



(TSX: MEL)
FOR IMMEDIATE RELEASE
July 6, 2010

The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF U.S. SECURITIES LAW

Midway Energy Ltd. Announces Closing of Equity Financing and Updated Operational Guidance

CALGARY, ALBERTA — Midway Energy Ltd. ("**Midway**" or the "**Company**") (TSX: MEL) is pleased to announce that it has closed its previously announced bought deal financing (the "**Offering**") of common shares ("**Common Shares**") through a syndicate of underwriters led by GMP Securities L.P. and including BMO Nesbitt Burns Inc., Macquarie Capital Markets Canada Ltd. and Wellington West Capital Markets Inc. (the "**Underwriters**"). Pursuant to the Offering, Midway issued 5,082,000 Common Shares at a price of \$3.25 per Common Share for gross proceeds of \$16,516,500, including 462,000 Common Shares issued on the exercise in full of the over-allotment option granted to the Underwriters.

Midway also announces that it has increased its 2010 capital expenditure budget by \$22 million to expand the Company's Cardium drilling program and to fund necessary facilities in the Garrington area, which will be partially funded with the net proceeds of the Offering. The Company's drilling program will be increased from 12 net Cardium "A" wells to 17 net Cardium "A" wells and is expected to improve the proved producing component of Midway's year end 2010 reserves. As part of the increased budget, an additional \$3 million will be spent by Midway to upgrade and complement existing facilities. These upgrades are expected to be completed in early fall and will provide Midway with natural gas take away capacity on all of its existing lands.

Midway also announces that as a result of the increased capital spending it has increased its target exit production rate of 2,900 to 3,000 barrels of oil per day, an increase of approximately 33% to previous guidance provided by the Company. Oil and natural gas liquids will gain a larger share of the production mix from current levels moving to about 65% of the Company's exit production rate. Further, the Company is projecting funds from operations in its fourth quarter of 2010 to be between \$9 and \$10 million using \$75 WTI and \$4.00 AECO pricing for the remainder of the year.

About Midway

Midway is a public junior oil and gas company with production in Alberta and British Columbia. The Company's area of focus is on operated properties in the Garrington area of Alberta, that have long life, high quality light oil and natural gas reserves with repeatable drilling upside. 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 and its website at www.midwayenergy.ca.

For more information please contact:

Midway Energy Ltd.

M. Scott Ratushny
Chief Executive Officer

or

Doug Smith
Chief Financial Officer

(403) 216-2705

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 the use of proceeds of the Offering, the Company's expected drilling activities and the results therefrom; the Company's target exit rate production and product mix, expected cash flow for the fourth quarter of 2010; and expectations regarding facility upgrades, the cost of such upgrades and the expected benefits therefrom. These forward-looking statements are based on various assumptions including 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; 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; the board of directors determines that it would be in the best interests of Midway to deploy the proceeds of the Offering to some other purpose; 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.

Non-GAAP Financial Measures

Midway uses the term "funds from operations" within this press release which is not a recognized measure under Canadian generally accepted accounting principles ("GAAP"), does not have a standardized prescribed meaning under GAAP and may not be comparable with the calculation of similar measurements of other entities.

Management believes that in addition to net earnings and cash flow from operating activities, as defined by GAAP, the term "funds from operations" is a useful supplemental measures to evaluate operating performance and assess leverage. Users are cautioned; however, that this measure 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 the Company's ability to generate the funds necessary to finance capital expenditures and repay debt. Funds from operations is described in the Company's Managements' Discussion and Analysis for the three months ended March 31, 2010 and is based on cash provided by operating activities before the change in non-cash working capital and actual asset retirement expenditures. 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 and operating netback may differ from that of other companies and, accordingly, may not be comparable to measures used by other companies.