



THIRD QUARTER REPORT

For the three and nine months ended September 30, 2009

Midway Energy Ltd. (TSX:MEL) ("Midway" or the "Company") is pleased to report its unaudited financial results and a summary of its operating activities for the third quarter ended September 30, 2009.

Corporate Highlights

(\$ 000's, except per share amounts)	Q3 2009	Q2 2009	Q3 2008	YTD 2009	YTD 2008
Petroleum and natural gas revenue	2,053	2,369	4,365	7,589	15,392
Funds from (used in) operations	(1,513)	274	1,770	(250)	7,677
Basic and diluted per share	(0.06)	0.02	0.13	(0.01)	0.61
Net earnings (loss)	(3,503)	(1,432)	280	(4,798)	1,545
Basic and diluted per share	(0.14)	(0.11)	0.02	(0.28)	0.12
Working capital (deficiency) ⁽¹⁾	(313)	827	(3,268)	(313)	(3,268)
Bank debt	13,288	13,156	7,409	13,288	7,409
Capital expenditures	12,635	(65)	7,128	13,058	24,504
Total assets	71,347	59,260	62,724	71,347	62,724
Weighted average shares					
Basic and diluted	24,246	13,405	13,405	17,058	12,626
Common shares outstanding					
Basic	32,493	13,405	13,405	32,493	13,405
Diluted	35,493	14,675	14,675	35,493	14,675
Average production:					
Natural gas (mcf/d)	4,401	4,988	5,967	4,819	5,625
Oil and NGL's (bbl/d)	154	149	69	162	85
Oil equivalent (boe/d 6:1)	887	980	1,064	965	1,022
Average realized prices:					
Natural gas (\$/mcf)	2.85	3.83	7.51	3.86	8.60
Oil and NGL's (\$/bbl)	63.43	60.39	100.68	56.52	91.70
Oil equivalent (boe/d 6:1)	25.14	28.67	48.63	28.77	54.95
Netback (\$/boe)					
Petroleum and natural gas revenue	25.14	28.67	48.63	28.77	54.95
Royalties	(1.38)	1.49	9.58	2.06	8.65
Operating expenses	21.42	11.44	14.50	15.19	12.93
Operating netback	5.10	15.74	24.55	11.52	33.37

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

Message to Shareholders

The new management team of Midway is pleased to present its first quarterly message to shareholders. The third quarter of 2009 reflects the transition to a new approach and strategy for the Company.

The focus of management will be to grow the Company into an oil weighted entity through the development of repeatable, low risk drilling opportunities. We will draw on the strength and experience of our management group and employ advances in drilling and completion technology in order to re-evaluate known oil fields. Our goal is to continually add to our base of low risk drilling opportunities while simultaneously adding oil production through the development of our properties.

During the third quarter of 2009 Midway incurred several one-time expenditures including severance payments to former management and employees, costs associated with the its acquisition of EET Management Corp. and Energy Investment Limited Partnership pursuant to a Plan of Arrangement, and field property taxes (included in operating costs). Management has also undertaken several capital projects which are expected to reduce future operating costs.

SIGNIFICANT HIGHLIGHTS FOR MIDWAY THIS QUARTER

- **Established a New Core Area in Garrington, Alberta**

Midway has made significant progress in identifying and establishing a significant position in an area which management believes is prospective for light oil development through low risk, repeatable drilling.

- **Completed Two Major Acquisitions**

In connection with the Company's new strategy, Midway closed its first acquisition in the Garrington area of Alberta on September 15, 2009 of properties producing approximately 130 boe/d of crude oil and associated natural gas from the Cardium formation. The Garrington assets, located 80 kilometers northwest of Calgary, are characterized by high working interest, long life, high quality operated light oil and natural gas reserves with repeatable drilling upside. Midway also closed a second acquisition of producing properties in the Garrington area on October 6, 2009 that are currently producing approximately 160 boe/d of light crude oil and associated natural gas. Together these acquisitions provide Midway with over 23 net sections of land that are prospective for horizontal drilling in the Cardium. In addition, the acquisitions provide Midway with control of strategic infrastructure including pipelines, compression and oil batteries.

- **Increased Credit Facility**

After the end of the quarter, Midway increased its Credit Facility to \$27 million, providing the Company with significant financial flexibility. Currently, the Company has approximately \$10 million drawn on the Credit Facility.

- **Financing**

On October 6, 2009, Midway closed a successful bought deal equity financing which raised \$27.5 million in gross proceeds which were used to finance the second acquisition noted above and the excess was used to reduce bank debt. Currently Midway has 54.5 million common shares outstanding.

The Company intends to drill 3 Cardium horizontal wells on our Garrington lands in the fourth quarter of 2009. The wells are currently being licensed and it is expected the first well will spud in early November.

Midway will continue to pursue additional acquisitions in this new core area.

Midway has finalized its 2010 capital expenditure budget and anticipates drilling 12 gross operated wells in Garrington and participating in several lower working interest non-operated opportunities in the area. Management anticipates that capital expenditures in 2010 will be approximately \$32 million focused on

development drilling and necessary facilities 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 \$25 million of cash flow using an average strip price of US \$75/bbl WTI and CAD \$5.75/GJ at AECO.

The Company is also pleased to announce that Mr. James C. Smith, C.A., has been appointed to the Board of Directors of Midway. Mr. Smith is a business executive with over 35 years of experience in management functions, including financial analysis and reporting; dealing with financial markets; and analyzing and financing corporate and property acquisitions and divestitures. Mr. Smith has been involved with the oil and gas industry in Canada since 1983 and has worked as a Vice-President at several major companies. He is also a director of several energy related companies in Calgary.

On behalf of the Board of Directors,

"M. Scott Ratushny"

"Ken Frankiw"

M. Scott Ratushny
Chairman & Chief Executive Officer

Ken Frankiw
President

Filings

Midway has filed with Canadian securities regulatory authorities its unaudited financial statements for the quarter ended September 30, 2009 and the accompanying Managements' Discussion and Analysis ("MD&A"). These filings are available under Midway's SEDAR profile at www.sedar.com. Full pdf versions of our third quarter 2009 unaudited financial statements and the accompanying MD&A are available on our website at www.midwayenergy.com.

Forward-looking Statements

This press release 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 press release contains forward-looking statements relating, but not limited to:

- drilling and development plans and the timing thereof;
- forecast capital expenditures and the method of financing thereof;
- anticipated production rates and production mix, including performance characteristics of Midway's oil and natural gas properties;
- future operating cost reductions
- anticipated cash flow and other financial results;
- Midway's business strategy;
- future liquidity and financial flexibility;
- Midway's asset base and future prospects for development and growth;
- estimates of future cash flows from operations; and
- funding or remaining flow through obligations.

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 press release 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 press release 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.

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.

Information Regarding Midway

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