



**MANAGEMENT INFORMATION CIRCULAR
FOR THE
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON APRIL 29, 2008**

MARCH 25, 2008

MGM Energy Corp.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting (“**Meeting**”) of the holders (“**Shareholders**”) of common shares (“**Common Shares**”) in the capital of MGM Energy Corp. (“**MGM Energy**”) will be held at 2:00 p.m. (Calgary time) on Tuesday, April 29, 2008 in the Conference Centre in the lower level of First Canadian Centre, 350 – 7th Avenue S.W., Calgary, Alberta, Canada, for the following purposes:

1. to receive the financial statements of MGM Energy for the year ended December 31, 2007 and the auditors’ report thereon;
2. to appoint auditors of MGM Energy for the ensuing year and authorize the board of directors of MGM Energy to fix their remuneration;
3. to elect directors for the ensuing year; and
4. to transact such other business as may be properly brought before the Meeting or any adjournments thereof.

The specific details of the matters to be brought before the Meeting are set forth in the accompanying management information circular and proxy statement.

Shareholders who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed form of proxy and return it to MGM Energy’s transfer agent, Computershare Trust Company of Canada, at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 Attention: Proxy Department, at least 48 hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournments thereof. Non-registered shareholders who receive these materials through their broker or other intermediary should complete and send the voting instruction form in accordance with the instructions provided by their broker or intermediary. A proxyholder need not be a shareholder of MGM Energy. If a Shareholder receives more than one proxy form because such Shareholder owns common shares of MGM Energy registered in different names or addresses, each proxy form should be completed and returned.

The share transfer books of MGM Energy will not be closed, but the board of directors of MGM Energy has fixed the close of business on March 17, 2008 as the record date for the determination of shareholders entitled to notice of, and to attend and vote at, the Meeting and at any adjournments thereof.

Only persons registered as holders of Common Shares on the records of the Corporation as of the close of business on March 17, 2008 are entitled to receive notice of and to attend and vote at the Meeting or any adjournment thereof, except that a transferee of Common Shares acquired after the record date may vote such Common Shares at the Meeting or any adjournment thereof if it produces properly endorsed share certificates evidencing such share ownership or otherwise establishes to the satisfaction of MGM Energy that it owns the transferred Common Shares and demands, not later than 10 days before the Meeting, or such other time as is acceptable to MGM Energy, that the transferee’s name be included on the list of Shareholders entitled to vote at the Meeting.

DATED at Calgary, Alberta as of March 25, 2008.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) *Henry W. Sykes*

Henry W. Sykes
President and Director

MGM Energy Corp.

ANNUAL MEETING OF SHAREHOLDERS

MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

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GENERAL PROXY INFORMATION

This management information circular (“**Information Circular**”) is furnished to the holders (“**Shareholders**”) of common shares (“**Common Shares**”) in the capital of MGM Energy Corp. (“**MGM Energy**” or the “**Corporation**”) by the management of the Corporation in connection with the solicitation of proxies to be voted at the annual meeting of Shareholders of MGM Energy (“**Meeting**”) to be held at 2:00 p.m. (Calgary time) on Tuesday, April 29, 2008 in the Conference Centre in the lower level of First Canadian Centre, 350 - 7th Avenue S.W., Calgary, Alberta, Canada, and at any adjournments thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders (“**Notice of Meeting**”) and in this Information Circular.

Solicitation of Proxies

The enclosed form of proxy is solicited by and on behalf of the management of MGM Energy. The persons named in the enclosed form of proxy are senior officers of MGM Energy. **A Shareholder desiring to appoint some other person (who need not be a Shareholder) to represent him or her at the Meeting may do so either by inserting such other person’s name in the blank space provided in the form of proxy or by completing another proper form of proxy.**

To be used at the Meeting, the completed form of proxy must be deposited at the offices of MGM Energy’s transfer agent, Computershare Trust Company of Canada (“**Computershare**”) at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 Attention: Proxy Department, at least 48 hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournments thereof. Solicitation will be primarily by mail, but some proxies may be solicited personally or by telephone, facsimile transmission or other electronic means by the directors, officers or employees of MGM Energy at a nominal cost. The cost of solicitation will be borne by MGM Energy.

No remuneration will be paid to any person for the solicitation of proxies; provided however that the Corporation may, upon request, pay to intermediaries holding Common Shares in their names for others the charges entailed for sending out the Notice of Meeting, this Information Circular and the instruments of proxy to the persons for whom they hold Common Shares.

Information contained in this Information Circular is given as of March 25, 2008 unless otherwise specifically stated.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is very important to you if you do not hold Common Shares in your own name. If you hold Common Shares through a broker, dealer, bank, trust company or other nominee and not in your own name (referred to herein as “**Beneficial Shareholders**”), you should note that only proxies deposited by Shareholders whose names appear on the records of MGM Energy as registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Common Shares will not be registered in the Shareholder’s name on the records of MGM Energy maintained by Computershare. Such shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers, dealers, banks, trust companies or other nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers or other nominees are prohibited from voting Common Shares for the broker’s clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person or that the Common Shares are duly registered in their name.**

Applicable Canadian regulatory policy requires brokers or other nominees to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Brokers or other nominees have their own mailing procedures and provide their own return instructions to clients. These procedures and instructions should be

carefully followed by Beneficial Shareholders to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. In Canada, the majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications Corporation (“ADP”). In most cases, ADP mails a scannable voting instruction form (“VIF”) in lieu of the form of proxy provided by MGM Energy, and asks Beneficial Shareholders to return the VIF to ADP. Alternatively, Beneficial Shareholders can either call ADP’s toll free telephone number to vote their Common Shares, or access ADP’s dedicated voting web site at www.proxyvotecanada.com to deliver their voting instructions. ADP then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a VIF from ADP cannot use that form to vote Common Shares directly at the Meeting – the VIF must be returned to ADP or, alternatively, instructions must be received by ADP well in advance of the Meeting in order to have such shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity.

A Beneficial Shareholder who wishes to attend the Meeting and indirectly vote his or her Common Shares as proxyholder for the registered Shareholder should enter his or her own name in the blank space on the form of proxy provided to him or her and return the same to his or her broker (or broker’s agent) in accordance with the instructions provided by such broker (or broker’s agent) well in advance of the Meeting.

There are two types of Beneficial Shareholders: (i) those who object to their name being made known to the issuers of the securities that they own (“OBOs” or “**Objecting Beneficial Owners**”); and (ii) those who do not object to their name being made known to the issuers of the securities that they own (“NOBOs” or “**Non-Objecting Beneficial Owners**”). Issuers, including MGM Energy, may request and obtain a list of their NOBOs from intermediaries through its transfer agent. MGM Energy may obtain and use this NOBO list for the distribution of proxy-related materials directly (not through ADP) to NOBOs.

Exercise of Discretion by Proxy Holders

On any ballot taken at the Meeting, the nominees named in the enclosed form of proxy will vote or withhold from voting the Common Shares in respect of which they have been appointed nominee in accordance with the directions of the Shareholders appointing them. In the absence of such direction, the Common Shares represented by valid instruments of proxy executed in favour of the management designees and deposited in the manner described above will be voted “FOR” all matters identified in the Notice of Meeting.

The enclosed proxy form confers discretionary authority upon the persons named therein in respect of amendments or variations to matters identified in the Notice of Meeting and other matters, which may properly come before the Meeting or any adjournment thereof. At the time of printing of this Information Circular, neither the directors nor management of MGM Energy know of any amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. If any such amendment, variation or other matter properly comes before the Meeting, the Common Shares represented by proxies in favour of management will be voted on in accordance with the best judgment of the person voting the proxy.

Revocability of Proxies

A Shareholder who has given a proxy may revoke it either by: (a) depositing an instrument in writing executed by the Shareholder or by the Shareholder’s attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized (i) at the registered office of MGM Energy at any time up to and including the last business day preceding the day of the Meeting, or any adjournments thereof, at which the proxy is to be used, or (ii) with the chairman of the Meeting on the day of the Meeting or any adjournments thereof, or (b) attending the Meeting in person and registering with the scrutineers as a Shareholder personally present, or (c) in any other manner permitted by law.

Record Date

The share transfer books of MGM Energy will not be closed, but the Board of Directors has fixed the close of business on March 17, 2008 as the record date (“Record Date”) for the determination of shareholders entitled to notice of, and to attend and vote at, the Meeting and at any adjournments thereof. Shareholders of record at the close of business on the Record Date are entitled to notice of, and to attend and vote at, the Meeting.

A Person who is the transferee of any Common Shares acquired after the Record Date and who has produced properly endorsed share certificates evidencing such share ownership or otherwise has established to the satisfaction of MGM Energy that it owns the transferred Common Shares and demands, not later than 10 days before the Meeting, or such other time as is acceptable to MGM Energy, that the transferee’s name be included on the list of Shareholders, is entitled to vote at the Meeting. In addition, persons who are beneficial holders of Common Shares as of the Record Date will be entitled to vote at the Meeting in accordance with the procedures established pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators.

Quorum Required to Hold the Meeting

The quorum at the Meeting shall be two persons present in person or by proxy and holding or representing not less than one-twentieth of the outstanding Common Shares entitled to be voted at the Meeting. Common Shares represented by a properly signed and returned proxy are considered present at the Meeting for purposes of determining a quorum, regardless of whether the holder of such shares or proxy returns the proxy without indicating his, her or its vote or withholds his, her or its vote.

Voting Common Shares and Principal Holders Thereof

MGM Energy is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As at March 25, 2008, there were 128,944,844 Common Shares outstanding and no preferred shares outstanding. Each Common Share carries the right to one vote on any matter properly coming before the Meeting.

As of the date hereof, to the knowledge of the directors and senior officers of the Corporation, the only persons or companies who beneficially own, or control or direct, directly or indirectly, more than 10 percent of the Common Shares as of March 25, 2008 was:

Name	Number of Common Shares	Percentage of Common Shares
Clayton H. Riddell	17,552,710	13.6%
Paramount Resources Ltd.	21,470,000	16.7%
Mackenzie Financial Corporation	17,667,900	13.7%

INFORMATION CONCERNING MGM ENERGY CORP.

The Corporation was incorporated under the *Business Corporations Act* (Alberta) on October 31, 2006 under the name “1278517 Alberta Ltd.”. On December 4, 2006, the Corporation’s articles were amended to change its name to “MGM Energy Corporation”. The Corporation’s articles were further amended on January 9, 2007 to change the Corporation’s name to “MGM Energy Corp.”, to create two new classes of shares designated as Preferred Shares and Class A Preferred Shares, to amend the existing rights of the Common Shares and to fix the minimum and maximum number of directors at three and 12, respectively. MGM Energy was spun out of Paramount Resources Ltd. (“**Paramount**”) pursuant to a plan of arrangement involving Paramount, its securityholders and MGM Energy (the “**Arrangement**”), with its initial assets being Paramount’s Mackenzie Valley and Mackenzie Delta oil and gas

interests. The Arrangement and related matters received the approval of 99.96% of the votes cast by the shareholders of Paramount at a special meeting held on January 11, 2007 as well as the approval of the Court of Queen's Bench of Alberta by final order on January 11, 2007. The Arrangement became effective on January 12, 2007.

The head office of MGM Energy is located at 4100, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9. MGM Energy has no subsidiaries.

BUSINESS TO BE ACTED UPON AT THE MEETING

Receipt of December 31, 2007 Financial Statements

MGM Energy's audited annual financial statements for the financial year ended December 31, 2007 and the auditor's report thereon will have been sent to Shareholders prior to the Meeting, and are available on the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) and can be accessed at www.sedar.com. No formal action will be taken at the Meeting to approve the financial statements, which have already been approved by the board of directors of MGM Energy ("**Board**" or "**Board of Directors**"). If any Shareholder has questions respecting the December 31, 2007 financial statements, those questions may be brought forward at the Meeting.

Appointment of Auditors

Shareholders will be asked at the Meeting to pass a resolution reappointing Ernst & Young LLP, Chartered Accountants, as auditors of MGM Energy to hold office until the next annual meeting of Shareholders or until their successors are appointed, at remuneration to be fixed by the Board of Directors. Ernst & Young LLP, Chartered Accountants, was appointed auditor of MGM Energy on January 12, 2007, the effective date of the Arrangement. For details concerning fees paid to Ernst & Young LLP by MGM Energy, and for details concerning the Audit Committee of MGM Energy, see "Audit Committee" in the 2007 annual information form of MGM Energy ("**AIF**"). For a copy of the AIF, see "Additional Information".

Representatives of Ernst & Young LLP will be present at the Meeting and will be given the opportunity to make a statement if they wish to do so. They will also be available to respond to appropriate questions.

The resolution appointing auditors must be passed by a simple majority of the votes cast with respect to the resolution by Shareholders present in person or by proxy at the Meeting. **In the absence of contrary instructions, the persons named in the accompanying form of proxy intend to vote the Common Shares represented thereby in favour of the ordinary resolution appointing Ernst & Young LLP as auditors of MGM Energy.**

Election of Directors

MGM Energy's articles ("**Articles**") provide for the Board to consist of a minimum of three and a maximum of 12 directors. The Articles permit the MGM Energy Board to appoint additional directors between annual meetings of Shareholders, provided that the total number of directors so appointed does not exceed, at any time, one-third of the number of directors who held office at the expiration of the last annual meeting of the Corporation.

At the present time, MGM Energy has eight directors. The Board considers it to be an appropriate size for effective oversight and decision-making in discharging its responsibilities.

The current directors of the Corporation are Messrs. Clayton H. Riddell, James H. T. Riddell, Henry W. Sykes, Michael N. Chernoff, Daryl H. Gilbert, Robert B. Hodgins, Robert B. Peterson and Robert R. Rooney, each of whom is proposed to be nominated for re-election at the Meeting. Management does not propose to nominate any other person for election as a director.

All proposed nominees have consented to be named in this Information Circular and to stand for election and serve as directors if elected. Each elected director will hold office until the close of the next annual meeting or until his successor is duly elected or appointed.

In the absence of contrary instructions, the persons named in the accompanying form of proxy intend to vote the Common Shares represented thereby in favour of the ordinary resolution electing each of the nominees named below as directors of MGM Energy. The Board does not contemplate that any of such nominees will be unable to serve as a director; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee in their discretion unless the Shareholder has specified in his or her proxy that his or her Common Shares are to be withheld from voting on the election of directors.

The table below sets out the name of each of the persons proposed to be nominated for election as a director, his jurisdiction of residence, all positions and offices in MGM Energy presently held by him, his principal occupation for the previous five years, the period during which he has served as a director of MGM Energy, and the number of Common Shares that he has advised that he beneficially owns, or controls or directs, directly or indirectly, as of the date hereof.

Name and Jurisdiction of Residence⁽¹⁾	Position Presently Held with MGM Energy	Principal Occupation for Previous Five Years⁽¹⁾	Date of Appointment or Election as Director	Common Shares Beneficially Owned or Controlled or Directed⁽¹⁾
Clayton H. Riddell ⁽⁶⁾ Alberta, Canada	Chief Executive Officer and Director	Chief Executive Officer of Paramount Resources Ltd.	January 12, 2007	17,552,710
James H. T. Riddell Alberta, Canada	Executive Chairman and Director	President and Chief Operating Officer of Paramount Resources Ltd.	October 31, 2006	137,568
Henry W. Sykes Alberta, Canada	President and Director	President of MGM Energy Corp. since January 12, 2007; prior thereto, from March 2001 to March 2006, President of ConocoPhillips Canada	January 12, 2007	174,935
Michael N. Chernoff ⁽⁴⁾⁽⁸⁾⁽¹⁰⁾ British Columbia, Canada	Director	Corporate Director	January 12, 2007	420,000
Daryl H. Gilbert ⁽²⁾⁽⁸⁾⁽⁹⁾⁽¹⁰⁾ Alberta, Canada	Director	Corporate Director; prior thereto, from 1994 to 2005, President and Chief Executive Officer of Gilbert Lausten Jung Associates Ltd	January 12, 2007	-
Robert B. Hodgins ⁽²⁾⁽³⁾⁽⁶⁾⁽¹⁰⁾ Alberta, Canada	Director	Corporate Director; prior thereto, from 2002 to 2004, Chief Financial Officer of Pengrowth Energy Trust	January 12, 2007	-
Robert B. Peterson ⁽⁴⁾⁽⁸⁾⁽¹⁰⁾ Ontario, Canada	Director	Corporate Director	January 12, 2007	25,000
Robert R. Rooney ⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽¹⁰⁾ Alberta, Canada	Director	Corporate Director; prior thereto, until November 2005, partner with the law firm of Bennett Jones LLP.	January 12, 2007	100,000

Notes:

- (1) The information as to residence, principal occupation and Common Shares beneficially owned, not being within the knowledge of MGM Energy, has been furnished by the respective individuals.
- (2) Members of the Audit Committee.
- (3) Mr. Hodgins is the Chairman of the Audit Committee.
- (4) Members of the Compensation Committee.
- (5) Mr. Rooney is the Chairman of the Compensation Committee.
- (6) Members of the Corporate Governance Committee.
- (7) Mr. Rooney is the Chairman of the Corporate Governance Committee.
- (8) Members of the Environmental, Health and Safety Committee.
- (9) Mr. Gilbert is the Chairman of the Environmental, Health and Safety Committee.
- (10) Independent Director.

No director, officer or controlling shareholder of the Corporation has or is, within the past ten years, been a director or officer of any other issuer that, while that person was acting in that capacity:

1. was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions under Canadian securities legislation for a period of more than 30 consecutive days;
2. was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the relevant issuer access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days; or
3. became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets,

except that Mr. James H.T. Riddell was a director of Jurassic Oil and Gas Ltd. ("Jurassic"), a private oil and gas company, within one year prior to such company becoming bankrupt; and except that Mr. Daryl H. Gilbert is a director and shareholder of Globel Direct, inc. which was granted a court order providing protection under the *Companies' Creditors Arrangement Act* (Canada) on June 12, 2007 as a result of being in default under certain secured debentures with its major lenders. After a failed restructuring effort, a receiver was appointed by one of the company's lenders in December 2007. Mr. Gilbert was also a director when Globel Direct, inc. was subject to a cease trade order for 32 days for failure to file financial statements in a timely manner. Jurassic's bankruptcy was subsequently annulled. Paramount is, and has been since 1992, the general partner of T.T.Y. Paramount Partnership No. 5 ("TTY"), a limited partnership which is an unlisted reporting issuer in certain provinces of Canada. Messrs. James H. T. Riddell and Clayton H. Riddell are officers and directors of Paramount. TTY was established in 1980 to conduct oil and gas exploration and development, but has not carried on operations since 1984 and currently has nominal assets. A cease trade order against TTY was issued by the Quebec Securities Commission in 1999 for failing to file the June 30, 1998 interim financial statements in Quebec. TTY received exemptions from filing interim financial statements in Alberta in 1985 and in Manitoba and Ontario in 1986. Paramount intends to dissolve TTY in 2008.

MGM Energy is required to have an audit committee comprised of not fewer than three directors, all of whom are required to be "independent" of the Corporation as determined by Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110"). The members of the audit committee are Messrs. Robert B. Hodgins, Daryl H. Gilbert and Robert R. Rooney.

For a description of the duties and responsibilities of the Audit Committee, see "Schedule C" in MGM Energy's 2007 AIF. MGM Energy does not currently have an executive committee; however, it has a Corporate Governance

Committee and a Compensation Committee. For further details, see “Statement of Corporate Governance Practices”.

Other Business

Management is not aware of any business to come before the Meeting other than as set forth in the Notice of Meeting. If any other business properly comes before the Meeting it is the intention of the persons named in the form of proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Summary Compensation

The following table sets forth, for the periods indicated, the compensation paid by MGM Energy, for: (i) the Chief Executive Officer and the Chief Financial Officer and (ii) the three other most highly-compensated executive officers serving at December 31, 2007 whose total salary and bonus earned in 2007 exceeded \$150,000.00. Compensation is shown only for services rendered during the financial year ended December 31, 2007 as no compensation was paid by MGM Energy in earlier years. These executive officers are referred to collectively as the “Named Executive Officers”.

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation ⁽⁸⁾ Awards		
		Salary (\$)	Bonus (\$)	Other Annual Compensation ⁽⁶⁾ (\$)	Securities Under Options Granted (#)	Common Shares Subject to Resale Restrictions (\$)	All Other Compensation (\$)
Clayton H. Riddell ⁽¹⁾⁽⁵⁾ <i>Chief Executive Officer</i>	2007	21,725	-	-	400,000	-	-
Richard N. Miller ⁽³⁾ <i>Chief Financial Officer</i>	2007	91,231	34,000	-	200,000	-	-
Bernard Lee ⁽²⁾ <i>Chief Financial Officer</i>	2007	65,067	-	-	60,000	-	-
Henry W. Sykes ⁽¹⁾ <i>President</i>	2007	299,299	240,000	-	500,000	-	-
Gary L. Bunio ⁽¹⁾ <i>Chief Operating Officer</i>	2007	202,105	80,000	-	200,000	-	-
John R. Hogg ⁽⁴⁾ <i>Vice President, Exploration</i>	2007	150,125	131,000 ⁽⁷⁾	-	200,000	-	-

Notes:

- (1) Messrs. C. Riddell, H. Sykes and G. Bunio commenced employment with MGM Energy in January 2007.
- (2) Mr. Lee was Chief Financial Officer of MGM Energy from January 2007 to July 2007 and was concurrently Chief Financial Officer of Paramount. The amount shown as salary for Mr. Lee represents the portion of his salary earned by Mr. Lee from Paramount during the time spent by Mr. Lee in his capacity as Chief Financial Officer of MGM Energy. MGM Energy reimbursed Paramount for that portion of Mr. Lee's salary pursuant to a Services Agreement dated January 12, 2007 between Paramount and MGM Energy.
- (3) Mr. Miller commenced employment with MGM Energy on July 30, 2007 and, therefore, compensation represents less than a full year.
- (4) Mr. Hogg commenced employment with MGM Energy in May 2007 and, therefore, compensation represents less than a full year.
- (5) Mr. Riddell is also the Chief Executive Officer of Paramount. The amount shown as salary for Mr. Riddell represents the portion of his salary earned by Mr. Riddell from Paramount during the time spent by Mr. Riddell in his capacity as Chief Executive Officer of MGM Energy. MGM Energy reimbursed Paramount for that portion of Mr. Riddell's salary pursuant to a Services Agreement dated January 12, 2007 between Paramount and MGM Energy.
- (6) Where no amount is stated in this column, the Named Executive Officer did not receive perquisites and other personal benefits that exceeded the lesser of \$50,000 and 10% of total annual salary and bonus. Where any individual personal benefit or perquisite exceeds 25% of the total amount of perquisites and personal benefits received by the executive officers, that fact and the amount relating thereto will be identified.
- (7) Includes signing bonus of \$75,000.
- (8) MGM Energy does not issue or grant stock appreciation rights, restricted shares or restricted share units.

Stock Options Grants During the Most Recently Completed Financial Year

The following table sets forth information concerning the number of options granted under the Stock Option Plan ("Option Plan") of MGM Energy to each of the Named Executive Officers during the financial year ended December 31, 2007.

Option Grants During 2007

Named Executive Officer	Common Shares Under Options Granted (#)	% of Total Options Granted to Employees in Financial Year	Exercise Price (\$/Common Share)⁽³⁾	Market Value of Common Shares Underlying Options on the Date of Grant (\$/Common Share)⁽¹⁾	Expiration Date
Clayton H. Riddell	200,000	6.4%	5.00	5.00	April 30, 2011
<i>Chief Executive Officer</i>	200,000	6.4%	2.42	2.42	August 24, 2017
Richard N. Miller ⁽²⁾	100,000	3.2%	2.84	2.84	December 31, 2011
<i>Chief Financial Officer</i>	100,000	3.2%	2.42	2.42	August 24, 2017
Bernard Lee ⁽²⁾	60,000	1.9%	5.00	5.00	April 30, 2011
<i>Chief Financial Officer</i>					
Henry W. Sykes	250,000	7.9%	5.00	5.00	April 30, 2011
<i>President</i>	250,000	7.9%	2.42	2.42	August 24, 2017
Gary L. Bunio	100,000	3.2%	5.00	5.00	April 30, 2011
<i>Chief Operating Officer</i>	100,000	3.2%	2.42	2.42	August 24, 2017

Named Executive Officer	Common Shares Under Options Granted (#)	% of Total Options Granted to Employees in Financial Year	Exercise Price (\$/Common Share)⁽³⁾	Market Value of Common Shares Underlying Options on the Date of Grant (\$/Common Share)⁽¹⁾	Expiration Date
John R. Hogg	100,000	3.2%	3.17	3.17	October 31, 2011
<i>Vice-President Exploration</i>	100,000	3.2%	2.42	2.42	August 24, 2017

Note:

- (1) Options initially granted on the effective date of the Arrangement were at an assumed market value of Common Shares of \$5.00 per share. Options granted prior to August 2007 have a term of approximately five years. Options granted after August 1, 2007 have a term of ten years. The options vest 25% per year over four years, generally beginning on the first anniversary date of the grant.
- (2) Mr. Lee was Chief Financial Officer until July 30, 2007. Mr. Miller was appointed Chief Financial Officer on July 30, 2007.
- (3) The exercise price of all options is based on the closing price of the Common Shares on the trading day immediately preceding the date of the grant, other than the options granted on January 12, 2007 (date of the Arrangement) in which case the exercise price was equal to the assumed value of the Common Shares of \$5.00 per share.

The following table sets forth information concerning the number of Common Shares acquired on the exercise of options by each of the Named Executive Officers during the financial year ended December 31, 2007 and the financial year-end values of unexercised options as at December 31, 2007.

Aggregated Option Exercises During the Most Recently Completed Financial Year and Financial Year End Option Values

Named Executive Officer	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Financial Year End (#)		Value of Unexercised in-the-Money⁽²⁾ Options at Financial Year End (\$)	
			Exercisable	Unexercisable	Exercisable⁽¹⁾	Unexercisable⁽¹⁾
Clayton H. Riddell Chief Executive Officer	-	-	50,000	350,000	-	-
Richard N. Miller ⁽³⁾ Chief Financial Officer	-	-	-	200,000	-	-
Bernard Lee ⁽³⁾ Chief Financial Officer	-	-	15,000	45,000	-	-
Henry W. Sykes President	-	-	62,500	437,500	-	-
Gary L. Bunio Chief Operating Officer	-	-	25,000	175,000	-	-
John R. Hogg Vice-President Exploration	-	-	-	200,000	-	-

Notes:

- (1) The value of the “in-the-money” options has been determined by subtracting the exercise price of the options from the closing price of the Common Shares on the Toronto Stock Exchange (“TSX”) on December 31, 2007 (\$2.12), and multiplying by the number of Common Shares that may be acquired upon the exercise of the Options.
- (2) “In-the-money” means that the market value at financial year end of the Common Shares underlying the option exceeds the option exercise price.
- (3) Mr. Lee was Chief Financial Officer until July 30, 2007. Mr. Miller was appointed Chief Financial Officer on July 30, 2007.

Executive Employment Contracts and Change in Control Arrangements

MGM Energy has only entered into an employment agreement with Mr. H. Sykes. Pursuant to that employment agreement, Mr. Sykes is entitled to: (i) an annual base salary and benefits; (ii) discretionary bonuses as determined by the Board; and (iii) participate in MGM Energy’s Option Plan. The compensation of Mr. Sykes for 2007 is included in the Summary Compensation table and is reviewed annually by the Board of Directors. Under the agreement, MGM Energy agrees to compensate Mr. Sykes in the event of termination of his employment without just cause and in the event of a change of control. A change of control is defined as existing senior management ceasing to act as senior management of MGM Energy for any reason or the directors of MGM Energy as at January 12, 2007 no longer constituting a majority of the Board of Directors. In such events, MGM Energy agrees to pay Mr. Sykes a lump sum equal to two years of his annual salary as at the date of the change of control.

Composition of the Compensation Committee

The Compensation Committee is a committee of the Board of Directors and reports to that full board on, among other things, executive compensation matters.

Prior to March 7, 2008, the members of the Compensation Committee were Messrs. Henry W. Sykes (President of MGM Energy), Robert B. Peterson and Michael N. Chernoff. On March 7, 2008, the Board of Directors approved the replacement of Mr. Sykes on the Compensation Committee with the appointment of Mr. Robert R. Rooney, who serves as Chairman from the date of appointment. As of March 7, 2008, the Compensation Committee consists entirely of independent directors. While serving on the Compensation Committee, Mr. Sykes abstained from any discussions regarding his compensation as President of MGM Energy.

Report on Executive Compensation

The Compensation Committee is responsible for implementing and monitoring the compensation policies and general human resource policies for MGM Energy. The Compensation Committee is also responsible for approving the compensation for all officers of MGM Energy, other than the President and Chief Executive Officer, and for making recommendations to the Board regarding the compensation arrangements for the President and Chief Executive Officer. The philosophy of the Compensation Committee is to maintain a compensation program that is competitive within industry and that attracts and retains highly qualified and motivated individuals, provides incentive to achieve MGM Energy’s strategic objectives and aligns the interests of executive officers with the interests of MGM Energy’s shareholders. The compensation program for executives recognizes business results and individual performance.

The compensation program consists of three components: base salary and benefits, bonuses and stock options.

Base Salaries and Benefits

In determining the remuneration of executive officers of MGM Energy, the Compensation Committee considers information from compensation surveys prepared by an independent consultant including data from comparable companies within the oil and gas industry. The Compensation Committee also considers the long-term interests and

financial objectives of MGM Energy as well as individual performance and achievement to establish parameters for a competitive compensation program. MGM Energy's RRSP contributions, group life, short-term disability, long-term disability, health and dental benefit plans are comparable to industry peers and are available to all permanent employees.

Bonuses

Bonuses paid recognize both individual performance and overall corporate results. Each of the Named Executive Officers (except Messrs Lee and C. Riddell, who are compensated by Paramount), as well as all employees, are eligible for bonuses. Bonus targets are established as a percentage of salary, with the target percentage based on the level of responsibility and accountability of the individual. The Compensation Committee establishes the total bonus pool for the Corporation based on the Corporation's results against its goals. Given that MGM Energy is a development stage company with no production or revenue, the majority of corporate goals are based on qualitative operation-oriented targets rather than financial targets. The Compensation Committee specifically does not consider MGM Energy's share price performance in establishing the appropriate bonus pool. An executive's bonus will be dependent on the size of the bonus pool established by the Compensation Committee and the executive's performance against his/her individual goals. In February 2008, bonuses totalling \$0.6 million were paid to employees and executives under MGM Energy's cash bonus program for recognition of individual and corporate performance in 2007.

Stock Options

There were 3,146,000 options awarded under the Option Plan in 2007. MGM Energy's long-term incentive program involves the granting of options to the Named Executive Officers as well as to directors, management and employees of MGM Energy. Awards of options for all employees and management, other than the President and Chief Executive Officer, are approved by the Compensation Committee, with option grants to the President, Chief Executive Officer and directors approved by the Board of Directors on the recommendation of the Compensation Committee. Beginning in 2008, the Compensation Committee intends to award stock options on an annual basis, generally on May 1 of each year, however, MGM Energy retains the right to grant additional options at other times during the year if circumstances warrant. The number of options that will be granted to each executive and employee will be dependent on the Black-Scholes valuation of an option at the time of the grant, the individual's salary level and their position within the Corporation. Generally, the number of options awarded to an individual will increase with salary level and seniority. In addition, the lower the Black-Scholes valuation of an option at the time of the grant, the greater the number of options that will be awarded, all other things being equal. The number and terms of outstanding options are not taken into account when determining new option grants.

Report on Compensation of the Chief Executive Officer

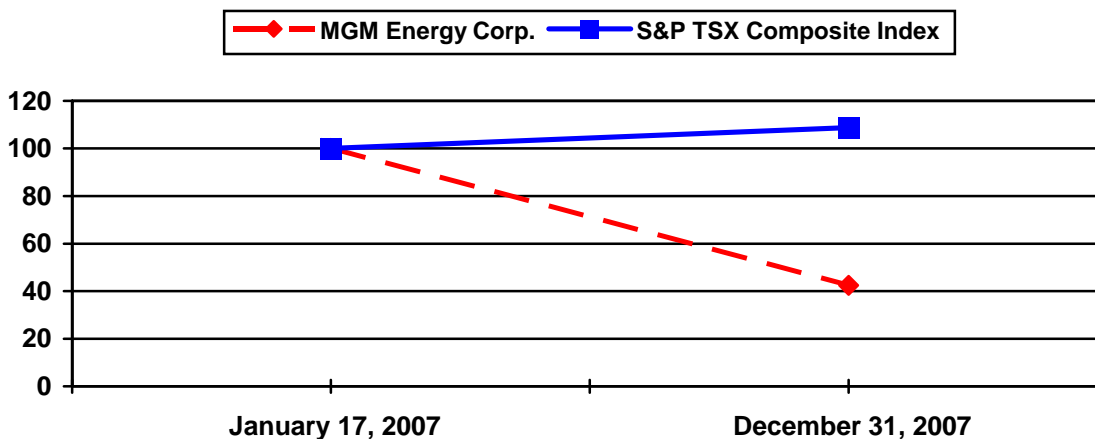
Clayton Riddell, as Chief Executive Officer of MGM Energy, does not receive a direct salary, bonus or any other compensation from MGM Energy for his services, other than awarding of stock options. MGM Energy may, from time to time, compensate Paramount for time spent by Mr. Riddell in connection with MGM Energy under a Services Agreement between MGM Energy and Paramount. The Compensation Committee believes that, despite the lack of cash compensation, Mr. Riddell's interests are strongly aligned with those of MGM Energy's shareholders given the award of stock options and his ownership interest in MGM Energy. Mr. Riddell beneficially owns or controls or directs, directly or indirectly, 13.6% of Common Shares of MGM Energy and Paramount (of which Mr. Riddell is a majority shareholder) owns 16.7% of MGM Energy Common Shares.

The foregoing Report on Executive Compensation is submitted by the Compensation Committee on behalf of the Board of Directors.

Robert R. Rooney
Michael N. Chernoff
Robert B. Peterson

Performance Graph

The Common Shares are listed and posted for trading on the TSX under the trading symbol “MGX”. The Common Shares commenced trading on January 17, 2007. The following graph and table compare the yearly percentage change (converted into a fixed investment) in the cumulative shareholder return on the Common Shares (assuming a \$100 investment was made on January 17, 2007) with the cumulative total return of the S&P TSX Composite Index for the period which commenced on January 17, 2007 and ended on December 31, 2007, assuming reinvestment of dividends.



Note:

- (1) The Common Shares of MGM Energy trade under the symbol “MGX”. The closing price for the Common Shares on the TSX on December 31, 2007 was \$2.12.

	Cumulative Total Return	
	January 17, 2007⁽¹⁾	December 31, 2007
MGM Energy Corp.	\$100	\$42
S&P TSX Composite Index	\$100	\$109

Note:

- (1) The Common Shares of MGM Energy began trading on the TSX on January 17, 2007.

Compensation of Directors

The aggregate cash compensation paid to non-management directors, in the last completed financial year was \$132,000. As non-independent directors, Messrs H. Sykes, J. Riddell and C. Riddell did not receive remuneration outside of their compensation as President, Executive Chairman and Chief Executive Officer, respectively. Directors were also reimbursed for their out-of-pocket expenses to attend meetings. The following chart summarizes the annual retainer and meeting fees paid to each director. For details regarding attendance by directors, please see Schedule “A”.

	<u>Annual Retainer</u>	<u>Meeting Fees</u>
Executive Chairman	-	-
Director	\$10,000	\$1,000
Committee Chairman	\$15,000	\$1,000
Committee Member	\$10,000	\$1,000
Audit Committee Chairman	\$15,000	\$1,000
Audit Committee Member	\$10,000	\$1,000

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date hereof, no director, executive officer, employee or former director, executive officer or employee of MGM Energy or any associate of any such person, is now, or has been since the beginning of the recently completed financial year, indebted to MGM Energy.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as at March 25, 2008 relating to the Option Plan, the only equity compensation plan maintained by MGM Energy pursuant to which equity securities are authorized for issuance. Under MGM Energy's Option Plan, the Board may from time to time designate directors, officers or employees of MGM Energy or its subsidiaries to whom options to purchase Common Shares of MGM Energy may be granted and the number of Common Shares to be optioned to each. Prior to August 2007, options were generally granted for a term of between four and five years. Beginning in August 2007, all options granted have a term of ten years. All options vest as to 25% per year over four years, generally beginning on the first anniversary of the date of the grant. The details of the Option Plan are set forth below under "Security Based Compensation Arrangements".

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of Common Shares remaining available for future issuance under equity compensation plans
Equity compensation plans approved by securityholders ⁽¹⁾	3,186,000 ⁽¹⁾	\$3.50	9,708,484
Equity compensation plans not approved by securityholders	-	-	-
Total	3,186,000	\$3.50	9,708,484

Note:

- (1) As at December 31, 2007, the Corporation granted 3,146,000 options under the Option Plan, of which none have been exercised or expired. As at December 31, 2007, an aggregate of 12,894,484 Common Shares were reserved for issuance under the Option Plan, being a number equal to 10.0% of the number issued and outstanding Common Shares at such time.

SECURITY BASED COMPENSATION ARRANGEMENTS

Stock Option Plan

The rules of the TSX require the Corporation to disclose the particulars of its Option Plan on an annual basis. The following is a summary of the current Option Plan.

Purpose

The principal purposes of the Option Plan are: 1) to retain and attract qualified directors, officers and employees; 2) to promote a proprietary interest in the Corporation; 3) to provide an incentive element in compensation; and 4) to promote the profitability of the Corporation.

Eligible Participants

Directors, officers and employees of the Corporation or its subsidiaries, and any other persons that the Board of Directors determines should receive options, are eligible to receive options under the Option Plan, which is administered by the Board of Directors.

Common Shares Subject to the Option Plan

The aggregate number of Common Shares reserved for issuance under the Option Plan is equal to up to 10% of the issued and outstanding Common Shares from time to time (calculated on a non-diluted basis). This prescribed maximum may be increased provided the change is authorized by the MGM Energy Shareholders and the TSX.

The number of options granted to an eligible recipient is determined by the Compensation Committee and/or Board at the time the options are granted, provided that the aggregate number of Common Shares reserved for issuance to any one person shall not exceed 5% of the total number of issued and outstanding Common Shares (calculated on a non-diluted basis). The number of Common Shares, together with all of the Corporation's other previously established or proposed security based compensation arrangements issued to "insiders" within any one year period or issuable to insiders at any time will not exceed 10% of the total number of issued and outstanding Common Shares. The issuance of Common Shares to any one "insider" and such insider's associates pursuant to the Plan, when combined with any other security based compensation arrangements, within a one year period may not exceed 5% of the total number of issued and outstanding Common Shares.

If any options granted under the Option Plan are exercised, the number of Common Shares reserved under such options shall be available for the purposes of the granting of further options under the Option Plan.

If any options granted under the Option Plan expire, terminate or are cancelled for any reason without having been exercised in full, the number of Common Shares reserved under such options shall be available for the purposes of the granting of further options under the Option Plan.

The Corporation currently has 128,944,844 Common Shares issued and outstanding. As at March 25, 2008 3,186,000 options are outstanding in accordance with the Option Plan (representing 2.5% of the outstanding Common Shares) and 9,708,484 options remain issuable thereunder (representing approximately 7.5% of the outstanding Common Shares).

Exercise Price

Options may be exercised at a price ("**Exercise Price**"), fixed by the Board at the time that such options are granted. No options shall be granted with an Exercise Price that is lower than the market price ("**Market Price**"). For the purposes of the Option Plan, the Market Price is calculated as the closing price of the Common Shares on the TSX on the last trading day immediately preceding the date of grant.

Term of Options

Options shall be for a term and exercisable from time to time as determined by the Board of Directors at the time of granting of the stock options provided that, except in the case of a blackout period, no stock option shall have a term exceeding ten years (or such shorter or longer period as permitted by the TSX). The period during which options may be exercised (“**Option Period**”) is subject to certain limitations including, but not limited to, being exercisable only (1) during the term of employment or provision of services by the eligible optionee receiving the option or during the applicable period up to the date of expiry of the option after termination of employment or cessation of service; and (2) for a specified period following the death, disability or incapacity of the eligible optionee. The Option Period will be extended for 10 business days following the end of a black-out period should the expiry date of the option occur during a black-out period.

Vesting of Options

The period over which any option may be exercised and/or vested will be determined at the time the options are granted by the Board.

Cessation of Entitlement to Options

If an optionholder ceases to be a director, officer or employee of the Corporation for any reason other than death, the options held by such optionee will expire and terminate immediately as to the then unvested portion thereof and at 4:00 p.m. (Calgary time) on the day that is three days (or 60 days in the case of retiring employees who are 60 years of age or older and directors who resign or are not re-elected as directors) after the date the optionee ceases to be a director, officer or employee of the Corporation.

Transferability

Options are not assignable or transferable by an eligible optionee except in limited circumstances. During the lifetime of an optionee, any options granted under the Option Plan may only be exercised by the holder thereof. In the event of the death, incapacity or disability of an eligible optionee, there is a limited right of assignment to allow the exercise of Stock Options by an optionee’s legal representative, subject to the terms upon which the option is granted.

Amendments

The Board may, at any time, terminate the Option Plan. The Board may also at any time amend the terms and conditions of the Option Plan, subject to prior regulatory approval, including the TSX, and shareholder approval, provided that no such amendment or revision shall alter the terms of any options theretofore granted under the Option Plan prior to the effective date of such amendment, unless by mutual consent of the Corporation and the eligible optionees to whom the options have been granted. The Board has the power and authority to approve amendments relating to the Option Plan or options granted thereunder without approval of Shareholders where those amendments relate to, but are not limited to: 1) altering, extending or accelerating the terms and conditions of vesting of options; 2) extending the term of stock options held by a person other than an insider, provided that the term does not extend beyond ten years; 3) accelerating the expiry date in respect of stock options; 4) amending definitions within the Option Plan or amending or modifying the mechanics of exercise; and 5) amendments of a housekeeping nature.

Change of Control

In the event of a sale by the Corporation of all or substantially all of its assets or in the event of a “change of control” (as defined in the Option Plan) of the Corporation then at the sole discretion of the Board at the time of grant the eligible optionee may be entitled to exercise or surrender in full or in part any unexercised options previously granted thereunder, whether vested or not, either during the term of the options or within 60 days after the date of termination of the employment of the eligible optionee with the Corporation or the cessation or termination of the optionee as an officer of the Corporation, whichever first occurs.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as discussed herein, to the knowledge of the directors and officers of the Corporation, there are no material interests, direct or indirect, of directors, executive officers, senior officers, or any Shareholder who beneficially owns, directly or indirectly, more than 10% of the outstanding Common Shares or any known associate or affiliate of any “informed person” (as defined in NI 51-102 *Continuous Disclosure Obligations*), in any transaction since the commencement of MGM Energy’s most recently completed financial year or in any proposed transaction which has materially affected or is reasonably expected to materially affect MGM Energy.

As at March 25, 2008, the directors and officers of the Corporation and their associates or affiliates, as a group, beneficially own or control or direct, directly or indirectly, an aggregate of 18,522,317 Common Shares, representing approximately 14.4% of the outstanding Common Shares on a non-diluted basis.

As at March 25, 2008, Paramount owns 21,470,000 Common Shares, representing approximately 16.7% of the outstanding Common Shares, on a non-diluted basis. Paramount and the Corporation entered into the Services Agreement on January 12, 2007 pursuant to which Paramount was required to provide certain management and administrative services for the Corporation. The original Services Agreement expired on December 31, 2007 and MGM Energy and Paramount have executed a new services agreement for provision of certain services for the Corporation which is to expire December 31, 2008. The Board of Directors does not believe that any of the activities undertaken by Paramount pursuant to the Services Agreement interfered or could be perceived to interfere, in any material manner with their ability to act with a view to the best interests of MGM Energy.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation is committed to implementing and maintaining effective and best practices in corporate governance. The Corporate Governance Committee provides a focus on corporate governance that seeks to enhance corporate performance and ensure, on behalf of all stakeholders, that the Corporation has an effective corporate governance regime in place.

In broad terms, the Board is involved in strategic planning, financial reporting, risk management, risk mitigation, composition of senior management, communication planning and internal control integrity. The responsibilities and obligations of the Board of Directors are set forth in a written mandate of the Board of Directors, a copy of which is attached hereto as Schedule “B”. The Board annually reviews its mandate and considers changes as appropriate.

The Board recognizes that effective corporate governance is critical to the continued and long-term success of MGM Energy. MGM Energy updates and modifies its corporate governance practices from time to time and is of the view that MGM Energy’s general approach to corporate governance is appropriate and entirely consistent with the objectives required by applicable law, in particular, National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”) and National Policy 58-201 *Corporate Governance Guidelines*. Under NI 58-101, the Corporation is required to disclose certain information relating to its corporate governance practices. A description of MGM Energy’s governance practices and policies with reference to the items set forth in NI 58-101 is set out in Schedule “A” to this Information Circular.

The corporate governance policies and practices of MGM Energy have been developed under the guidance of the Corporate Governance Committee of the Board. The Corporate Governance Committee continuously reviews the governance policies and practices of MGM Energy to ensure that MGM Energy complies with all applicable legal requirements.

Board of Directors

Structure and Composition

MGM Energy currently has a board composed of eight directors; a size that MGM Energy believes is commensurate with the complexity of MGM Energy’s business. NI 58-101 suggests that the board of directors should be

constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director that has no material relationship, direct or indirect, with the issuer, which could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgment.

Five of the eight directors nominated for election at the Meeting, being Messrs. Michael N. Chernoff, Daryl H. Gilbert, Robert B. Hodgins, Robert R. Peterson and Robert R. Rooney, are considered to be “independent” within the meaning of NI 58-101. Mr. Clayton H. Riddell, Chief Executive Officer of MGM Energy, Mr. James H. T. Riddell, Executive Chairman of MGM Energy and Mr. Henry W. Sykes, President of MGM Energy, are the only “inside” or management directors and accordingly are not considered to be “independent”. For further information in this regard, see Schedule “A” attached hereto.

To ensure the independence of the Board in the discharge of its responsibilities, all of the committees of the Board are comprised of either all independent directors or a majority of independent directors.

Board Committees and Composition

The standing committees of the Board are an integral part of the governance structure of MGM Energy as they facilitate effective board decision-making by providing recommendations on matters within their respective responsibilities. The Board has four committees: the Audit Committee, the Environmental, Health and Safety Committee, the Corporate Governance Committee and the Compensation Committee.

Members of MGM Energy management are frequently invited to participate in meetings of the committees of the Board of Directors to provide management insight and information to committee deliberations. As a matter of practice, the committees conduct a portion of their meetings without management present to facilitate their functioning independently of management.

Committee Composition

All committees of the Board of Directors consist of a minimum of three directors. All members of the Audit Committee are required to be independent. The Board requires that a majority of committee members on each committee be independent. The Board of Directors appoints one member of each committee as its chair.

Each member of the Audit Committee is required to be “financially literate” as that term is defined in MI 52-110. An individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer’s financial statements. For details concerning the Audit Committee of MGM Energy, see “Audit Committee” in the 2007 annual information form of MGM Energy. As at March 25, 2008, the committees of the Board of Directors and their members are as follows:

Audit Committee

Robert Hodgins (Chair)
Daryl Gilbert
Robert Rooney

Environmental, Health and Safety Committee

Daryl Gilbert (Chair)
Michael Chernoff
Robert Peterson

Compensation Committee

Robert Rooney (Chair)
Robert Peterson
Michael Chernoff

Corporate Governance Committee

Robert Rooney (Chair)

Robert Hodgins

Clayton Riddell

Committee Meetings Membership

Meetings of each committee are held throughout the year as required. A summary of the activities and responsibilities of each of the committees is set out below:

The Audit Committee: The overall purpose of the Audit Committee of the Corporation is the design and implementation of an effective system of internal financial controls and disclosure controls and procedures, the review of the integrity of the financial statements of the Corporation (including compliance with regulatory and legal requirements as they relate thereto), and the review of the Corporation's externally disclosed oil and gas reserves estimates.

The Environmental Health and Safety Committee: The overall purpose of the Environmental Health and Safety Committee is to review and monitor on behalf of the Board the environmental policies and activities of the Corporation and the policies and activities of the Corporation as they relate to the health and safety of employees of the Corporation in the workplace.

The Compensation Committee: The overall purpose of the Compensation Committee is to implement and oversee compensation policies and general human resources policies and guidelines concerning employee compensation and benefits approved by the Board with a view to attracting, maintaining and developing high calibre employees. In addition to this general mandate, it is responsible to make recommendations to the Board with respect to the compensation of the President and Chief Executive Officer, to approve the compensation for all other officers of the Corporation and to receive from the President recommendations regarding the overall compensation program for all employees.

The Corporate Governance Committee: The overall purpose of the Corporate Governance Committee is to guide the Corporation in its approach to and implementation and maintenance of corporate governance practices. In that regard, it recommends to the Board the composition of the Board and its committees, oversees the performance of the Board and its committees and monitors developments in corporate governance.

Meetings of the Board and the Committees

The Board of Directors meets at least three times annually. The Board holds additional unscheduled meetings from time-to-time as business needs require. The Board held eight meetings in MGM Energy's last financial year and one meeting in 2008 to the date of this Management Information Circular.

Regular meetings of the committees are held throughout the year as required and the Audit Committee meets at least quarterly per year in conjunction with the review and approval of annual and quarterly financial statements, management discussion and analysis and reports to Shareholders.

Each committee may hold unscheduled additional meetings from time to time as business needs require or as may be requested by a member of the Board. The Audit Committee held four meetings in MGM Energy's last financial year (plus two meetings in 2008 to the date of this Management Information Circular). The Environmental, Health and Safety Committee held three meetings in MGM Energy's last financial year. The Corporate Governance Committee held one meeting in MGM Energy's last financial year and one meeting in 2008 to the date of this Management Information Circular. The Compensation Committee held one meeting in MGM Energy's last financial year and one meeting in 2008 to the date of this Management Information Circular.

For a summary of the attendance of each of the directors for meetings of the Board and committees of which each was a member, see Schedule "A" – Statement of Corporate Governance Practices.

Code of Business Conduct

MGM Energy has adopted a Code of Business Conduct (the “Code”), which applies to all employees, contractors, consultants and agents. The Code deals with the business conduct of the Corporation, particularly with respect to transactions in securities of the Corporation, potential conflicts of interest, the taking of corporate opportunities for personal benefit and competing with the Corporation. A copy of the Code may be obtained from the Secretary of MGM Energy at Suite 4100, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9 or by facsimile at (403) 781-7801.

ADDITIONAL INFORMATION

Additional information relating to MGM Energy is available on SEDAR, which can be accessed at www.sedar.com and on the Corporation’s website at www.mgmenergy.com. Financial information of MGM Energy is provided in the comparative financial statements and management’s discussion and analysis of MGM Energy for the most recently completed financial year. Copies of the financial statements and management’s discussion and analysis of MGM Energy may be obtained from the Secretary of MGM Energy at 4100, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9 or by facsimile at (403) 781-7801.

SCHEDULE “A”

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The governance practices of MGM Energy in relation to the disclosure requirements of NI 58-101, taking into account the particular structure of MGM Energy, are set out below:

Disclosure Requirements	Corporate Governance Practices of MGM Energy
1. Board of Directors	
a. Disclose the identity of directors who are independent.	M.N. Chernoff, D.H. Gilbert, R.B. Hodgins, R.B. Peterson and R.R. Rooney are independent as that term is defined in section 1.4 of Multilateral Instrument 52-110 <i>Audit Committees</i> (“MI 52-110”). R.B. Hodgins, D.H. Gilbert and R.R. Rooney, being all of the members of the Audit Committee, are also independent as that term is defined in section 1.5 of MI 52-110.
b. Disclose the identity of directors who are not independent, and describe the basis for that determination.	C.H. Riddell and H.W. Sykes are not independent because they are members of management of the Corporation for the purposes of NI 58-101. J.H.T. Riddell is not independent as he is a member of management of Paramount Resources Ltd., a significant shareholder of MGM Energy.
c. Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board of Directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.	A majority of the directors are independent. The Board has determined that five of eight of the directors are independent within the meaning of NI 58-101.
d. If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	The directors listed below are also directors or trustees of the reporting issuers as of the date hereof as set out beneath their respective names. <u>C.H. Riddell</u> Paramount Energy Operating Corp., Administrator of Paramount Energy Trust Trilogy Energy Ltd., Administrator of Trilogy Energy Trust Newalta Income Fund Duvernay Oil Corp. Paramount Resources Ltd. <u>J.H.T. Riddell</u> Trilogy Energy Ltd., Administrator of Trilogy Energy Trust Paramount Resources Ltd. Big Rock Brewery Income Fund <u>R.B. Hodgins</u> Fairborne Energy Ltd.

Disclosure Requirements

Corporate Governance Practices of MGM Energy

AltaGas Income Trust
Enerflex Systems Income Fund
Enerplus Resources Fund

R.R. Rooney

Cordero Energy Inc.
Gentry Resources Ltd.

D.H. Gilbert

Globel Direct, inc.
AltaGas Income Trust
Crocotta Energy Inc.
Falcon Oil and Gas Ltd.
Kereco Energy Ltd.
Nexstar Energy Ltd.
PennWest Energy Trust
Seaview Energy Inc.
Zedi Solutions Inc.

- e. Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meeting, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.
- f. Disclose whether or not the chair of the Board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.
- g. Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.

The mandate of the Board of Directors permits the independent members of the Board to hold separate regularly scheduled meetings at which members of management are not in attendance. Further, the independent directors will meet on an ad hoc basis where circumstances warrant. There was no meeting of the independent directors during the most recently completed financial year. The independent members of the Board are authorized to retain independent financial, legal and other experts as required whenever, in their opinion, matters come before the Board which requires an independent analysis by the independent members of the Board.

J.H.T. Riddell is the Executive Chair of the Board of Directors of MGM Energy and is not an independent director. The Board believes there is sufficient assurance given its composition, mandate and committee structure to facilitate the functioning and operation of the Board independent of management.

The Board has assigned to the Corporate Governance Committee the responsibility for monitoring trends in corporate governance and guiding the Corporation in its approach to and the implementation and maintenance of corporate governance practices.

Since the beginning of the most recently completed financial year to the date hereof, the Board of Directors has held nine meetings. At its first meeting, the Board of Directors established its committees being Audit, Compensation, Corporate Governance and Environmental, Health & Safety, and appointed the chairs thereof. Since that time, the Audit Committee has held six meetings (including two in 2008), the Compensation Committee has held two meetings (including one in 2008), the Corporate Governance Committee has held two meetings (including

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one in 2008) and the Environmental, Health and Safety Committee has held three meetings.

The Attendance of each director for all Board and Committee Meetings since the beginning of the most recently completed financial year to the date hereof is as follows:

	<u>Committee Meetings</u>	<u>Board Meetings</u>
C.H. Riddell	2 of 2	9 of 9
J.H.T. Riddell	-	8 of 9
M.N. Chernoff	5 of 5	9 of 9
D.H. Gilbert	8 of 9	9 of 9
R.B. Hodgins	8 of 8	9 of 9
R.B. Peterson	5 of 5	7 of 9
R.R. Rooney	6 of 8	8 of 9
H.W. Sykes	2 of 2	9 of 9

2. Board Mandate

- a. Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.

The Board of Directors (the "Board") has the responsibility for the overall stewardship of the conduct of the business of the Corporation and the activities of management. The full mandate of the Board of Directors is attached as Schedule "B". The Board annually reviews its mandate and considers changes as appropriate.

3. Position Descriptions

- a. Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.
- b. Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.

Written position descriptions have been developed for the Executive Chairman of the Board and the chairs of each of the Board committees. The primary role of the chair of each committee is to manage the affairs of the committee, including to ensure that the committee is properly organized, operates effectively and independently of management and meets its obligations and responsibilities

A written position description has been developed for the Chief Executive Officer. Written position descriptions have also been developed for the President and the Chief Financial Officer.

4. Orientation and Continuing Education

- a. Briefly describe what measures the Board takes to orient new directors regarding
- (i) the role of the Board, its committees and its directors, and

The Corporate Governance Committee is responsible for ensuring there is in place an education and comprehensive orientation program for new members of the Board and a continuing education program for all directors.

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(ii) The nature and operation of the issuer's business.

A Corporate Governance Manual has been developed to assist existing and new Board members in understanding the role of the Board, its committees, and the contribution individual Board members are expected to make. Any new director will also be informed of the nature and operation of MGM Energy's business through discussions with the Chair and management.

b. Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

The Corporate Governance Committee (which is comprised of two independent directors and the Chief Executive Officer) is assigned the responsibility of establishing criteria for board membership including the competencies and skills required of its members, and is assigned the responsibility for assessing the competencies and skills of each existing director.

The Corporate Governance Committee is also assigned the responsibility to establish an education program, including meetings with the Board, targeted at enabling individual directors to maintain and/or enhance their skills and abilities as directors, and ensuring that their knowledge and understanding of the Corporation's business remains current.

5. Ethical Business Conduct

a. Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:

The Board has adopted a written Code of Business Conduct applicable to all directors, officers, employees and consultants. In addition, each director has received a Corporate Governance Manual which sets out a standard of conduct expected of him/her.

(i) disclose how a person or company may obtain a copy of the code;

The Code of Business Conduct is available on the Corporation's website at www.mgmenergy.com or by facsimile at 403-781-7801. Copies may be requested from the Corporate Secretary of the Corporation at Suite 4100, 350-7th Avenue SW, Calgary, AB, T2P 3N9.

(ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and

Compliance with the Code of Business Conduct will be monitored by the Board annually by receiving certificates from the directors and officers of the Corporation confirming their compliance and MGM Energy's compliance with the Code.

(iii) Provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

No material change reports have been filed by the Corporation relating to a director or executive officers departure from the Code of Business Conduct.

b. Describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive

Pursuant to the written Code of Business Conduct, directors are to ensure their private or personal interests do not interfere with the interest of MGM Energy. Each director must disclose all actual or perceived conflicts of

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officers has a material interest.

interest and refrain from voting on matters in which such director has a real or apparent conflict.

- c. Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.

6. Nomination of Directors

- a. Describe the process by which the Board identifies new candidates for Board nomination.
- b. Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.
- c. If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

The Corporate Governance Committee, in consultation with the Chairman of the Board, is responsible for identifying new candidates for nomination to the Board and recommending them to the Board when appropriate. Upon a vacancy on the Board or a determination that the Board should be expanded, the Corporate Governance Committee would meet to review whether there are particular competencies needed by the Board and to set the criteria for the selection process. The committee would also determine whether any of the members were aware of individuals who might be considered and would also review the advisability of securing independent consultants to assist in the search. Once a suitable slate of candidates is identified, the Corporate Governance Committee will meet with the Chairman for input, after which, the slate would be presented to the Board. The Board would then discuss the competencies of the various candidates and, if applicable, identify one or more to be approached. The Board would also determine which Board member should make the contact after which that member would report back to the Board.

The Corporate Governance Committee is comprised of two independent directors and the CEO and it is charged with identifying new candidates for nomination to the Board.

The Corporate Governance Committee is responsible for considering the appropriate size of the Board, establishing the criteria for Board membership, assessing the competencies and skills of each existing director and any new nominees with a view to achieving competencies and skills that the Board as a whole should possess, proposing candidates for election or re-election, and ensuring there is an orientation program and a continuing education program in place for new Board members and all directors, respectively.

7. Compensation

- a. Describe the process by which the Board determines the compensation for the issuer's directors and officers.

The Corporate Governance Committee periodically reviews the adequacy and form of compensation of directors to ensure that the level of compensation adequately reflects the responsibilities and risks involved in being an effective director and is competitive within the industry and reports and makes recommendations to the

Board accordingly.

The Compensation Committee recommends to the Board the annual salary, bonus and other benefits, direct and indirect, of the CEO and the President and approves the compensation for all other designated officers after considering the recommendations of the CEO and the President, all within the compensation policies and general human resources policies and guidelines concerning employee compensation and benefits approved by the Board.

- b. Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.

Effective March 7, 2008, the Compensation Committee comprises three directors, all of whom are independent. Prior to March 7, 2008, the Compensation Committee was comprised of the President (as Chair) and two independent directors. The President abstained from any discussions relating to his compensation.

The Compensation Committee may engage independent compensation consultants as it considers necessary or advisable to discharge its duties.

- c. If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The Compensation Committee is responsible to implement programs to attract and develop employees and management of the highest caliber and to ensure orderly succession of management. It is also responsible to implement and administer compensation and general human resource policies and guidelines concerning employee compensation and benefits approved by the Board, including executive compensation, stock option and other incentive plans. The Compensation Committee is also responsible to implement and administer policies and guidelines concerning proposed personnel changes involving officers reporting to the CEO; to review the Corporation's policies and programs relating to benefits; to receive the CEO's recommendations relating to annual compensation policies and budgets for all employees; to review the Corporation's compensation policies and overall human resources strategy; to make regular reports to the Board on the Committee's activities and findings; and to develop a calendar of activities to be undertaken by the Committee for each ensuing year which is submitted to the Board annually.

- d. If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been

An independent consultant, McKeon People Strategies Ltd., was retained by the Corporation to assist in generating a recommendation respecting an option program for both employees and management. The same firm will be engaged in 2008 to assist in developing a recommendation respecting an option program for directors.

retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

8. Other Board Committees

- a. If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board has four committees, namely the (i) Audit, (ii) Corporate Governance, (iii) Compensation and (iv) Environmental, Health and Safety. The mandate of the Corporate Governance committee includes, among other things, encompasses the nomination of new candidates for directors. The Board's other standing committee is the Environmental, Health and Safety Committee. This committee's purpose is to review and monitor the environmental policies and activities of the Corporation and the policies and activities of the Corporation relating to and the health and safety of its employees.

In addition, the Audit Committee is responsible for, among other things, reviewing the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities, including its procedures for compliance with the requirements of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*. The Audit Committee also reviews the appointment of the independent engineering firm responsible for evaluating the Corporation's reserves and reviews the reserves data and the report of the reserves evaluator prior to making recommendations to the Board with respect thereto.

9. Assessments

- a. Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.

Each committee of the Board is responsible for conducting an annual review and assessment of its performance and to submit a report thereon to the Board.

In addition, the Corporate Governance Committee is responsible for establishing and administering a process for assessing the effectiveness of the Board and its committees, including a review by the full Board and discussion with management.

The objective of the assessment is to ensure the continued effectiveness of the Board in the execution of its responsibilities and to contribute to a process of continuing improvement. In addition to any other matters the Corporate Governance Committee deems relevant, the assessments will consider in the case of the Board or a committee, the applicable mandate or charter, and in the case of individual directors, the applicable position descriptions, as well as the competencies and skills each individual director is expected to bring to the Board.

SCHEDULE "B"

MANDATE OF BOARD OF DIRECTORS

(Adopted by the Board of Directors on May 1, 2007)

A. INTRODUCTION

The Board of Directors (the "Board") has the responsibility for the overall stewardship of the conduct of the business of the Corporation and the activities of management, which is responsible for the day-to-day conduct of the business. The Board's fundamental objectives are to enhance and preserve long-term shareholder value, to ensure the Corporation meets its obligations on an ongoing basis and that the Corporation operates in a reliable and safe manner. In performing its functions, the Board should also consider the legitimate interests its other stakeholders such as employees, customers and communities may have in the Corporation. In overseeing the conduct of the business, the Board, through the Chief Executive Officer and the President, shall set the standards of conduct for the Corporation.

B. PROCEDURES AND ORGANIZATION

The Board operates by delegating certain of its powers to management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs including selecting its Chair, nominating candidates for election to the Board, constituting committees of the Board and determining Director compensation. Subject to the Articles and By-Laws of the Corporation and the Business Corporations Act, Alberta (the "Act"), the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

C. DUTIES AND RESPONSIBILITIES

The Board's principal duties and responsibilities fall into a number of categories which are outlined below.

1. Legal Requirements

- (a) The Board has the responsibility to ensure that legal requirements have been met and documents and records have been properly prepared, approved and maintained;
- (b) The Board has the statutory responsibility to:
 - (i) manage the business and affairs of the Corporation;
 - (ii) act honestly and in good faith with a view to the best interests of the Corporation;
 - (iii) exercise the care, diligence and skill that reasonable, prudent people would exercise in comparable circumstances; and
 - (iv) act in accordance with its obligations contained in the Business Corporations Act, Alberta and the regulations thereto, the Corporation's Articles and By-Laws, securities legislation of each province and territory of Canada, and other relevant legislation and regulations;
- (c) The Board has the statutory responsibility for considering the following matters as a full Board which in law may not be delegated to management or to a committee of the Board:

- (i) any submission to the shareholders of a question or matter requiring the approval of the shareholders;
- (ii) the filling of a vacancy among the directors or in the office of auditor;
- (iii) the issuance of securities except on such terms and conditions as may be specified by the Board;
- (iv) the declaration of dividends;
- (v) the purchase, redemption or any other form of acquisition of shares issued by the Corporation;
- (vi) the payment of a commission to any person in consideration of his/her purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares;
- (vii) the approval of management proxy circulars;
- (viii) the approval of the annual financial statements of the Corporation, MD&A and AIF; and
- (ix) the adoption, amendment or repeal of By-Laws of the Corporation.

2. **Independence**

The Board has the responsibility to ensure that appropriate structures and procedures are in place to allow the Board to function independently of management. In this regard, the Board shall consist of a majority of “independent directors”ⁱⁱ, as that term is defined in Section 1.4 of Multilateral Instrument 52-110, Audit Committee or such guidelines as may hereafter replace the same. The independent board members should hold separate, regularly scheduled meetings at which members of management are not in attendance.

3. **Strategy Determination**

The Board has the responsibility to ensure there are long-term goals and a strategic planning process in place for the Corporation and to participate with management directly or through its committees in developing and approving, as required, the mission of the business of the Corporation and the strategic plan by which it proposes to achieve its goals, which strategic plan takes into account, among other things, the opportunities and risks of the Corporation’s business.

4. **Managing Risk**

The Board has the responsibility to understand the principal risks of the business in which the Corporation is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure that there are appropriate systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

5. **Division of Responsibilities**

The Board has the responsibility to:

- (a) appoint and delegate responsibilities to committees where appropriate to do so; and
- (b) develop position descriptions for:
 - (i) the Chair of the Board;

- (ii) the Chief Executive Officer;
- (iii) the President; and
- (iv) the Chief Financial Officer.

6. Appointment, Training and Monitoring Senior Management

The Board has the responsibility:

- (a) to appoint the Chief Executive Officer and the President, to monitor and assess the Chief Executive Officer's and the President's performance, to determine and approve the Chief Executive Officer's and the President's compensation, and to provide advice and counsel in the execution of the Chief Executive Officer's and the President's duties;
- (b) to approve the appointment and remuneration of all other designated corporate officers, acting upon the advice of the Chief Executive Officer and the President;
- (c) to the extent feasible, to satisfy itself as to the integrity of the Chief Executive Officer, President and other corporate officers and that the Chief Executive Officer, President and other corporate officers create a culture of integrity throughout the organization;
- (d) to ensure that adequate provision has been made to train and develop management and for the orderly succession of management; and
- (e) to ensure that management is aware of the Board's expectations of management.

7. Policies, Procedures and Compliance

The Board has the responsibility:

- (a) to require that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards;
- (b) to approve and monitor compliance with significant policies and procedures by which the Corporation is operated;
- (c) to require that the Corporation sets high environmental standards in its operations and is in compliance with environmental laws and legislation; and
- (d) to require that the Corporation has in place appropriate programs and policies for the health and safety of its employees in the workplace.

8. Reporting and Communication

The Board has the responsibility:

- (a) to require that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally;
- (b) to require that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- (c) to require that the financial results are reported fairly and in accordance with generally accepted accounting standards;

- (d) to require the timely reporting of any other developments that have a significant and material impact on the value of the Corporation; and
- (e) to report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year; and
- (f) to develop appropriate measures for receiving shareholder feedback.

9. **Monitoring and Acting**

The Board has the responsibility:

- (a) to monitor the Corporation's progress towards its goals and objectives and to revise and alter its direction through management in response to changing circumstances;
- (b) to take action when performance falls short of its goals and objectives or when other special circumstances warrant;
- (c) to require that the Corporation has implemented adequate internal control and management information systems which are designed to ensure the effective discharge of its responsibilities; and
- (d) to make regular assessments of the Board's effectiveness, as well as the effectiveness and contribution of each Board Committee. This responsibility has been delegated to the Corporate Governance Committee working in conjunction with the Chairman of the Board.

10. **Reliance**

Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Board and its committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Corporation from which it receives information, (ii) the accuracy of information provided to the Board or its committees by such persons or organizations, and (iii) representations made by management of the Corporation, independent counsel, and other advisors and experts to the Corporation.

¹ 1.4 **Meaning of Independence --**

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a "material relationship" means a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is, a partner of a firm that is the issuer's internal or external auditor;
 - (ii) is an employee of that firm; or

- (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time.
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of the firm that is the issuer's internal or external auditor;
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice; or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at the same time on the entity's compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because:
- (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
 - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
- (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer; and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3) an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member: (a) has previously acted as an interim chief executive officer of the issuer; or (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.
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All references made to ADP Investor Communications Corporation or ADP under the heading “Advice to Beneficial Holders of Common Shares” in the management information circular of MGM Energy Corp. dated March 25, 2008 should be read as Broadridge Financial Solutions, Inc.