



MIDWAY ANNOUNCES STRATEGIC ACQUISITION AND NEW CORE AREA IN THE GARRINGTON CARDIUM TREND

CALGARY, ALBERTA (August 31, 2009) – Midway Energy Ltd. (“Midway” or the “Company”) (TSX – “MEL”) is pleased to announce that it has entered into an agreement to purchase certain assets of a private oil and gas company (“Privateco”).

The acquired assets of Privateco include a high working interest in 9 net sections of Cardium rights in the Garrington area of Alberta, which is located approximately 80 kilometers northwest of Calgary. These assets currently produce approximately 130 boepd, 67% of which is light crude oil with reserves estimated at July 1, 2009 by independent engineers of 414,000 boe (proved plus probable) and 344,000 boe (total proved). No reserves have been booked with the associated undeveloped lands included in the transaction. Post-closing, Midway’s production will be in excess of 1,000 boepd.

The purchase price for the acquisition is \$8.25 million and consideration will be \$7.425 million in cash and the balance through the issuance of common shares of Midway (the number of shares issued based on the 10 day volume weighted average prior to closing). The purchase price will result in proved plus probable finding and development costs for the acquisition of \$19.92 including future capital. The transaction is expected to be accretive to Midway on a reserves, production and cash flow basis.

Midway also announces that, in conjunction with this acquisition, it has received approval from its lender to increase its credit facilities from \$18 million to \$21 million effective August 31, 2009. The Company estimates it will have debt, net of working capital, of \$12.4 million at the closing of this transaction (assuming that all Trafalgar Series A warrants are exercised).

The Privateco acquisition is a key first step in Midway’s strategy to develop a light oil resource play by consolidating lands prospective for Cardium oil in the Garrington area. Midway has identified 22 net Cardium drilling locations on the Privateco lands and intends to employ horizontal drilling and multi-stage frac technology to develop the area. Horizontal drilling in this area is currently achieving encouraging results. The Company plans to participate in 4 Cardium horizontal wells (3 operated) during the fourth quarter of 2009.

Also included in the acquisition is key crude oil and natural gas handling infrastructure that will allow Midway to develop the Cardium in a timely and cost effective manner.

Midway's Strategic Direction

Midway is focused on using management's technical expertise, gained by successfully drilling and completing horizontals wells in the Bakken play in southeast Saskatchewan, to develop a light oil resource play in south central Alberta. With this acquisition, the Company has embarked on a consolidation strategy to acquire a significant land position in the Garrington Cardium fairway. Management will focus on changing Midway's production mix to light oil in Alberta.

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, or consists of statements regarding the Privateco acquisition described herein, the purchase price, the outlook for petroleum prices, estimated amounts and timing of capital expenditures, the timing, location and extent of future drilling operations, anticipated timing and results of construction projects and project tie-ins, estimates of future production, the ability to realize on investments in asset backed commercial paper, operating costs or other expectations, beliefs, plans, objectives, assumptions or statements about future events or performance. In addition, statements regarding reserves are deemed to be forward-looking statements, as they involve estimates and assumptions as to the expectation that the reserves can be economically exploited in the future.

These statements are based on certain factors and assumptions regarding expected growth, results of operations, performance, business prospects and opportunities future oil and natural gas prices, future oil and natural gas production levels, future exchange and interest rates, our 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 the company to realize on its investments in asset backed commercial paper. While we consider these assumptions to be reasonable based on information currently available to us, they may prove to be incorrect.

By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties and other factors that contribute to the possibility that the predicted outcome will not occur, including, without limitation: risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation; loss of markets; volatility of commodity prices; currency fluctuations; imprecision of reserve estimates; environmental risks; competition from other producers; inability to retain drilling rigs and other services; incorrect assessment of the value of acquisitions; failure to realize the anticipated benefits of acquisitions; general economic conditions in Canada, the U.S. and globally; delays resulting from or inability to obtain required regulatory approvals; and 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.

Information Regarding Midway

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

Additional information regarding Midway is available under the Company’s profile at www.sedar.com. Its website is currently under construction and will be fully available in the near future.

For more information, please contact:

Midway Energy Ltd.

Mr. Scott Ratushny or Mr. Ken Frankiw
Chief Executive Officer President

(403) 216-2705