MIDWINTER RESOURCES NL

ACN 126 129 413

30 October 2009

RUSSIAN COAL PROJECT
MEMORANDUM OF UNDERSTANDING

The Company is pleased to advise that it has entered into a memorandum of understanding (**MoU**) with RedMet Ltd and Kingsreef Pty Ltd (together the **Vendors**) whereby the Vendors will provide the Company with the opportunity to acquire a majority interest in a substantial coal project located in Russia (**Project**).

The subject matter of the MoU is and remains incomplete and subject to ongoing negotiations between the parties. Accordingly, the Company is not at this time able to disclose any further details in respect of the terms of the contemplated formal arrangement with the Vendors or the Project, and any premature disclosure may be prejudicial to the Company's negotiations and interests.

The following are the principle terms of the MoU:

- Midwinter to acquire a 70% interest in the Project in consideration for which the Vendors will be issued 6.5 million fully paid shares of Midwinter and paid US$25m.
- Midwinter to meet all costs associated with acquisition
- Midwinter to free carry the Vendors interest until the completion of a bankable feasibility study or the decision to mine, whichever occurs first.
- Expenditure by Midwinter in exploring and developing the project will be repaid prior to any distributions to the FCI holder, but excludes the acquisition cost.
- Upon a JORC resource of 250m t being defined, the Vendors will be issued 20m contributing shares with an amount payable of $0.75 or the price at which capital is raised to complete the acquisition, whichever is lower.

In addition, a royalty of 2% is payable by the licence holder to the owner of the surface rights. It commences from first commercial production and expires 10 years after the first year in which more than 5mpta is produced.

If Midwinter and Vendor do not enter into the Acquisition Agreement on or before 16 November 2009 (or such later date as agreed by the parties), the obligations of Midwinter under the MoU will be at an end.

For further information please call Piers Lewis on +61 (0)8 9388 2816.

ENDS