital expenditures.

The B-65-C Cypress farm-out well was completed during the third quarter of 2009 and results were not encouraging. The operator subsequently recompleted the upper Montney and Doig Phosphate zones in the first quarter of 2010 with initial production from the recompleted zones in early March 2010.

Commodity Prices

Midway Realized Prices	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
Light Crude Oil and NGL's (\$/bbl)	71.24	67.02	50.81	65.85	81.33
Heavy Crude Oil (\$/bbl)	59.50	55.29	26.60	45.13	66.27
Total Oil and NGL's (\$/bbl)	70.09	63.43	43.08	61.94	73.46
Natural Gas (\$/mcf)	4.57	2.85	6.55	4.01	8.13
\$/boe (6:1)	41.79	25.14	39.85	32.02	51.25

Market Prices	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
Oil WTI (US\$/bbl)	80.49	74.94	70.97	69.73	104.34
Edmonton Par (\$/bbl)	76.58	71.52	63.24	66.04	102.22
Bow River (\$/bbl)	77.24	72.96	59.07	68.58	94.18
Gas AECO (\$/mcf)	4.27	2.78	6.34	3.75	7.71
Exchange Rate (US\$/C\$)	0.947	0.911	0.825	0.877	0.937

Natural Gas

Market prices for natural gas are influenced by North American supply and demand, seasonal weather conditions, storage levels, transportation capacity and US and Canadian dollar exchange rates. Midway's realized natural gas prices have a high correlation to the Alberta benchmark price ("AECO") which provides pricing for natural gas based on heating value. Midway's realized natural gas price historically is a premium in the range of 3 to 5 percent to AECO prices. For the fourth quarter of 2009, the premium was 7% compared to 3% in the third quarter of 2009 and fourth quarter of 2008 due to volumes in Garrington with a higher heat value.

Crude Oil

Crude oil prices are generally influenced by global supply and demand conditions and the world economic/geopolitical environment. Midway's realized light oil price has a high correlation to the US benchmark West Texas Intermediate at Cushing, Oklahoma ("WTI") price and the Canadian to US dollar exchange rate. Canadian light oil prices correlate to refinery postings, which include the Edmonton par price that adjusts WTI for the Canadian to US dollar exchange rate as well as transportation costs and quality adjustments.

Midway's realized price for light crude oil during the third and fourth quarter of 2009 was a 7% discount to Edmonton Par and a 1% discount to Edmonton Par for the year ended December 31, 2009. The realized price for the year ended December 31, 2009 had a smaller discount due to the Company adding more light oil volumes in the fourth quarter. Realized light crude oil prices in 2008 were affected by the volumes at House which was brought on production in the fourth quarter. Heavy oil prices are generally lower than light oil prices as heavy oil requires increased refining and other costs, which reduce the realized price. Midway's realized heavy crude oil price for the fourth quarter of 2009 was a 23% discount to Bow River (24% discount in the third quarter of 2009) while the discount for the year ended December 31, 2009 was 34% to Bow River (2008 – 30%).

Revenue

Petroleum and natural gas revenue was \$3.7 million for the three months ended December 31, 2009, compared to \$3.5 million for the fourth quarter of 2008 and \$2.1 million for the third quarter of 2009. Compared to the fourth quarter of 2008 an increase in crude oil prices offset a decrease in natural gas prices. The increase compared to the third quarter of 2009 is due to an increase in crude oil production and an increase in natural gas prices. For the year, petroleum and natural gas revenue was \$11.3 million compared to \$18.9 million in 2008. The decrease from 2008 is due to lower commodity prices and decreases in production.

Natural gas revenue was \$1.6 million for the fourth quarter of 2009 compared to \$3.0 million for the fourth quarter of 2008 and \$1.2 million during the third quarter of 2009. Year to date, natural gas revenue was \$6.7 million compared to \$16.2 million for the same period in 2008. The decrease in natural gas revenue compared to the corresponding periods in 2008 is due to both lower prices and production. The increase compared to the third quarter of 2009 is due to higher realized natural gas prices and acquisitions in Garrington which offset a decrease in natural gas production at MacKay and Grouard.

Crude oil revenue was \$2.1 million for the fourth quarter of 2009 as compared to \$573,000 for the fourth quarter of 2008 and \$897,000 for the third quarter of 2009. The increase in oil revenue in the fourth quarter of 2009 as compared to the fourth quarter of 2008 and third quarter of 2009 is primarily due to the acquisitions in Garrington in the third and fourth quarters of 2009 which increased our light oil production volumes. The increase in year to date crude oil revenue for 2009 compared to 2008 was due to a full year of production at House and the acquisitions in Garrington.

Revenues (\$)	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
Oil & NGL's	2,076	897	573	4,580	2,685
Natural Gas	1,582	1,155	2,976	6,661	16,236
Sub total	3,658	2,052	3,549	11,241	18,921
Royalty revenue	24	1	3	30	23
Petroleum and natural gas revenue	3,682	2,053	3,552	11,271	18,944
\$/boe (6:1)	41.79	25.14	39.85	32.02	51.25

Royalties

Royalty expense consists of royalties paid to provincial governments, freehold land owners and overriding royalty owners. For the three months ended December 31, 2009 total royalty expense was \$345,000 (9.4% of revenue) compared to \$657,000 (18.5% of revenue) in the fourth quarter of 2008 and a recovery of \$113,000 in the third quarter of 2009. The recovered royalty in the third quarter of 2009 was due to the impact of Gas Cost Allowance ("GCA") for 2008 that was received during the period. Excluding the GCA received the third quarter royalty rate would have been 4.5% of revenue. Year to date, royalties as a percentage of oil and gas revenue were 7.9% compared to 16.3% in the corresponding period due to the effect of GCA and lower commodity prices.

GCA is a term which describes a payment by the Government of Alberta (the "Province") to recognize capital and operating expenditures which are incurred in the gathering and processing of the Province's royalty share of natural gas production.

Royalties (\$)	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
Oil & NGL's	361	196	79	899	303
Natural Gas	(16)	(309)	578	(11)	2,776
Total Royalties	345	(113)	657	888	3,079
As a % of oil and gas revenue	9.4	(5.5)	18.5	7.9	16.3
\$/boe (6:1)	3.94	(1.38)	7.37	2.53	8.34

On January 1, 2009 the Government of Alberta implemented its New Royalty Framework ("NRF") and subsequently introduced a Transitional Royalty Framework ("TRF") for new wells producing subsequent to January 1, 2009 until December 31, 2013. Both the NRF and TRF are sensitive to commodity prices and production levels, therefore Midway's corporate royalty rates will fluctuate with commodity prices, well production rates, decline of existing wells, performance and the location of new wells drilled. Depending upon future commodity prices and drilling plans, it is possible that the NRF and TRF could increase future royalty rates with a corresponding decrease to future operating netbacks, funds from operations and the net present value of reserves. Future reserve and production addition activities could be impacted by the NRF and TRF.

On June 25, 2009, the Government of Alberta announced an extension of previously announced royalty incentive programs by one year to March 2011 in light of global economic conditions. The programs included a drilling royalty credit for new conventional oil and natural gas wells and a new well royalty incentive program. Under the drilling royalty credit program, a \$200 per meter royalty credit will be available on new conventional oil and natural gas wells drilled between April 1, 2009 and March 31, 2011, subject to certain maximum amounts. The maximum credits available will be determined by the Company's production level in 2008 and its drilling activity.

On March 11, 2010, in connection with its competitiveness review, the Government of Alberta amended the new well incentive program that applied to wells commencing production of conventional oil or natural gas on or after April 1, 2009 that was scheduled to expire on March 31, 2011 so that the program was permanent. The incentive provides for a maximum 5% royalty rate for the first 12 months of production, up to a maximum of 50,000 barrels of crude oil or 500 MMcf of natural gas.

Interest Income

For the three months ended December 31, 2009, Midway had interest income of \$1,000 compared to nil interest income for the fourth quarter of 2008 and \$2,000 of interest income for the third quarter of 2009. Interest income year to date in 2009 of \$75,000 is primarily related to interest received on 2008 year-end outstanding GST amounts owed to Midway and paid in the first quarter of 2009.

Interest and Other Income (\$)	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
Interest and Other Income	1	2	-	75	4

Operating Expenses

Operating expenses include activities in the field required to operate wells and facilities, lift to surface, gather, process, treat and store production and transportation costs. For the fourth quarter of 2009, operating expenses were \$1.5 million or \$16.79 per boe as compared to operating expenses of \$1.5 million or \$17.35 per boe for the fourth quarter of 2008 representing a decrease of 3% on a boe basis. Operating expenses for the fourth quarter of 2009 were also improved from the third quarter of 2009, decreasing \$278,000 or 22% on a boe basis. For the year, operating costs were \$5.5 million or \$15.59 per boe as compared to \$5.2 million or \$13.99 per boe in 2008. The increase in operating costs year to date is primarily due to incremental operating costs associated with the Company's new core area of Garrington and higher repair and maintenance costs recorded in the third quarter associated with the compressor at Grouard that was changed out in the fourth quarter.

Transportation costs for natural gas for the three months ended December 31, 2009 were \$78,000 or \$0.89 per boe compared to \$176,000 (\$2.15 per boe) for the third quarter of 2009 and \$419,000 (\$4.70 per boe) for the fourth quarter of 2008. Year to date, transportation costs included in operating costs totaled \$516,000 or \$1.47 per boe compared to \$1,253,000 (\$3.39 per boe) in 2008. The decreases in transportation costs are due to lower natural gas volumes at MacKay and Grouard and lower per unit natural gas transportation costs in Garrington.

Operating Expenses (\$)	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
Operating Expenses	1,470	1,748	1,545	5,474	5,166
Transportation Costs <i>(included above)</i>	78	176	419	516	1,253
Operating Expenses \$/boe (6:1)	16.79	21.42	17.35	15.59	13.99
Transportation Costs \$/boe (6:1)	0.89	2.15	4.70	1.47	3.39

Operating Netback

Midway's operating netback per boe (defined as petroleum and natural gas revenue net of royalties and operating expenses all on a per boe basis) was \$21.06 per boe for the fourth quarter of 2009. This represents a 39% increase from the fourth quarter of 2008 and a 313% increase from the third quarter of 2009. The increase in operating netback from the fourth quarter of 2008 is due primarily to slightly higher commodity prices and lower royalties. The increase in netback per boe from the third quarter of 2009 is due primarily to increased natural gas prices. Year to date, Midway's operating netback was \$13.90 per boe compared to \$28.92 per boe in 2008 representing a reduction of 52%. The decrease in operating netback year over year is primarily due to lower commodity prices.

Operating Netback (\$/boe)	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
Petroleum and natural gas revenue	41.79	25.14	39.85	32.02	51.25
Royalties	3.94	(1.38)	7.37	2.53	8.34
Operating expenses	16.79	21.42	17.35	15.59	13.99
Operating Netback	21.06	5.10	15.13	13.90	28.92

General and Administrative Expenses

General and administrative expenses (“G&A”) net of overhead recoveries and capitalized geological and geophysical (“G&G”) expenses for the fourth quarter of 2009 were \$1.7 million or \$19.50 per boe compared to \$562,000 or \$6.31 per boe for the fourth quarter of 2008 and \$1.8 million or \$22.13 per boe for the third quarter of 2009. The increase in net G&A expenses in total and on a boe basis from the fourth quarter of 2008 is primarily due to employee bonus payments and additional engineering personnel to effectively manage the Company’s drilling program and other activities. Gross G&A for the fourth quarter including bonuses and other payments were consistent with the third quarter of 2009 which included severance to the prior staff of Midway as part of the Arrangement with EET. Net G&A was lower in the period due to additional overhead recoveries. Year to date, net G&A expenses on a boe basis were \$13.35 per boe compared to \$5.12 per boe for 2008. The increase compared to the prior period is primarily due to the severance payments and employee bonuses noted above as well as additional professional fees related to acquisitions and other activities that were not capitalized.

G & A Expenses (\$)	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
Gross G&A Expenses	1,861	1,816	758	5,095	2,709
Capitalized G&G Expenses	(30)	(9)	(125)	(267)	(486)
Overhead Recovery	(124)	(1)	(71)	(141)	(332)
Net G&A Expenses	1,707	1,806	562	4,687	1,891
\$/boe (6:1)	19.50	22.13	6.31	13.35	5.12

Stock-Based Compensation

For the three months ended December 31, 2009, the Company recorded \$216,000 of stock-based compensation expense for dilutive equity instruments outstanding during the period as compared to \$70,000 for the fourth quarter of 2008 and a recovery of \$39,000 for the third quarter of 2009. The increase in stock-based compensation expense compared to the quarters indicated is due to the expense associated with compensation warrants that were issued as part of the Arrangement with EET. The third quarter recovery is the result of stock options that were forfeited in the period. For the year, stock-based compensation expense was \$283,000 compared to \$375,000 in 2008. Stock-based compensation for the quarter was calculated using the Black-Scholes pricing model using a risk-free rate of 3.2%, volatility of 68%, expected life of five years and a zero dividend yield.

Stock-based Compensation (\$)	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
Stock-based Compensation	216	(39)	70	283	375
\$/boe (6:1)	2.47	(0.48)	0.79	0.81	1.02

Interest Expense

Interest expense represents interest on the Company’s \$27.0 million credit facility (the “Credit Facility”) and Part XII.6 tax payable on Midway’s outstanding flow-through commitments using the “look-back” rule. For the three months ended December 31, 2009, the Company recorded interest expense of \$72,000 compared to \$82,000 for the fourth quarter of 2008 and 122,000 for the third quarter of 2009. For the year ended December 31, 2009, Midway recorded interest expense of \$453,000 compared to \$237,000 in the corresponding period in 2008. The decrease in interest expense for the three months ended December 31, 2009 is primarily due to lower average outstanding amounts under the Credit Facility during the period. The increase in interest expense for the year ended December 31, 2009 is due to higher average outstanding amounts under the Credit Facility during the period and the Part XII.6 tax payable. As at December 31, 2009, Midway had \$4.2 million of bank debt outstanding under the Credit Facility.

Interest Expense (\$)	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
Interest Expense	72	122	82	453	237
\$/boe (6:1)	0.82	1.49	0.92	1.29	0.64
Bank debt at the end of period	4,155	13,288	13,050	4,155	13,050

Depletion, Depreciation and Accretion

DD&A Expense (\$)	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
Depletion and Depreciation	2,090	1,986	1,983	8,191	7,820
Accretion	101	48	29	219	116
Total	2,191	2,034	2,012	8,410	7,936

DD&A Expense (\$/boe – 6:1)	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
Depletion and Depreciation	23.88	24.33	22.24	23.33	21.18
Accretion	1.15	0.59	0.33	0.62	0.31
Total \$/boe (6:1)	25.03	24.92	22.57	23.95	21.49

Depletion and depreciation

Depletion and depreciation of property, plant and equipment (“DD&A”) is calculated based upon capital expenditures, production rates and proved reserves. In calculating the depletable base for DD&A, Midway excludes unproved property costs (undeveloped land) and salvage values and includes future development costs.

Midway recorded \$2.2 million or \$25.03 per boe of DD&A in the fourth quarter of 2009 compared to \$2.0 million or \$22.57 per boe in the fourth quarter of 2008 and \$2.0 million or \$24.92 per boe during the third quarter of 2009. The increase in DD&A per boe in the fourth quarter of 2009 compared to the fourth quarter of 2008 is due to increased costs associated with proved reserves on acquisitions, an increase in accretion and the transfer of unproved property costs that were considered to be impaired to the depletable base. Compared to the third quarter of 2009 the increase per boe is primarily due to the increase in accretion noted previously. In total DD&A has remained relatively consistent over the periods with slightly higher costs for proved reserves offsetting slight declines in production volumes and increases in accretion in the fourth quarter. Year to date, DD&A was \$8.4 million or \$23.95 per boe compared to \$7.9 million or \$21.49 per boe with the increase due to the same reasons discussed for the fourth quarter of 2009 compared to the fourth quarter of 2008.

Accretion

Accretion represents the change in the time value of the asset retirement obligations (“ARO”). ARO is a balance sheet provision based on the Company’s net ownership in wells and facilities. Management estimates the cost to abandon and reclaim the wells and facilities and the estimated time period during which these costs will be incurred in the future. The total inflated and undiscounted amount of future cash flows required to abandon and reclaim the Company’s interest in wells and facilities as at December 31, 2009 is estimated to be approximately \$11.9 million, to be incurred over an average of 12 years. Midway used discount rates of 8% and 10% and an inflation rate of 2% in 2009 to calculate its ARO obligations.

The underlying ARO may be increased over the period based on new obligations incurred from drilling wells or constructing facilities. Similarly, this obligation can be reduced as a result of abandonment work undertaken thereby reducing future obligations. Accretion expense for the fourth quarter of 2009 was \$101,000 (\$1.15 per boe) compared to \$29,000 (\$0.33 per boe) for the fourth quarter of 2008 and \$48,000 (\$0.59 per boe) for the third quarter of 2009, primarily due to the acquisition of producing properties in Garrington and the properties acquired in connection with the acquisition of EET.

Income Taxes

The Company has a future income tax asset of \$5.4 million as at December 31, 2009. This amount has not been recognized in the financial statements, as the Company does not consider it more likely than not that the benefit associated with the asset will be realized.

Midway recognized a future income tax reduction in the first quarter of 2009 of \$1.7 million. This future tax reduction is associated with the renouncement in the first quarter of 2009 of the associated expenditures related to the \$6.9 million of flow-through shares issued in May 2008.

As at December 31, 2009, the Company satisfied its \$6.9 million flow-through expenditure commitment in connection with its May 2008 flow-through issue. Midway also satisfied the \$1.0 million flow-through expenditure commitment made by EET prior to its acquisition by the Company.

The Company has \$122.9 million of tax pools available to be applied against future income for tax purposes. Based on the available pools and current commodity prices, Midway does not expect to pay current income taxes in 2010 or 2011. Taxes payable beyond 2011 will be primarily a function of commodity prices, capital expenditures and production volumes. The Company's tax pools are summarized in the following table:

Tax Pools at December 31 (\$ MM)	Maximum Deduction	2009	2008
COGPE	10%	50.2	23.9
Other	20%	3.4	1.0
Undepreciated Capital Cost	25%	19.4	17.2
CDE	30%	16.4	14.9
SR&ED	100%	5.3	5.3
CEE and Non-capital Losses	100%	28.2	15.0
Total		122.9	77.3

Net Earnings (Loss), Funds from Operations, and Cash Flow from Operating Activities

	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
Net Earnings (Loss) (\$)	(2,318)	(3,503)	(1,364)	(7,116)	181
\$/share					
Basic and diluted	(0.04)	(0.14)	(0.10)	(0.27)	0.01
Cash flow from (used in) operating activities (\$)	467	(1,107)	533	401	8,378
\$/share					
Basic and diluted	0.01	(0.05)	0.04	0.01	0.65
Funds from (used in) operations (\$)	82	(1,513)	815	(168)	8,492
\$/share					
Basic and diluted	0.00	(0.06)	0.06	(0.01)	0.66

In the fourth quarter of 2009 the Company incurred a net loss of \$2.3 million compared to a net loss of \$1.4 million for the fourth quarter of 2008 and a net loss of \$3.5 million for the third quarter of 2009. The increase in net loss for the fourth quarter of 2009 compared to the fourth quarter of 2008 is mainly due to increased general and administrative expenses associated with additional engineering personnel to effectively manage the Company's drilling program and other activities and employee bonuses. The net loss decreased compared to the third quarter of 2009 due to improved natural gas prices. Year to date, a net loss of \$7.1 million was incurred compared to net earnings of \$181,000 for the same period in 2008. The decrease in net earnings to a loss year to date is due primarily to lower natural gas prices and higher G&A expenses including the \$1 million severance payment in the third quarter of 2009 to the prior staff of the Company.

Funds from operations for the fourth quarter of 2009 was an inflow of \$82,000 compared to an inflow of \$815,000 in the fourth quarter of 2008 and an outflow of \$1.5 million in the third quarter of 2009. The decrease compared to the fourth quarter of 2008 is due to lower natural gas prices and increases in G&A. Funds from operations improved compared to the third quarter of 2009 as natural gas prices improved. Year to date, funds from operations were an outflow of \$168,000 compared to an inflow of \$8.5 million for the same period in 2008 due to lower natural gas prices and higher G&A noted above.

Sensitivities

The following sensitivities are provided to demonstrate the potential impact on annual funds from operations for the year ended December 31, 2009 from changes in commodity pricing and production rates.

Change of (\$)	Change	Impact on funds from operations	
		Amount	\$/share
Price per mcf of natural gas	\$0.10	165	0.01
Natural gas production	100 mcf/d	145	0.01
Price per bbl of crude oil	1.00	60	0.00
Crude oil production	10 bbls/d	185	0.01
Interest rate	0.5%	50	0.00

Capital Expenditures

Midway invested \$37.7 million on its capital expenditure program during the fourth quarter of 2009 compared to \$2.9 million in the fourth quarter of 2008 and \$12.6 million during the third quarter of 2009. Capital expenditures for the fourth quarter of 2009 were focused on acquisitions and development drilling in Garrington, with \$27.7 million attributable to the acquisition of certain petroleum and natural gas assets in Garrington. Year to date, capital expenditures net of dispositions were \$50.7 million compared to \$27.4 million for the same period in 2008. The significant increase in capital expenditures year over year is due to the Company's new core area of Garrington which has improved Midway's access to both debt and equity capital.

Capital Expenditures ⁽¹⁾ (\$)	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
Cash expenditures:					
Land	245	234	431	788	1,633
Seismic	10	3	475	63	1,368
Drilling and completion	8,418	(3)	2,088	8,744	16,784
Equipment facilities and pipelines	1,300	15	(122)	1,565	6,131
Total E&D expenditures	9,973	249	2,872	11,160	25,916
Other assets	15	-	-	15	10
Acquisitions and dispositions	27,686	7,500	-	34,671	1,450
Total cash capital expenditures	37,674	7,749	2,872	45,846	27,376
Non-cash expenditures:					
Property acquisitions	-	825	-	825	-
Business acquisitions	(13)	4,061	-	4,048	-
Total capital expenditures	37,661	12,635	2,872	50,719	27,376

(1) Capital expenditures exclude non-cash expenditures for asset retirement expenditures and capitalized stock-based compensation.

Business Risks

Midway is exposed to normal market risks inherent in the oil and natural gas business, including, but not limited to development and production risk, commodity price risk, credit risk, liquidity risk, interest rate risk, foreign currency risk and environmental and climate change risk. We seek to mitigate these risks through various business processes and management controls and from time to time we may mitigate our exposure to certain of these risks by using physical delivery contracts or financial instruments.

Development and Production Risk

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. Our long-term commercial success depends on our ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves we may have at any particular time, and the production therefrom will decline over time as such existing reserves are exploited. A future increase in our reserves will depend not only on our ability to explore and develop any properties we may have from time to time, but also on our ability to select and acquire

suitable producing properties or prospects. No assurance can be given that we will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, management may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by Midway.

Future oil and natural gas development may involve unprofitable efforts, not only from unsuccessful wells, but also from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, operating and other costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or personal injury. In particular, we may explore for and produce sour natural gas in certain areas. In accordance with industry practice, we are not fully insured against all of these risks, nor are all such risks insurable. Although we maintain liability insurance in an amount that we consider consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event we could incur significant costs. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on our business, financial condition, results of operations and prospects.

Commodity Price Risk

Commodity price fluctuations are among Midway's most significant exposures. Crude oil prices are influenced by worldwide factors such as OPEC actions, supply and demand fundamentals, and geopolitical events. Natural gas prices are influenced by the price of alternative fuel sources such as oil or coal, and by North American natural gas supply and demand fundamentals including the levels of industrial activity, weather, storage levels and LNG imports. In accordance with policies approved by our Board of Directors, we may, from time to time, manage these risks through the use of physical delivery contracts, swaps, collars or other financial instruments.

Credit Risk

Credit risk is the risk of loss if purchasers or counterparties do not fulfill their contractual obligations. Our receivables are principally with customers in the oil and natural gas industry and are generally subject to normal industry credit risk including the right to recover unpaid receivables by receiving the partner's share of production where Midway operates the production. For oil and natural gas sales (including physical delivery contracts and financial derivatives), Midway follows a risk procedure whereby counterparties are reviewed on a regular basis and the Company attempts to transact only with counterparties who have investment grade ratings. Provisions for potential credit related losses are recorded as necessary.

As at December 31, 2009, Midway's maximum exposure to credit risk was \$4.7 million (December 31, 2008 - \$2.6 million) being the carrying value of the accounts receivable in the amount of \$3.2 million and cash in the amount of \$1.5 million. Management continuously monitors credit risk and credit policies to ensure exposures to customers are controlled. Midway manages the credit risk exposure related to cash and cash equivalents by selecting counterparties based on credit ratings and by avoiding complex investment vehicles with higher risk such as asset-backed commercial paper.

Liquidity Risk

Liquidity risk is the risk that Midway will be unable to meet its financial liabilities as they come due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to

meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company prepares annual and quarterly capital expenditure budgets, which are regularly monitored and updated as considered necessary and include a continuous review of debt forecasts to ensure the Credit Facility is sufficient relative to forecast debt levels and that financial covenants will be met. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. In the short term, liquidity is managed through daily cash management activities. The contractual maturities of accounts payable and accrued liabilities are due within one year.

The Company's bank debt totaling \$4.2 million is shown as a current liability since the Credit Facility is a demand loan facility. The Company manages the risk associated with the Credit Facility by regularly updating its capital expenditure budgets using forward strip commodity prices published by the Lender and other sources to ensure that budgets allow for a sufficient amount of un-drawn capacity under the Credit Facility should commodity prices weaken. In addition, Midway maintains flexibility in its capital expenditure program to ensure bank debt under the Credit Facility is prudently managed.

Foreign currency and interest rate risk

World oil and gas prices are quoted in United States dollars and the price received is therefore affected by the Canadian/U.S. dollar exchange rate, which will fluctuate over time. In recent years, the Canadian dollar has increased materially in value against the United States dollar. Material increases in the value of the Canadian dollar negatively impact commodity prices valued in Canadian dollars thereby reducing our oil and natural gas revenues and impact the future value of our reserves as determined by independent evaluators.

An increase in interest rates could result in an increase in the amount we pay to service debt, which could negatively impact the Company's performance.

Environmental and climate change risk

The oil and gas industry has a number of environmental risks and hazards and is subject to regulation by all levels of government. Environmental legislation includes, but is not limited to, operational controls, site restoration requirements and increasing restrictions on emissions of various substances produced in association with oil and natural gas operations. Compliance with such legislation could require additional expenditures and a failure to comply may result in fines and penalties which could, in the aggregate and under unlikely assumptions, become material. We continuously monitor our responsibilities to minimize the environmental impact from our operations, allocate sufficient capital to reclamation and other activities and are committed to mitigating the impact of the areas in which we operate.

Physical Delivery Contracts

In September 2009, the Company entered into a physical delivery fixed price contract for 500 GJ of natural gas per day at \$4.425 per GJ for the period October 1, 2009 to October 31, 2010. In December 2009, the Company entered into a physical delivery fixed price contract for 500 GJ of natural gas per day at \$5.75 per GJ for the period January 1, 2010 to December 31, 2011. There were no other physical delivery contracts or financial instruments outstanding.

Liquidity and Capital Resources

As at December 31, 2009, Midway had a working capital deficiency of \$12.5 million, including the current portion of bank debt totaling \$4.2 million. Midway uses a combination of funds from operations, bank debt and equity issues to finance its capital expenditure program. During the year ended December 31, 2009 the Company raised additional equity totaling \$10.6 million in connection with the Arrangement with EET and the exercise of Arrangement Warrants and closed two equity financings in October and November issuing common shares for total gross proceeds of \$40.7 million that were used to finance acquisitions in Garrington and general bank debt reduction. Midway anticipates a capital expenditure budget of \$39 to \$41 million for 2010 that will generate an estimated \$23 to \$25 million in funds from operations. At December 31, 2009, Midway had undrawn capacity of \$22.8 million of bank debt (excluding a working capital deficiency of \$8.4 million) and expects that its Credit

Facility will be increased based on activity in the fourth quarter of 2009 and first quarter of 2010. Midway's 2010 capital expenditure program has sufficient discretion so we can effectively manage our liquidity.

As at December 31, 2009, Midway had a \$27.0 million revolving demand loan facility (the "Credit Facility") with an Alberta based financial institution. The Credit Facility bears interest at market rates plus applicable margins and is secured by a general security agreement. The borrowing base is subject to periodic review based upon annual independent engineering reports with the next scheduled review to be completed by May 31, 2010. There can be no assurance that amounts available under the Credit Facility will be increased at the next scheduled review.

Under the Credit Facility, the Company must maintain a working capital ratio of not less than 1 : 1. The working capital ratio is defined as current assets (plus the undrawn availability under the Credit Facility) to current liabilities (less any amount drawn under the Credit Facility). The Company is in compliance with all covenants under the Credit Facility.

The Company expects that for the next several quarters Midway will significantly increase its capital expenditure program and funds from operations compared to prior activity in 2009. As such, Midway will monitor capital based on the ratio of net debt to annualized forecasted funds from operations. This ratio is calculated as net debt, defined as outstanding bank debt plus or minus working capital, divided by forecasted funds from operations before changes in non-cash working capital and asset retirement expenditures, annualized.

As at December 31, 2009, \$4.2 million (2008 - \$13.1 million) was drawn against the Credit Facility, and letters of credit in the amount of \$238,000 were held against the Credit Facility. For the year ended December 31, 2009 the effective interest rate was 4.25% (2008 – 4.25%).

Reserves

Midway's reserves as at December 31, 2009 have been independently evaluated by Sproule Associates Limited ("Sproule") and GLJ Petroleum Consultants Ltd. ("GLJ") in accordance with NI 51-101. Forecast prices and costs are the Sproule forecast effective January 1, 2010. Other detailed information as required by NI 51-101 will be included in Midway's Annual Information Form which will be available at www.sedar.com prior to the end of March 2010.

The following tables summarize Midway's petroleum and natural gas reserve volumes and the estimated future net revenues before income taxes:

Summary of Oil and Natural Gas Reserves as at December 31, 2009

Reserves Category	Oil and NGL's		Natural Gas		Oil Equivalent	
	Gross ⁽¹⁾ (Mbbbl)	Net ⁽²⁾ (Mbbbl)	Gross ⁽¹⁾ (MMcf)	Net ⁽²⁾ (MMcf)	Gross ⁽¹⁾ (Mboe)	Net ⁽²⁾ (Mboe)
<i>Proved</i>						
Developed producing	1,163.6	978.8	11,128	9,789	3,018.3	2,610.3
Developed non-producing	406.3	306.4	1,969	1,649	734.5	581.2
Undeveloped	2,239.7	1,737.8	2,343	1,974	2,630.2	2,066.9
<i>Total Proved</i>	3,809.7	3,023.0	15,440	13,413	6,383.0	5,258.4
Probable	1,530.7	1,227.9	5,868	4,971	2,508.6	2,056.5
<i>Total Proved + Probable</i>	5,340.4	4,250.9	21,307	18,384	8,891.6	7,314.9

- (1) "Gross" reserves means Midway's interest (operated and non-operated) before deduction of royalties and without including any Company royalty interests.
- (2) "Net" reserves means Midway's interest (operated and non-operated) after deduction of royalty obligations plus Company royalty interests.
- (3) Boe's may be misleading, particularly if used in isolation. Natural gas is converted to a barrel of oil equivalent "boe" using a ratio of six thousand standard cubic feet of natural gas equal to one barrel of oil. This ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
- (4) Numbers may not add due to rounding.

Present Value of Future Net Revenue Before Income Taxes

Reserves Category	Discount rate				
	0% (\$000's)	5% (\$000's)	10% (\$000's)	15% (\$000's)	20% (\$000's)
<i>Proved</i>					
Developed producing	111,462	73,688	56,712	46,772	40,111
Developed non-producing	30,018	22,307	17,991	15,265	13,381
Undeveloped	119,540	72,713	48,824	34,706	25,481
<i>Total Proved</i>	261,020	168,708	123,527	96,744	78,974
Probable	174,217	57,505	27,587	16,618	11,373
<i>Total Proved + Probable</i>	435,237	226,213	151,113	113,362	90,347

The present value of future net revenue includes all resource income but does not include the Alberta drilling credit incentive. Estimated future net revenue does not represent fair value.

Summary of Sproule Pricing and Inflation Rate Assumptions

	2010	2011	2012	2013	2014	2015
WTI Cushing (\$US/bbl)	79.17	84.46	86.89	90.20	92.01	93.85
Edmonton Par (\$Cdn/bbl)	84.25	89.99	92.61	96.19	98.13	100.11
AECO (\$Cdn/mmbtu)	5.36	6.21	6.44	7.23	7.98	8.16
Inflation rate (%/year)	2.0	2.0	2.0	2.0	2.0	2.0
Exchange rate (\$US/\$Cdn)	0.920	0.920	0.920	0.920	0.920	0.920

Finding and Development Costs

Finding and development costs ("F&D") including change in future development capital ("FDC") for the year ending December 31, 2009 were \$15.32 per boe (proved plus probable) and \$19.97 per boe (total proved). Comparable F&D costs for 2008, were \$22.72 per boe (proved plus probable) and \$24.13 (total proved). The decrease year over year is primarily due to improved economics associated with the Company's future development at Garrington compared to historical activities.

The following table summarizes Midway's F&D costs for the year ended December 31, 2009:

F&D Costs including Future Development Capital ("FDC") ⁽¹⁾⁽²⁾	Proved	Proved + Probable
Exploration and development ("E&D") capital (\$)	11,160	11,160
Change in FDC (\$)	46,214	46,197
E&D capital including change in FDC (\$)	57,374	57,357
E&D reserve additions including revisions (MBoe)	2,873.1	3,743.6
F&D Costs including change in FDC \$ per Boe	\$ 19.97	\$ 15.32

- (1) The aggregate of the exploration and development capital (excluding acquisitions) incurred in the most recent financial year and the change during that year in estimated future development capital generally will not reflect the total finding and development capital related to reserve additions for that year.
- (2) The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect the total finding and development costs related to reserves additions for the year.
- (3) Includes capitalized G&G and all other capital items that meet NI 51-101 criteria for exploration and development cost.

Midway's F&D costs including change in FDC for the past three years are summarized as follows:

F&D Costs including change in FDC per boe	2009	2008	2007	3 year average
Proved	19.97	24.13	17.14	20.22
Proved plus probable	15.32	22.72	12.09	15.86

Future Development Capital ("FDC") using Forecast Prices and Costs

The following table summarizes Midway's FDC for the year ended December 31, 2009:

FDC using Forecast Prices and Costs	Proved	Proved + Probable
Year		
2010	31,863	31,863
2011	16,125	16,220
Total	47,988	48,083

Land

Land (acres) at December 31	Developed			Undeveloped		
	2009	2008	Change	2009	2008	Change
Gross acres	70,750	35,450	35,300	145,414	138,494	6,920
Net acres	57,026	30,761	26,265	114,493	112,690	1,803
Average working interest	80.6%	86.8%	(6.2%)	78.7%	81.4%	(2.7%)

Off-Balance-Sheet Financing

Midway was not involved in any off-balance-sheet financing for the three months and year ended December 31, 2009, other than those summarized in Commitments and Contractual Obligations.

Commitments and Contractual Obligations

Midway has various contractual obligations and commitments arising in the normal course of operations and financing activities. These obligations and commitments have been considered when assessing the cash requirements in the above discussion of liquidity and capital resources. As at December 31, 2009, Midway had satisfied its outstanding flow-through expenditure commitments.

As at December 31, 2009, Midway had a \$27 million Credit Facility with an Alberta based financial institution (see *Liquidity and Capital Resources*).

The Company has operating lease commitments for two office premises expiring December 31, 2010 and December 31, 2015, respectively that total \$380,000 in 2010 and approximately \$340,000 annually for the remaining term. Midway also has an operating lease commitment for field compression equipment expiring October 5, 2013 that totals \$286,000 annually.

Pursuant to a consulting agreement, the Company is committed to a stock appreciation rights ("SAR") payment based on 200,000 SAR's that vest over a three year period from the commencement date of the contract and to the extent earned are not payable until the third anniversary of the commencement date. The amount payable is equal to the number of SAR's that have vested multiplied by the then current market price. The SAR's were valued at December 31, 2009 based on the Company's closing stock price and \$87,000 was recorded as general and administrative expense for the year with a corresponding increase to accounts payable and accrued liabilities.

Subsequent Events

In January 2010, Midway closed a purchase and sale agreement with a private oil and gas company to acquire an oil battery and truck terminal with a total purchase price of \$2.5 million. The consideration provided was \$1 million in cash (net of acquired working capital) and the issuance of 769,231 common shares of the Company. As at December 31, 2009, Midway had paid a deposit of \$250,000 related to this acquisition.

In February 2010, Midway closed a purchase and sale agreement with a private oil and gas company to acquire certain interests in producing oil and natural gas properties with a total purchase price of \$6.1 million, subject to closing adjustments. The consideration provided was \$5.65 million in cash and the issuance of 155,279 common shares of the Company. As at December 31, 2009, Midway had paid a deposit of \$50,000 related to this acquisition.

Outstanding Share Trading Data

Midway's common voting shares trade on the TSX under the symbol MEL. A summary of Midway's trading history on the TSX is as follows:

\$ Per Share	Q4 2009	Q3 2009	Q4 2008	YTD 2009	YTD 2008
High	2.99	1.84	2.95	2.99	4.00
Low	1.20	0.69	0.47	0.36	0.47
Close	2.97	1.72	0.52	2.97	0.52
Average Daily Volume	233,817	89,070	16,225	106,786	12,882

As at December 31, 2009, Midway had 61.4 million Class A voting common shares, 3.0 million incentive warrants and 3.2 million stock options to purchase common shares outstanding. The incentive warrants have an exercise price of \$1.05 per share and the stock options have a weighted average price of \$1.20 per share. As at March 22, 2010, Midway had 62.4 million Class A voting common shares, 3.0 million incentive warrants and 4,099,500 stock options to purchase common shares outstanding at a weighted average exercise price of \$1.48 per share. These stock options were granted but are not exercisable pending shareholder approval. Concurrent with the granting of the stock options, the Board of Directors adopted a contingent stock appreciation rights ("SAR") plan and granted an equivalent number of SAR's at equivalent exercise prices on the condition that the stock options are not approved.

In the event that shareholders and the Toronto Stock Exchange approve the stock options, all conditional SAR's granted will immediately terminate without payment. Had the stock options outstanding at December 31, 2009 been approved and fair valued, the stock options would have been assigned an average fair value of \$0.90 per stock option. Midway will fair value these stock options or, if required, the contingent SAR's, on the date of the next shareholder's annual and special meeting when approval of the stock options is requested.

ADDITIONAL INFORMATION

Disclosure Controls and Procedures ("DC&P")

Midway's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that information required to be disclosed by Midway is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. The Company's CEO and CFO concluded based on their evaluation as at December 31, 2009 that disclosure controls and procedures were effective, and provide reasonable assurance that material information related to Midway is made known to them by others within the Company.

Internal Controls Over Financial Reporting ("ICOFR")

The Company's CEO and CFO are responsible for designing and evaluating the internal controls over financial reporting ("ICOFR") or causing them to be designed or evaluated under their supervision. ICOFR is a process designed to provide reasonable assurance that all assets are safeguarded, transactions are appropriately authorized and to facilitate the preparation of relevant, reliable and timely information resulting in the preparation

of financial statements for external purposes which are in accordance with Canadian GAAP. These officers are also responsible for evaluating, or causing to be evaluated under their supervision, the operating effectiveness of Midway's internal controls over financial reporting at the financial year-end of the Company.

As at December 31, 2009, the CEO and CFO assessed the effectiveness of the Company's ICOFR and have concluded that the ICOFR was effective. There were no changes made to the Company's ICOFR during the year ended December 31, 2009, with the exception that management and key accounting personnel were replaced, that have materially affected, or are reasonably likely to materially affect, the Company's ICOFR.

Because of their inherent limitations, ICOFR and DC&P may not prevent or detect misstatements, errors or fraud. Control systems, no matter how well conceived or operated, can provide only reasonable, not absolute assurance, that the objectives of the controls are met.

Accounting Changes and Pronouncements

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets. Effective for fiscal years beginning on or after October 1, 2008, this section provides guidance on the recognition, measurement, presentation and disclosure for goodwill and intangible assets subsequent to their initial recognition. This new standard became effective January 1, 2009 and the adoption of this standard had no impact on the Company's financial statements.

In January 2009, the CICA issued Section 1582 - "Business Combinations". This standard outlines new guidance which states that the purchase price is to be based on trading data at the closing date of the acquisition, not the announcement date of the acquisition, and that most acquisition costs are to be expensed as incurred. The new standard becomes effective on January 1, 2011 and early adoption is permitted.

In January 2009, the CICA issued Section 1601 - "Consolidated Financial Statements" and Section 1602 - "Non-Controlling Interest". These sections outline standards for preparing consolidated financial statements and the treatment of non-controlling interests in a business combination. These new standards are effective on January 1, 2011 and early adoption is permitted.

In June 2009, the CICA amended Section 3862, "Financial Instruments - Disclosures." These amendments include a hierarchy of methods used to determine the fair value of financial instruments at the balance sheet date. Level 1 inputs are based on quoted prices in active markets that Midway has the ability to access at the measurement date. Level 2 inputs are based on quoted prices in markets that are not active or based on prices that are observable for the asset or liability. Level 3 inputs are based on unobservable inputs for the asset or liability. These additional disclosures are effective December 31, 2009 and are included in note 12 and did not have a significant impact on the Company's financial statements.

Future Accounting Pronouncements

In January 2006, the Canadian Accounting Standards Board (the "AcSB") announced its decision to replace GAAP with IFRS for all Canadian Publicly Accountable Enterprises ("PAEs"). On February 13, 2008, the AcSB confirmed January 1, 2011 as the changeover date for PAEs to commence reporting under IFRS. Although IFRS is principles-based and uses a conceptual framework similar to GAAP, there are significant differences and choices in accounting policies, as well as increased disclosure requirements under IFRS.

In July 2009, the International Accounting Standards Board ("IASB") issued amendments to IFRS 1 "First-time adoption to IFRS" allowing additional exemptions for first-time adopters. The following are the key exemptions that Midway is planning to adopt under IFRS 1:

- Oil and gas companies can elect to use historical cost under GAAP as the deemed cost for oil and gas assets on the transition date. Oil and gas properties will be classified as property, plant and equipment ("PP&E") or Exploration and Evaluation assets ("E&E") with E&E valued at the amount determined under GAAP. For the development and production assets in PP&E the remaining full cost pool, before any adjustment for changes in asset retirement obligations under IFRS, is allocated to the cash generating units based on reserve volumes or reserve values. Under this exemption any change in the measurement of the asset retirement obligation is recorded in retained earnings.

- For business combinations that were completed prior to the transition date, companies can elect not to restate the business combinations according to the requirements of IFRS.
- For stock-based compensation, companies can elect to adjust stock-based compensation prospectively only to awards that vest after the transition date.

In 2009, we completed the diagnostic phase of our project and identified the key differences between Canadian GAAP and IFRS. We then moved into the implementation phase which focused on accounting policy decisions, modifications to IT systems and accounting processes as well as reviewing our internal controls over financial reporting. During the fourth quarter of 2009, our work focused on the conversion of certain IT systems and determining IFRS disclosure requirements. We plan to test our new IT systems in the first and second quarters of 2010.

Possible significant accounting differences between our current accounting policies under Canadian GAAP and expected accounting policies under IFRS include the following:

- Depletion and depreciation of (“PP&E”) will be based on significant components. Depletion of resource properties will generally continue to be calculated using the unit-of-production method; however, under IFRS there is an option to base production volumes before royalties on total proved reserves or total proved plus probable reserves. Depreciation of all other assets will be calculated on a straight-line basis over their estimated useful life.
- E&E assets will be measured at cost and are classified according to the nature of the expenditures and whether or not technical feasibility and commercial viability of extracting oil and gas from the property has been demonstrated. E&E assets will include undeveloped land and other exploratory costs.
- E&E costs will be reclassified to PP&E, to the extent they are not impaired, when proved reserves have been assigned to the asset. If proved reserves will not be established through the completion of E&E activities and there are no future plans for development activity, then the E&E expenditures are reviewed for impairment. Any impairment of E&E costs are charged to income.
- Impairment testing on oil and gas properties will be performed at a lower level than under current Canadian GAAP. Under IFRS, the impairment test compares the carrying value of the D&P and E&E assets to the greater of the fair value of the assets and the value-in-use of the assets, which is a discounted cash flow measure. Future impairment tests will be required when management determines that indicators of impairment exist. Should impairment losses be recorded in accordance with IFRS, certain of those losses can reverse in the future if facts and circumstances change.
- Under IFRS, gains and losses are recognized in net earnings on the disposal of petroleum and natural gas assets. The amount of the gain or loss is determined by comparing the proceeds from disposal with the carrying amount.
- Share-based payments under IFRS are expensed based on a graded vesting schedule and a forfeiture rate must be applied. In addition, the definition of an employee differs under Canadian GAAP and IFRS.
- Discount rates used in calculating the asset retirement obligation are currently under review by the IASB as there is diversity in practice when selecting a rate. Future changes to the standards and further interpretations of the guidance could lead to a material change in this provision upon adoption of IFRS.

We are currently in the process of evaluating the impact of the above noted accounting policy choices and the effect they will have on our financial statements. We will disclose additional information on the impact of the changes throughout 2010. Any amendments to existing IFRS standards or implementation of new IFRS standards could lead to additional changes.

Related-Party Transactions

Legal services are provided by a firm in which two Directors of the Company are partners (the “Firm”). During the year ended December 31, 2009, the Firm provided legal services totaling \$425,000 (2008 - \$76,000). An accrual of \$5,000 for legal services provided by the Firm but not billed at December 31, 2009, (2008 – \$3,000) is included in Midway’s total accounts payable and accrued liabilities balance.

The related party transactions were incurred during the normal course of operations on similar terms and conditions to those entered into with unrelated parties. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to between the related parties.

Critical Accounting Estimates

A summary of Midway's significant accounting policies is contained in Notes 2 and 3 to the audited financial statements dated December 31, 2009. These accounting policies are subject to estimates and key judgments about future events, many of which are beyond the Company's control. The following is a discussion of the accounting estimates that are critical to the financial statements.

Reserves

Midway retained independent petroleum engineering consultants Sproule and GLJ to evaluate all of its oil and natural gas reserves, prepare an evaluation report according to the requirements of National Instrument 51-101 and report to the Company's Reserve Committee. The process of estimating oil and natural gas reserves is subjective and involves a significant number of decisions and assumptions in evaluating available geological, geophysical, engineering and economic data. Revisions to estimates occur as a result of changes in prices, costs, fiscal regimes, reservoir performance or a change in the Corporation's plans. Any changes can impact calculations for depletion and the ceiling test.

Reserves can be classified as proved, probable or possible with decreasing levels of certainty to the likelihood that the reserves will be ultimately produced.

Full Cost Accounting

Under the full cost method of accounting for oil and gas exploration and development activities, all costs associated with these activities are capitalized. The aggregate net capitalized costs and estimated future abandonment costs plus future development capital, less estimated salvage values and unproved costs, are amortized using the unit of production method based on estimated proved oil and natural gas reserves, resulting in depletion expense. Unproved costs are reviewed quarterly to determine if proved reserves have been established, at which point the associated costs are included in the depletion calculation. Changes to any of these estimates may affect Midway's earnings.

Ceiling Test

Under the full cost method of accounting, the Company's investment in oil and natural gas assets is evaluated at least annually to consider whether the investment is recoverable and the carrying amount does not exceed the value of the properties, a process known as the "ceiling test". The carrying amounts are assessed to be recoverable when the sum of the undiscounted cash flows expected from the production of proved reserves, the lower of cost and market value of unproved properties exceeds the carrying amount of the cost centre. When the carrying amount is not assessed to be recoverable, an impairment loss is recognized to the extent that the carrying amount of the cost centre exceeds the sum of the discounted cash flows expected from the production of proved and probable reserves, the lower of cost and market value of unproved properties of the cost centre. The cash flows are estimated using expected future product prices and costs and are discounted using a risk-free interest rate. Any excess carrying value above the net present value of the future cash flows is charged to earnings as additional depletion. Reserve, revenue, royalty and operating cost estimates and the timing of future cash flows are all critical components of the ceiling test.

Asset Retirement Obligations

The Company recognizes the estimated fair value of its asset retirement obligations ("ARO") in the period in which it is incurred as a liability, and records a corresponding increase in the carrying value of the related asset. The future ARO is an estimate based on the Company's ownership interest in wells and facilities and reflects estimated costs to complete the abandonment and reclamation as well as the estimated timing of the costs to be incurred in future periods. Estimates of the costs associated with abandonment and reclamation activities require judgment concerning the method, timing and extent of future retirement activities. Accretion represents the change in the time value of the asset retirement obligations. Actual costs incurred on settlement of the ARO are charged against the liability. Judgments affecting current and annual expense are subject to future revisions based on changes in technology, abandonment timing, costs, discount rates and the regulatory environment.

Stock-based Compensation

Stock options and other dilutive instruments issued to employees and directors are accounted for using the fair value method of accounting for stock-based compensation. The fair value of the dilutive instrument is recognized as stock-based compensation expense and contributed surplus over the vesting period of the instrument. Stock-based compensation expense is determined on the date of an option grant using the Black-Scholes option pricing model. The Black-Scholes pricing model requires the estimation of several variables including estimated volatility of Midway's stock price, estimated life of the instrument, estimated risk-free rate and estimated dividend rate. Any changes to these estimates would alter the valuation of the dilutive instrument and would result in a different related stock-based compensation expense.

Income Taxes

The determination of income and other tax liabilities require the interpretation of complex laws and regulations. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. The estimation of future tax assets and liabilities and applicable tax rates includes uncertainty around the reversal of temporary differences. Accordingly, the actual income tax asset or liability may differ significantly from that estimated and recorded by management.

Environmental Regulation

The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation. Such legislation provides for restrictions and prohibitions on the release or emission of various substances produced in association with certain oil and gas industry operations. In addition, such legislation requires that well and facility sites to be abandoned and reclaimed to the satisfaction of provincial authorities. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage, and the imposition of material fines and penalties.

Midway continues to monitor the regulatory landscape in order to assess current and potential future impacts on our business.

For a detailed discussion of these regulations refer to the Company's annual information form filed on SEDAR at www.sedar.com.

Forward-Looking Statements

This MD&A 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. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future outcomes. In particular, this MD&A contains forward-looking statements relating, but not limited to:

- drilling and development plans and the timing of drilling, completion and tie-in of wells;
- plans to consolidate the Company's land position;
- forecast capital expenditures, the allocation of the Company's capital expenditures and the method of financing thereof;
- anticipated exit and average production rates and production mix, including performance characteristics of Midway's oil and natural gas properties;
- anticipated funds from operations for 2010 and average realized commodity prices;
- anticipated expenses and other financial and operating results;

- Midway's business strategy and management focus;
- future liquidity and the ability to raise capital to continually add reserves;
- access to sufficient debt and equity capital;
- expectations regarding an increase in the Credit Facility;
- Midway's asset base and future prospects for development and growth;
- expectations regarding the business environment, industry conditions and future commodity prices;
- expectations regarding Midway's tax horizon;
- the timing and impact of the adoption of International Financial Reporting Standards ("IFRS") and other accounting policies and standards;
- the impact of any changes to the Company's Credit Facility resulting from periodic review;
- the timing of filing the Company's Annual Information Form;
- treatment under governmental and other regulatory regimes and tax, environmental and other laws.

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.

Forward-looking statements regarding Midway are based on certain key expectations and assumptions of Midway concerning anticipated financial performance, business prospects, strategies, regulatory developments, current commodity prices and exchange rates, applicable royalty rates, tax laws, future well production rates and reserve volumes, future operating costs, the performance of existing wells, the success of its exploration and development activities, the sufficiency and timing of budgeted capital expenditures in carrying out planned activities, the availability and cost of labor and services, the impact of increasing competition, conditions in general economic and financial markets, availability of drilling and related equipment effects of regulation by governmental agencies, the ability to obtain financing on acceptable terms which are subject to change based on commodity prices, market conditions, drilling success and potential timing delays.

These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond Midway's control. Such risks and uncertainties include, without limitation: the impact of general economic conditions; volatility in market prices for crude oil and natural gas; industry conditions; currency fluctuations; imprecision of reserve estimates; liabilities inherent in crude oil and natural gas operations; environmental risks; incorrect assessments of the value of acquisitions and exploration and development programs; competition from other producers; the lack of availability of qualified personnel, drilling rigs or other services; changes in income tax laws or changes in royalty rates and incentive programs relating to the oil and gas industry; hazards such as fire, explosion, blowouts, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; stock market volatility; and ability to access sufficient capital from internal and external sources.

Management has included the above summary of assumptions and risks related to forward-looking statements provided in this MD&A in order to provide readers with a more complete perspective on Midway's future operations and such information may not be appropriate for other purposes. Midway's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance 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 that Midway will derive there from. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this MD&A and Midway disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required

by applicable securities laws. However, in the event that subsequent events are reasonably likely to cause actual results to differ materially from material forward-looking information previously disclosed by Midway for a period that is not yet complete, Midway will provide disclosure on such events and the anticipated impact of such events. Additional information regarding Midway including its annual information form is available under the Company's profile on SEDAR at www.sedar.com or on the Company's website at www.midwayenergy.com.

Selected Quarterly Data

The following table provides selected quarterly information for Midway.

	2009				2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Production:								
Natural gas (mcf/d)	3,783	4,401	4,988	5,076	4,940	5,967	6,034	4,872
Oil and NGL's (bbl/d)	321	154	149	189	145	69	95	91
Oil equivalent (boe/d 6 : 1)	951	887	980	1,035	969	1,064	1,100	903
Financial:								
Revenue	3,682	2,053	2,558	2,978	3,552	4,757	6,798	3,837
Net earnings (loss)	(2,318)	(3,503)	(1,432)	137	(1,364)	280	1,497	(232)
Per share (\$)	(0.04)	(0.14)	(0.11)	0.01	(0.10)	0.02	0.12	(0.02)
Basic and diluted								
Funds from (used in) operations	82	(1,513)	274	590	815	1,770	4,200	1,707
Per share (\$)	0.00	(0.06)	0.02	0.04	0.06	0.13	0.33	0.14
Basic and diluted								
Cash flow from (used in) operating activities	467	(1,107)	327	714	533	3,330	2,536	1,979
Total assets	111,211	71,347	59,260	60,290	63,502	62,724	58,950	53,564
Bank debt ⁽¹⁾	4,155	13,288	13,156	13,024	13,050	7,409	6,612	5,803
Working capital (deficiency) ⁽²⁾	(8,383)	(313)	827	356	280	(3,268)	1,294	(4,278)
Total long-term liabilities ⁽¹⁾	4,786	3,355	1,984	2,013	15,052	9,381	8,491	7,632
Shareholders' equity	88,726	52,908	42,742	44,099	45,607	46,909	46,511	38,379
Share information (000's):								
Common shares outstanding	61,445	32,493	13,405	13,405	13,405	13,405	13,405	11,836
Dilutive equity instruments	3,000	3,000	1,269	1,269	1,269	1,269	1,269	1,121
Weighted average shares								
Basic and diluted	55,855	24,246	13,405	13,405	12,629	13,405	12,629	11,836
Per Unit:								
Oil and NGL revenue (\$/bbl)	70.09	63.43	60.39	46.52	43.08	100.68	103.29	72.76
Natural gas revenue (\$/mcf)	4.57	2.85	3.83	4.79	6.55	7.50	10.76	7.29
Oil equivalent (\$/boe)	41.79	25.14	28.75	31.96	39.85	48.54	67.81	46.64
Operating netback (\$/boe)	21.07	5.10	15.74	13.10	15.13	24.56	47.83	26.26

(1) Bank debt was included in total long-term liabilities prior to 2009 Q1.

(2) Excludes the fair value of financial instruments and current portion of bank debt.

For the quarterly periods indicated, the Company has maintained average production in the range of approximately 900 to 1,100 boe per day. Quarterly petroleum and natural gas revenue has fluctuated directly with commodity prices. Quarterly revenue peaked in Q2 2008 at \$6.5 million compared to \$3.7 million for the most recent quarter. Royalties have fluctuated over the periods indicated largely due to commodity prices, field activity, the availability of crown gas cost allowance and changes to the Alberta crown royalty structure. Operating expenses have been maintained in the range of \$10 to \$15 per boe with the exception of the third quarter of 2009 and are reflective of field activity. Changes in netbacks per boe are primarily due to changes in commodity prices. Funds from operations peaked at \$4.2 million during Q2 2008 but rapidly declined with lower commodity prices. Net earnings are reflective of normal oil and natural gas operations and since Q4 of 2008 the Company has operated at a loss of approximately \$1.5 million; however, Q1 2009 includes a tax reduction of \$1.7 million relating to \$6.9 million of flow-through shares issued in 2008 and renounced in the quarter, Q3 2009 includes severance paid to the prior staff of Midway and Q4 2009 includes employee bonus payments.

Selected Annual Data

The following table provides selected annual information for Midway.

	2009	2008	2007
Production:			
Natural gas (mcf/d)	4,558	5,453	5,037
Oil and NGL's (bbl/d)	202	100	97
Oil equivalent (boe/d 6 : 1)	962	1,009	936
Financial:			
Revenue	11,271	18,944	13,517
Net earnings (loss)	(7,116)	181	(252)
Per share (\$)	(0.27)	0.01	(0.02)
Basic and diluted			
Funds from (used in) operations	(168)	8,492	5,890
Per share (\$)	(0.01)	0.66	0.50
Basic and diluted			
Cash flow from (used in) operating activities	401	8,378	5,184
Total assets	111,211	63,502	44,249
Capital expenditures	50,719	27,376	19,203
Bank debt ⁽¹⁾	4,155	13,050	-
Working capital (deficiency) ⁽²⁾	(8,383)	280	(349)
Total long-term liabilities ⁽¹⁾	4,786	15,052	1,650
Shareholders' equity	88,726	45,607	38,478
Share information (000's):			
Common shares outstanding	61,445	13,405	11,836
Dilutive equity instruments	3,000	1,270	1,270
Weighted average shares			
Basic and diluted	26,837	12,822	11,836
Per Unit:			
Oil and NGL revenue (\$/bbl)	61.94	73.46	58.65
Natural gas revenue (\$/mcf)	4.01	8.13	6.22
Oil equivalent (\$/boe)	32.02	51.25	39.53
Operating netback (\$/boe)	13.90	28.92	21.39

(1) Bank debt was included in total long-term liabilities prior to 2009 Q1.

(2) Excludes the fair value of financial instruments and current portion of bank debt.

For the years indicated, the Company has maintained average production in the range of approximately 900 to 1,100 boe per day. Petroleum and natural gas revenue has fluctuated directly with commodity prices. Changes in netbacks per boe are primarily due to changes in commodity prices. Funds from operations peaked in 2008 but rapidly declined with lower commodity prices. Net earnings are reflective of normal oil and natural gas operations; however, 2009 includes a tax reduction of \$1.7 million relating to \$6.9 million of flow-through shares issued in 2008 and \$1 million of severance paid to the prior staff of Midway. As at March 22, 2010, Midway had approximately \$9.5 million of unused capacity under its \$27 million Credit Facility.

For further information, please contact:
MIDWAY ENERGY LTD.
Telephone (403) 216-2705
Toll-free: 1-877-216-2705
or visit www.midwayenergy.com