



MANAGEMENT INFORMATION CIRCULAR

FOR THE

ANNUAL AND SPECIAL MEETING OF

SHAREHOLDERS

TO BE HELD ON MAY 11, 2009

April 2, 2009

MGM ENERGY CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (“**Meeting**”) of the holders (“**Shareholders**”) of common shares (“**Common Shares**”) in the capital of MGM Energy Corp. (“**MGM Energy**” or the “**Corporation**”) will be held at 3:00 p.m. (Calgary time) on Monday May 11, 2009 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, 2008 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;
4. to re-approve the unallocated entitlements under the stock option plan of MGM Energy;
5. to amend the articles of the Corporation to create a new class of non-voting common shares in the capital of the Corporation; and
6. 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 24, 2009 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 24, 2009 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 April 2, 2009.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) *Henry W. Sykes*

Henry W. Sykes
President and Director

MGM Energy Corp.
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

TABLE OF CONTENTS

GENERAL PROXY INFORMATION.....	1
SOLICITATION OF PROXIES.....	1
ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES.....	1
EXERCISE OF DISCRETION BY PROXY HOLDERS.....	2
REVOCABILITY OF PROXIES.....	2
RECORD DATE.....	3
QUORUM REQUIRED TO HOLD THE MEETING.....	3
VOTING COMMON SHARES AND PRINCIPAL HOLDERS THEREOF.....	3
INFORMATION CONCERNING MGM ENERGY CORP.....	3
BUSINESS TO BE ACTED UPON AT THE MEETING.....	4
RECEIPT OF DECEMBER 31, 2008 FINANCIAL STATEMENTS.....	4
APPOINTMENT OF AUDITORS.....	4
ELECTION OF DIRECTORS.....	4
RE-APPROVAL OF UNALLOCATED ENTITLEMENTS UNDER STOCK OPTION PLAN.....	7
CREATION OF NEW CLASS OF SHARES.....	8
OTHER BUSINESS.....	8
COMPENSATION DISCUSSION AND ANALYSIS.....	8
COMPENSATION PHILOSOPHY AND OBJECTIVES.....	8
DECISION MAKING PROCESS.....	9
COMPENSATION FRAMEWORK.....	9
EXECUTIVE CONTRACTS.....	12
CHIEF EXECUTIVE OFFICER COMPENSATION.....	13
PERFORMANCE GRAPH.....	13
COMPENSATION TABLES.....	14
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS.....	18
EQUITY COMPENSATION PLAN INFORMATION.....	18
SECURITY BASED COMPENSATION ARRANGEMENTS.....	18
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS.....	21
STATEMENT OF CORPORATE GOVERNANCE PRACTICES.....	22
BOARD OF DIRECTORS.....	22
BOARD COMMITTEES AND COMPOSITION.....	23
CODE OF BUSINESS CONDUCT.....	24
ADDITIONAL INFORMATION.....	24
SCHEDULE “A” RESOLUTION FOR APPROVAL OF UNALLOCATED ENTITLEMENTS.....	A-1
SCHEDULE “B” RESOLUTION FOR CREATION OF NON-VOTING COMMON SHARES.....	B-1
SCHEDULE “C” STATEMENT OF CORPORATE GOVERNANCE PRACTICES.....	C-1
SCHEDULE “D” BOARD OF DIRECTORS MANDATE.....	D-1

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 and special meeting of Shareholders of MGM Energy (“**Meeting**”) to be held at 3:00 p.m. (Calgary time) on Monday May 11, 2009 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 and/or directors 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 April 2, 2009 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 Broadridge Financial Solutions Inc. (“**Broadridge**”). In most cases, Broadridge 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 Broadridge. Alternatively, Beneficial Shareholders can either call Broadridge’s toll free telephone number to vote their Common Shares, or access Broadridge’s dedicated voting web site at www.proxyvote.com to deliver their voting instructions. Broadridge 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 Broadridge cannot use that form to vote Common Shares directly at the Meeting – the VIF must be returned to Broadridge or, alternatively, instructions must be received by Broadridge 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 Broadridge) 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 24, 2009 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 April 2, 2009, there were 263,194,844 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 April 2, 2009 was:

Name	Number of Common Shares	Percentage of Common Shares
Clayton H. Riddell	46,284,012	17.6%
Paramount Resources Ltd. (“ Paramount ”) ⁽¹⁾	43,833,636	16.7%
Mackenzie Financial Corporation ⁽²⁾	27,766,237	10.6%

(1) Clayton H. Riddell beneficially owns, or controls or directs, directly or indirectly, 54.4% of the issued and outstanding common shares of Paramount.

(2) Represents aggregate number of common shares held by all accounts managed by Mackenzie Financial Corporation (“Mackenzie”). As disclosed in Mackenzie’s Early Warning Report dated September 10, 2008, Mackenzie acquired the shares in the ordinary course of business and not with the purpose or effect of changing or influencing control of MGM Energy.

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 pursuant to

a plan of arrangement which was effective January 12, 2007 involving Paramount, its securityholders and MGM Energy (the “**Arrangement**”), with its initial assets being Paramount’s Central Mackenzie Valley and Mackenzie Delta oil and gas interests. 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, 2008 Financial Statements

MGM Energy’s audited annual financial statements for the financial year ended December 31, 2008 and the auditors’ 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, 2008 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 auditors of MGM Energy on January 12, 2007, the effective date of the Arrangement, and was reappointed as auditors of MGM Energy at the Annual Meeting of Shareholders April 29, 2008. 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 annual information form of MGM Energy for the financial year ended December 31, 2008 (“**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 reappointing 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 MGM Energy’s 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.

By resolution on March 5, 2009, the Board fixed the size of the Board for the ensuing year at eight directors. The Board considers that 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 re-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.

The resolution electing directors 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 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 11, 2007	46,284,012
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 11, 2007; prior thereto, from July 2001 to March 2006, President of ConocoPhillips Canada	January 11, 2007	354,039
Michael N. Chernoff ⁽⁴⁾⁽⁸⁾⁽¹⁰⁾ British Columbia, Canada	Director	Corporate Director	January 11, 2007	840,000
Daryl H. Gilbert ⁽²⁾⁽⁸⁾⁽⁹⁾⁽¹⁰⁾ Alberta, Canada	Director	Managing Director, JOG Capital since May 2008 and Corporate Director; prior thereto, from 1994 to 2005, President and Chief Executive Officer of Gilbert Lausten Jung Associates Ltd	January 11, 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 11, 2007	-
Robert B. Peterson ⁽⁴⁾⁽⁸⁾⁽¹⁰⁾ Ontario, Canada	Director	Corporate Director	January 11, 2007	25,000
Robert R. Rooney ⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽¹⁰⁾ Alberta, Canada	Director	Executive Vice-President, Legal and General Counsel, Talisman Energy Inc. since November 3, 2008. Prior thereto, Corporate Director. Prior thereto, until November 2005, partner with the law firm of Bennett Jones LLP.	January 11, 2007	10,000

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, executive officer or controlling shareholder of the Corporation has or is, within the past ten years, been a director, chief executive officer or chief financial 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 securities legislation that was in effect for a period of more than 30 consecutive days;
2. was subject to an order 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 (or within a year of that person ceasing to act in that capacity 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 (i) 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; Jurassic’s bankruptcy was subsequently annulled; (ii) Mr. Daryl H. Gilbert was a director and shareholder of Globel Direct, Inc. from May 1998 to September 2008. Globel Direct, Inc. was issued cease trade orders on November 20, 2002 by the British Columbia Securities Commission and November 22, 2002 by the Alberta Securities Commission for delay in filing financial statements. The required financial statements were filed and the cease trade orders were revoked on December 23, 2002. Globel Direct, Inc. sought and received 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. Globel Direct, Inc. has since ceased operations. In October 2008, a statement of claim was filed against the officers and directors of Globel Direct, Inc. by the same lender; and (iii) from 1992 to 2008, Paramount was the general partner of T.T.Y. Paramount Partnership No. 5 (“**TTY**”), a limited partnership which was 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 had not carried on active operations since 1984 and had only 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. The cease trade order was revoked on April 9, 2008. TTY was dissolved on July 21, 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 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”.

Re-Approval of Unallocated Entitlements under Stock Option Plan

Shareholders will be asked at the Meeting to pass an ordinary resolution re-approving the unallocated entitlements under MGM Energy’s stock option plan (the “**Option Plan**”), with the next such renewal approval required by shareholders on or before May 11, 2012. Rule 613(a) of the TSX Company Manual requires that within three years after institution of a security based compensation arrangement that does not have a fixed maximum number of securities issuable (and every three years thereafter), all unallocated options, rights or other entitlements under that security based compensation arrangement must be approved by a majority of the listed issuer’s directors and the listed issuer’s securityholders. The Option Plan was instituted by resolution of Shareholders on January 11, 2007. To meet the three-year re-approval requirement, this matter of business is being brought before Shareholders at this time.

Pursuant to the rules of the Toronto Stock Exchange (the “**TSX**”), listed issuers are permitted to have unallocated options (“**Entitlements**”) under security based compensation arrangements that do not have a fixed number of securities issuable, re-load to the security based compensation plan. The Option Plan is a reloading plan as the number of authorized but unissued Common Shares that may be subject to options granted under the Option Plan is 10% of the issued and outstanding Common Shares at any time. See “Security Based Compensation Arrangements” for further details of the Option Plan.

As of the date hereof, there were options outstanding to purchase 11,328,000 Common Shares (representing 4.3% of the issued and outstanding Common Shares as at the date hereof), resulting in the Option Plan having 14,991,484 unallocated Entitlements as at the date hereof.

The Corporation believes that its Option Plan is an important element of its total compensation program to enable it to provide a competitive compensation package to its employees and officers. In addition, the Corporation is aware that many of its senior employees, including its officers, joined the Corporation because they believe in its business plan and wish to participate in the equity upside which they believe exists with MGM Energy. The elimination of such opportunity would, in the opinion of the Corporation, materially hamper the Corporation’s ability to retain a significant portion of its senior staff, and impede its ability to hire new staff in the future.

For the foregoing reasons, at a meeting of the Board of MGM Energy on March 5, 2009, the directors of the Corporation passed a resolution approving the renewal of all unallocated Entitlements under MGM Energy’s Option Plan, with the next such renewal required before May 11, 2012. The Board recommends that Shareholders vote in favour of this resolution.

The resolution re-approving the unallocated Entitlements under MGM Energy’s Option Plan 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. The full text of the resolution approving the re-approval of unallocated Entitlements (the “**Entitlements Resolution**”) is attached as Schedule “A” to this Information Circular. **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 resolution re-approving the unallocated Entitlements under MGM Energy’s Option Plan and further requiring the next such re-approval occur on or before May 11, 2012.**

If the Entitlements Resolution is not approved, all unallocated Entitlements under MGM Energy’s Option Plan will be cancelled effective May 11, 2009 and the subsequent exercise or cancellation of currently outstanding Options will not automatically reload under the Option Plan and MGM Energy will not be permitted to grant further Entitlements under the Option Plan until such time as renewal approval is obtained. In such a case, all allocated Entitlements under the Stock Option Plan, including options that have been granted but not yet exercised, will continue unaffected.

Creation of New Class of Shares

The Articles of the Corporation authorize the Corporation to issue an unlimited number of Common Shares, an unlimited number of Preferred Shares, issuable in series, and 18,200,000 Class A Preferred Shares. Pursuant to the *Business Corporations Act* (Alberta), the Articles of the Corporation must be amended by special resolution of the Shareholders to create a new class of shares.

Pursuant to Section 173 of the *Business Corporations Act* (Alberta), the Corporation is permitted, by special resolution of its Shareholders, to create a new class of shares. Shareholders are being asked to consider the special resolution approving amendments to its Articles (the “**Articles Amendment Resolution**”) to create the new class designated as the Non-Voting Common Shares with the attributes set out in Exhibit “A” to Schedule “B” attached hereto. The Articles Amendment Resolution permits the Board to decide not to proceed with the amendment to the Articles without further shareholder approval.

The purpose for creating the Non-Voting Common Shares is to increase the flexibility of the Corporation to pursue all financing alternatives in the future, including with respect to its largest shareholders. The Non-Voting Common Shares will have all of the rights, privileges, restrictions and conditions as set forth in Exhibit “A” to Schedule “B” to this Information Circular. Specifically, the rights, privileges, restrictions and conditions are identical to those for the Common Shares under the Articles of the Corporation except that the Non-Voting Common Shares will not entitle the holder thereof to any vote, nor will the holder thereof be entitled to receive notice of or to attend and vote at any meeting of Shareholders of the Corporation. The Non-Voting Common Shares will rank equal to the Common Shares with respect to the payment of dividends and rights on liquidation, dissolution or winding-up. The full text of the Articles Amendment Resolution is attached as Schedule “B” to this Information Circular. Shareholders are urged to read Schedule “B” in its entirety. The Board of Directors recommends that Shareholders vote in favor of the Articles Amendment Resolution.

The Articles Amendment Resolution must be passed by special resolution, meaning a resolution passed by a majority of not less than two-thirds of the votes cast by the 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 Articles Amendment Resolution.** If the Articles Amendment Resolution is not approved, the authority of the Corporation to issue an unlimited number of Common Shares, an unlimited number of Preferred Shares, in series, and 18,200,000 Class A Preferred Shares will be unaffected. The Corporation believes that the inability of the Corporation to issue Non-Voting Common Shares may limit the Corporation’s flexibility to pursue all financing alternatives in the future.

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 DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis (“**CD&A**”) reviews the objectives, policies and principles of the Corporation’s executive compensation program.

Compensation Philosophy and Objectives

MGM Energy’s compensation practices are designed to attract, motivate and retain highly qualified employees and executives to manage the business of the Corporation by rewarding individual and corporate performance and aligning the interests of the Named Executive Officers (as defined in Form 51-102F6 - *Statement of Executive Compensation*) (“**NEOs**”) with the Corporation’s Shareholders. Compensation is designed to achieve both current and long-term goals of the Corporation and to maximize returns to Shareholders. Accordingly, a significant portion of executive compensation is tied to achieving the Corporation’s goals. Compensation decisions are intended to be

transparent, and the Corporation's compensation practices are intended to be simple in design and competitive within the oil and gas industry. A NEO's total direct compensation is comprised of base salary, annual incentive pay (bonus) and long term equity compensation (options).

In establishing the framework for MGM Energy's compensation practices, the objective is to appropriately balance risk with reward. To do so, the Corporation takes into account the inherent uncertainties of its business and the fact that the success of the Corporation is influenced by a number of risk factors, many of the most important of which are outside the Corporation's control.

Because the Corporation is a high risk venture, its compensation philosophy is distinct from that of many conventional western Canadian based oil and gas companies. The individuals who the Corporation needs to attract and retain are those with experience operating in frontier areas, skilled at managing multi-million dollar wells and capital programs, a business usually only entertained by larger (and typically multinational) oil and gas companies. Such companies typically have higher base salaries than those provided by junior exploration and production companies. Each of the NEOs (other than the CEO) has previously worked at large multinational energy companies that have operated in Canada's arctic regions. As a result, to attract these individuals, who the Corporation believes are required to maximize MGM Energy's success, the Corporation was required to offer a total compensation package approximating what the NEOs could have earned elsewhere.

The CEO only receives compensation in the form of options under the Corporation's Option Plan and accordingly receives no salary or bonus. For details regarding compensation of the CEO, see "Chief Executive Officer Compensation" below.

Decision Making Process

The Compensation Committee of the Board oversees and provides strategic direction to management regarding MGM Energy's compensation policies and general human resources policies. In addition to that mandate of broad oversight and direction, the Compensation Committee is tasked with implementing programs to attract, retain and develop management of the highest caliber. Each current committee member is an independent non-employee director with significant relevant experience. Additional information relating to the mandate of the Compensation Committee is included in Schedule "C". The Compensation Committee makes recommendations to the Board with respect to the annual salary, bonus and other benefits of the CEO and the President, and approves the compensation for all other NEOs taking into consideration the recommendations of the CEO and the President. MGM Energy believes that its review process provides an effective ongoing evaluation of its executive compensation program relative to industry practice and allows for appropriate and timely adjustments to the program.

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 has served as Chairman from the date of his 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.

Compensation Framework

The Compensation Committee considers all elements of compensation as a whole rather than any one element in isolation. In evaluating executive compensation, the Corporation considers a broad range of factors, including individual performance and corporate results. Other factors taken into account in establishing compensation include market competitiveness and internal equity. The relative balance of those factors will likely differ from year to year. The Committee also examines the competitive positioning of total compensation, the ratio of current to long-term compensation and the amount of fixed and variable compensation. MGM Energy's Compensation Committee is tasked with ensuring that the Corporation's compensation practices are affordable as an element of the Corporation's overall cost of doing business, while rewarding performance and creating incentives to achieve long term success. For details regarding compensation of an NEO, see the Summary Compensation table below.

Base Salary: Base salary is a key component of compensation, both on its own and because annual incentive targets and awards are percentages of base salary. Salaries for executive officers are determined by evaluating the responsibilities of each executive's position, as well as the experience and knowledge of the individual, with a view to internal equity and the competitive marketplace. The Compensation Committee balances the desire to set base salary at a level competitive enough to attract highly qualified executive officers against the desire to ensure that performance remains a key factor in determining total compensation of the Corporation's management team. In determining the base salaries of the NEOs (other than the CEO), the Compensation Committee considers information from MGM Energy's human resources advisor. MGM Energy is unique in that it is the only small capitalization company actively operating exclusively in the North, therefore there are no directly comparable companies. MGM Energy's human resource advisor will rely on external market surveys of a large sample of different sized oil and gas companies to determine an appropriate range of base salaries for the NEOs. In setting the salary of the NEOs (other than the President and the CEO), the Compensation Committee relies to a large extent on the President's recommendation and evaluation of each NEO's performance. In setting the salary level of the President, the Compensation Committee relies to a large extent on the CEO's recommendation and evaluation of the President's performance.

For all employees, including NEOs (other than the CEO), salary adjustments are considered by the Compensation Committee in late January, with adjustments effective January 1. Annual adjustments to base salary are not guaranteed and any adjustment includes consideration for individual performance, internal equity and market conditions.

For a discussion of the CEO's compensation, see "Chief Executive Officer Compensation".

Annual Bonus: The Compensation Committee has established an annual bonus program to drive performance and the achievement of corporate goals. The bonus program rewards short term results and performance, all of which are linked to the Corporation's long term objectives. All NEOs (other than the CEO), as well as all employees of the Corporation, are eligible to receive a bonus. Bonus targets for all employees were established by the Compensation Committee in 2007 as a percentage of salary, with targets for every level of employment within the Corporation based on the responsibility and accountability of the individual and the role within the organization. The Compensation Committee recommended and the Board approved the appropriate target level for the President. Those approved bonus targets have not been adjusted or altered. The bonus target for the President is 80% of base salary and the bonus target for the other NEO's (other than the CEO) is 40% of base salary.

Management establishes the Corporation's goals annually at the beginning of each fiscal year. Given that MGM Energy is a development stage company with no production or revenue, the majority of its corporate goals are based on qualitative operation-oriented targets rather than financial targets. There are approximately 25 corporate goals, under six broad categories, with a majority of the goals equally weighted. The six broad categories of goals are: (i) integrity in business dealings; (ii) health, safety and environment; (iii) resource development; (iv) innovation; (v) investor and employee relationships; and (vi) relationships with stakeholders. Because the Corporation's stock performance is materially influenced by factors outside the control or influence of the Corporation and because the Corporation's share price is reflected in compensation in terms of stock options, the Compensation Committee specifically does not consider the Corporation's share price performance in establishing the bonus payout. The Compensation Committee does take into consideration the drilling results in establishing the bonus payout, however, given the risks inherent in a drilling program of three frontier exploration wells per year, has not established a targeted amount of resource additions as a corporate goal. The Compensation Committee believes that significant effort is required to attain the established goals. The amount of bonus paid to NEOs (excluding the CEO, who received no bonus) for the 2008 fiscal year equaled 90% of the target bonus established by the Compensation Committee. In establishing this bonus payout, the Compensation Committee and Board of Directors determined that the Corporation had, on average, achieved 90% of its stated goals.

The President establishes individual goals for each NEO (other than the CEO) annually at the beginning of each fiscal year. Each of the NEOs (other than the CEO and President) has individual performance goals used to determine the percentage of his/her target bonus that he/she will receive. The President has no specific individual goals as the Board considers whether or not the Corporation has achieved its goals as the key determinant of his bonus payout. For the remainder of the NEOs, an NEO's individual goals are an extension of the corporate goals and are within the sphere of influence of the NEO. The Chief Financial Officer's goals are centered on financial

reporting, cash management and investor relations. The goals of the Vice-President Exploration are focused on the management of the exploration group and ensuring there is an inventory of short, mid and long term prospects for the Corporation to pursue. The goals of the Vice-President, Legal and Regulatory are focused on ensuring the Corporation complies with all of its legal and regulatory obligations and secures and maintains access to the resources.

Stock Options: MGM Energy's stock option program is available to all employees, including the NEOs. As options only have value to the holder if the market value of the stock appreciates over time, the objective of the program is to tie the interests of employees directly to the interests of the Shareholders. In that regard, the stock option program is intended to serve as a long term retention and incentive tool. All options granted after July 2007 have a 10 year term, recognizing the long term horizon for the Corporation to achieve full value for its assets. In accordance with the Option Plan, the exercise price for every grant is established as the closing price for the Common Shares on the day prior to the grant. The options vest 25% each year for four years, beginning one year after the date of the grant. There are no performance or other conditions related to the vesting of the options, other than continued employment with the Corporation.

Awards of options for all employees, including NEOs (other than the President and CEO) are approved by the Compensation Committee. Option grants to the President and CEO and to the Board of Directors are approved by the Board of Directors upon the recommendation of the Compensation Committee.

In 2008, the Compensation Committee received advice and recommendations from an independent compensation advisor, McKeon People Strategies Ltd., regarding the parameters of an annual stock option program both for its employees, including NEOs, and for the Board of Directors. The advice included an assessment of competitive long term incentive practices in the oil and gas industry in Canada as well as a method for calculating the number of options to be awarded to help drive transparency and consistency in the grants approved. Under the program, the number of options granted to each NEO and employee would be dependent upon the Black-Scholes-Merton valuation of an option at the time of the grant, the individual's salary level and the individual's position within the Corporation, with the expectation that the number of options awarded to an individual will increase with salary level and responsibility and accountability within the organization. The lower the Black-Scholes-Merton 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. However, applying this formula without taking into account other factors can produce unintended results when the stock price is exceptionally volatile, or the share price suffers a material decline, as occurred in 2008. For that reason, the formula is used as a guideline, rather than as a fixed rule, to determine the number of options to be awarded.

While the Compensation Committee intends to award stock options to employees on an annual basis, expected to be May 1 of each year, the Committee and the Board retain the right to grant additional options at other times during the year if circumstances warrant.

In accordance with the annual stock option program, the Compensation Committee approved an option grant for May 1, 2008 for all employees and officers (excluding the President and CEO) and recommended a grant to the President and CEO which was approved by the Board. Of the total 3,858,500 options granted, 1,350,000 options were granted to the NEOs (excluding the President and the CEO), 750,000 options were granted to the President and 225,000 options were granted to the CEO. The number of options granted to the President was intended to provide a Black-Scholes-Merton valuation equal to approximately 125% of his base salary. The number of options granted to the other NEO's (other than the CEO) was intended to provide a Black-Scholes-Merton valuation equal to approximately 100% of their base salary. The number of options granted to the CEO was equal to 50% of the number granted to the Corporation's vice-presidents.

In addition to the annual option grant on May 1, 2008, the Compensation Committee approved a second grant in December 2008. The Compensation Committee considered the additional grant warranted given the large number of Common Shares issued by the Corporation in July 2008 under a public offering and impact thereof on the share value. In addition, MGM Energy's management and the Compensation Committee were concerned with employee and management retention given the large decline in the Corporation's share price. Rather than instituting a cash retention program and given that there was a sufficient capacity to grant additional options, it was determined that an additional option grant would assist in retention. MGM Energy had previously only granted options equal to 3.0%

of total common shares outstanding prior to the December 2008 grant. Under the Option Plan, the Corporation is permitted to grant up to 10.0% of total common shares outstanding. Options were granted to all staff and management, but not to directors (other than the President). For the NEOs (other than the CEO), the option grant was an amount equal to the number of options granted on May 1, 2008. The Corporation had options outstanding totaling 3.0% of total shares outstanding prior to the option grant and 4.3% after the December grant.

Executive Contracts

In January 2007, the Corporation entered into an executive employment contract with Mr. Sykes, President, under which Mr. Sykes is entitled to i) an annual base salary and benefits; ii) discretionary bonuses as determined by the Board; and iii) participation in MGM Energy's Option Plan. The compensation paid to Mr. Sykes is reviewed by the Board of Directors with advice and recommendation received from the CEO and the Compensation Committee.

Under Mr. Sykes' executive employment contract, 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 the Corporation for any reason, or the directors of MGM Energy as at January 12, 2007 no longer constituting a majority of the Board. In such events, MGM Energy agrees to pay Mr. Sykes a lump sum amount equal to two years of his annual salary as at the date of the change of control. There are no other conditions applicable to the payment.

The Corporation also has executive employment contracts effective January 1, 2009 in place with each of the other NEO's (other than the CEO) (the "**2009 Executive Contracts**"). Under the 2009 Executive Contracts, MGM Energy agrees to compensate the NEOs in the event of termination of employment without just cause and in the event of a change of control in which the NEO is not offered a similar position following the change of control. A change of control is defined as (i) the acquisition by a person of the beneficial ownership of more than 50% of the common shares or rights to common shares, or (ii) a resolution passed by the Board liquidating the assets, winding up the business, or re-arranging the affairs of the Corporation, provided that in either case, if individuals who were members of the Board immediately prior to the change of control constitute a majority of the Board following such change of control, then a change of control will not be considered to have occurred. In the event the NEO's rights are triggered under the 2009 Executive Contract, the NEO is entitled to receive a lump sum equal to 1.5 times of the then current annual salary and target annual bonus. There are no other conditions applicable to the payment.

Mr. Clayton Riddell, CEO of MGM Energy, has not entered into an executive employment contract with the Corporation.

Based on the salary levels for each of the NEOs as at December 31, 2008, the following is a summary of the cash amounts that would have to be paid in the event a payment is triggered under the executive contracts.

Name	Calculation of Payment Amount	Payment Amount
Clayton H. Riddell, Chief Executive Officer	N/A	Nil
Richard N. Miller, Chief Financial Officer	1.5 x (base salary + 40% target bonus)	\$500,850
Henry W. Sykes, President	2 x (base salary)	\$660,000
Nancy F. Dilts, Vice President Legal & Corporate Secretary	1.5 x (base salary + 40% target bonus)	\$500,850
John Hogg, Vice President Exploration	1.5 x (base salary + 40% target bonus)	\$500,850

The executive employment contracts do not provide for the automatic acceleration of the vesting of options in the event of termination of employment or a change of control. The acceleration of the vesting of options in a change of control is at the discretion of the Board, as described under "Stock Option Plan" below.

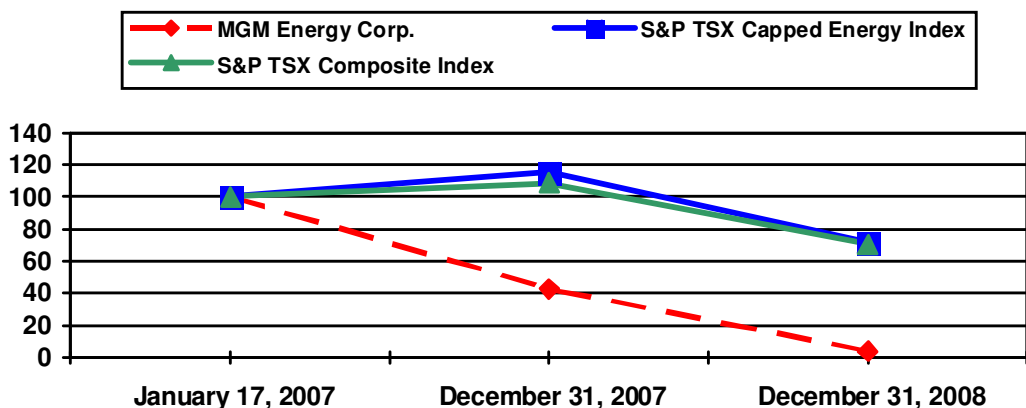
Chief Executive Officer Compensation

Mr. Riddell, CEO of MGM Energy, receives no direct salary, bonus or any other compensation from MGM Energy for his services, other than the award of stock options from time to time. Mr. Riddell beneficially owns or controls or directs, directly or indirectly, 17.6% of the issued and outstanding Common Shares. Furthermore, Paramount, of which Mr. Riddell is a majority shareholder, beneficially owns or controls or directs, directly or indirectly, 16.7% of the issued and outstanding Common Shares. The Compensation Committee believes that, despite the absence of cash compensation for Mr. Riddell's services as CEO, given Mr. Riddell's ownership interest in the Corporation and his option grants, his interests are strongly aligned with those of MGM Energy's Shareholders.

In May 2008, as part of the annual grant of options approved by the Compensation Committee and the Board, Mr. Riddell was granted 225,000 options, equal to 50% of the number of options granted to the Corporation's vice-presidents. Mr. Riddell received no options in the December 2008 grant.

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 and the S&P TSX Capped Energy Index for the period which commenced on January 17, 2007 and ended on December 31, 2008, assuming reinvestment of dividends.



The closing price for the Common Shares on the TSX on December 31, 2008 was \$0.19, which was the last trading day in the Corporation's fiscal year.

	Cumulative Total Return		
	January 17, 2007	December 31, 2007	December 31, 2008
MGM Energy Corp.	\$100	\$42	\$4
S&P TSX Capped Energy Index	\$100	\$115	\$71
S&P TSX Composite Index	\$100	\$109	\$71

The compensation philosophy from inception has been that the Corporation's share price will not be a factor in determining any aspect of an NEO's compensation. Therefore, there is no correlation between the Corporation's share price and the compensation of the NEOs.

Compensation Tables

Summary Compensation

The following table provides a summary of the compensation earned in respect of the Corporation's most recently completed financial year by the Corporation's NEOs who were serving as executive officers of the Corporation on December 31, 2008.

Name and Principal Position	Year	Salary	Option Based Awards ⁽¹⁾	Annual Incentive Plan ⁽³⁾	All Other Compensation	Total
Clayton H. Riddell, Chief Executive Officer ⁽⁴⁾	2008	-	\$114,750	-	-	\$114,750
Richard N. Miller, Chief Financial Officer	2008	\$231,875	\$279,000	\$85,860	\$24,675	\$621,410
Henry W. Sykes, President ⁽⁴⁾	2008	\$330,000	\$465,000	\$237,600	\$34,143	\$1,066,743
Nancy F. Dilts, Vice President Legal & Corporate Secretary	2008	\$238,500	\$279,000	\$85,860	\$26,891	\$630,251
John Hogg, Vice President Exploration	2008	\$238,500	\$279,000	\$185,860 ⁽²⁾	\$26,642	\$730,002

Notes:

- (1) The fair value on grant date assigned by the Board to the option based awards are calculated utilizing the Black-Scholes-Merton valuation model and are based on the estimate of MGM Energy's long-term volatility and expected term of the options. The value assigned by the Board approximates the value determined in accordance with Section 3870 of the CICA Handbook and recognized in the Corporation's financial statements. The approach used may not be identical to that used by other issuers and is sensitive to the assumptions used. Therefore, the figures may not be directly comparable between issuers. The key assumption used in the Black-Scholes-Merton valuation model is the volatility of the Corporation's share price, which has been estimated at 70%.
- (2) Includes deferred signing bonus of \$100,000.
- (3) The amount of the incentive based payment received by NEOs, other than the deferred signing bonus paid to Mr. Hogg, was equal to 90% of the target bonus payment. For details regarding the bonus incentive plan, see "Compensation Framework - Annual Bonus".
- (4) Although the President and CEO also serve as directors of the Corporation, they did not receive any compensation for their duties as directors or for attendance at board or committee meetings.

Incentive Plan Awards - Outstanding Option-Based Awards – Named Executive Officers

The following table provides a summary of all option-based awards to the NEOs outstanding at the end of the Corporation's most recently completed financial year ended December 31, 2008.

Option-Based Awards

Name	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised in-the-money Options ⁽¹⁾
Clayton H. Riddell, Chief Executive Officer	200,000	\$5.00	April 30, 2011	Nil
	200,000	\$2.42	August 24, 2017	Nil
	225,000	\$0.73	May 1, 2018	Nil
Richard N. Miller, Chief Financial Officer	100,000	\$2.84	December 31, 2011	Nil
	100,000	\$2.42	August 24, 2017	Nil
	450,000	\$0.73	May 1, 2018	Nil
	450,000	\$0.16	December 11, 2018	\$13,500
Henry W. Sykes, President	250,000	\$5.00	April 30, 2011	Nil
	250,000	\$2.42	August 24, 2017	Nil
	750,000	\$0.73	May 1, 2018	Nil
	750,000	\$0.16	December 11, 2018	\$22,500
Nancy F. Dilts, Vice President Legal & Corporate Secretary	100,000	\$4.60	August 31, 2011	Nil
	100,000	\$2.42	August 24, 2017	Nil
	450,000	\$0.73	May 1, 2018	Nil
	450,000	\$0.16	December 11, 2018	\$13,500
John Hogg, Vice President Exploration	100,000	\$3.17	October 31, 2011	Nil
	100,000	\$2.42	August 24, 2017	Nil
	450,000	\$0.73	May 1, 2018	Nil
	450,000	\$0.16	December 11, 2018	\$13,500

Note:

- (1) The closing price of the Common Shares on the TSX on December 31, 2008 was \$0.19, which was the last trading day in the Corporation's fiscal year.

Incentive Plan Awards – Value Vested or Earned During the Year – Named Executive Officers

The following table provides a summary of the value vested or earned in respect of option based awards of the NEOs during the Corporation's financial year ended December 31, 2008.

Name	Value Vested During the Year
Clayton H. Riddell, Chief Executive Officer	Nil
Richard N. Miller, Chief Financial Officer	Nil
Henry W. Sykes, President	Nil
Nancy F. Dilts, Vice President Legal & Corporate Secretary	Nil
John Hogg, Vice President Exploration	Nil

No options were exercised or surrendered for cash during 2008 by the NEOs.

Director Compensation (Non-management Directors)

The following table provides a summary of the compensation earned in respect of the Corporation's financial year ended December 31, 2008 by the non-management members of the Corporation's Board of Directors.

Name ⁽¹⁾	Fees Earned			Total	Option Based Awards ⁽²⁾	Total
	Annual Board Fee	Committee Chair Fee	Meeting/ Resolution Fee			
James H.T. Riddell	-	-	-	-	\$114,750	\$114,750
Michael N. Chernoff	\$10,000	-	\$14,000	\$24,000	\$57,375	\$81,375
Daryl H. Gilbert	\$10,000	\$5,000	\$12,000	\$27,000	\$57,375	\$84,375
Robert B. Hodgins	\$10,000	\$5,000	\$11,000	\$26,000	\$57,375	\$83,375
Robert B. Peterson	\$10,000	-	\$13,000	\$23,000	\$57,375	\$80,375
Robert R. Rooney	\$10,000	\$10,000	\$16,000	\$36,000	\$57,375	\$93,375

Note:

- (1) Henry Sykes and Clayton Riddell are both NEOs; the disclosure required pursuant to this table for Messrs. Sykes and C. Riddell has been provided in the Summary Compensation table above.
- (2) The fair value on grant date assigned by the Board to the option based awards are calculated utilizing the Black-Scholes-Merton valuation model and are based on the estimate of MGM Energy's long-term volatility and expected term of the options. The value assigned by the Board approximates the value determined in accordance with Section 3870 of the CICA Handbook and recognized in the Corporation's financial statements. The approach used may not be identical to that used by other issuers and is sensitive to the assumptions used. Therefore, the figures may not be directly comparable between issuers. The key assumption used in the Black-Scholes-Merton valuation model is the volatility of the Corporation's share price, which has been estimated at 70%.

As non-independent directors, Messrs Sykes, J. Riddell and C. Riddell did not receive cash remuneration for their attendance at board meetings. The independent directors received a retainer fee plus a fee for each meeting attended, with the retainer fee dependent on the number of committees that they chaired. Directors also received option-based awards, with the valuation of such awards calculated in the same manner as described under the NEO Summary Compensation table. The number of options granted to Mr. J. Riddell on May 1, 2008 was equal to 50% of the number of options granted to the Corporation's vice presidents. The number of options granted to the non-independent directors on May 1, 2008 was equal to 25% of the number of options granted to the Corporation's vice presidents. None of the directors (other than the President) were awarded options in December 2008. Directors were also reimbursed for their out-of-pocket expenses to attend meetings. For details regarding attendance by directors at meetings of the Board and its committees, please see Schedule "C".

Incentive Plan Awards - Outstanding Option Based Awards – Non-Management Directors

The following table provides a summary of all option-based awards outstanding to non-management directors at the end of the Corporation's most recently completed financial year ended December 31, 2008.

Name ⁽¹⁾	Option-Based Awards			
	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised in-the-money Options
James H.T. Riddell	200,000	\$5.00	April 30, 2011	Nil
	200,000	\$2.42	August 24, 2017	Nil
	225,000	\$0.73	May 1, 2018	Nil
Michael N. Chernoff	50,000	\$5.00	April 30, 2011	Nil
	50,000	\$2.42	August 24, 2017	Nil
	112,500	\$0.73	May 1, 2018	Nil
Daryl H. Gilbert	50,000	\$5.00	April 30, 2011	Nil
	50,000	\$2.42	August 24, 2017	Nil
	112,500	\$0.73	May 1, 2018	Nil
Robert B. Hodgins	50,000	\$5.00	April 30, 2011	Nil
	50,000	\$2.42	August 24, 2017	Nil
	112,500	\$0.73	May 1, 2018	Nil
Robert B. Peterson	50,000	\$5.00	April 30, 2011	Nil
	50,000	\$2.42	August 24, 2017	Nil
	112,500	\$0.73	May 1, 2018	Nil
Robert R. Rooney	50,000	\$5.00	April 30, 2011	Nil
	50,000	\$2.42	August 24, 2017	Nil
	112,500	\$0.73	May 1, 2018	Nil

Note

- (1) Henry Sykes and Clayton Riddell are both NEOs; the disclosure required pursuant to this table for Messrs. Sykes and C. Riddell has been provided in the Summary Compensation table above.

Incentive Plan Awards – Value Vested or Earned During the Year – Non-Management Directors

The following table provides a summary of the value vested or earned in respect of option based awards for non-management directors during the Corporation's financial year ended December 31, 2008.

Name ⁽¹⁾	Value Vested During the Year
James H.T. Riddell	Nil
Michael N. Chernoff	Nil
Daryl H. Gilbert	Nil
Robert B. Hodgins	Nil
Robert B. Peterson	Nil
Robert R. Rooney	Nil

Note:

- (1) Henry Sykes and Clayton Riddell are both NEOs; the disclosure required pursuant to this table for Messrs. Sykes and C. Riddell has been provided in the Summary Compensation table above.

No options were exercised or surrendered for cash during 2008 by non-management directors.

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 at anytime since the beginning of the most recently completed financial year, indebted to MGM Energy or had the benefit of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by MGM Energy.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as at April 2, 2009 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⁾	11,328,000	1.26	14,991,484
Equity compensation plans not approved by securityholders	-	-	-
Total	11,328,000	1.26	14,991,484

Note:

- (1) As at December 31, 2008, the Corporation had granted 11,233,000 options under the Option Plan, of which 60,000 have since been exercised or expired. As at December 31, 2008, an aggregate of 26,319,484 Common Shares were reserved for issuance under the Option Plan, being a number equal to 10.0% of the number of 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 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 maximum number of Common Shares that may be reserved for issuance to insiders pursuant to options granted under the Option Plan and any other share compensation arrangement, in the aggregate and within any one-year period, is 10% of the number of Common Shares outstanding. The aggregate number of Common Shares that may be reserved for issue to any one insider (and such insider's associates) under the Option Plan and any other security based compensation arrangement within a one year period is 5% of the number of Common Shares outstanding.

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 263,194,844 Common Shares issued and outstanding. As at April 2, 2009 11,328,000 options are outstanding in accordance with the Option Plan (representing 4.3% of the outstanding Common Shares) and 14,991,484 options remain issuable thereunder (representing approximately 5.7% 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. Unless not permitted by the TSX, if options may not be exercised due to any black-out period at any time within the three business day period prior to the normal expiry date of such options, 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.

Pursuant to the Option Plan, “black-out period” means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of a stock option.

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.

Cash Settlements

The Option Plan provides that where the Common Shares are listed and posted for trading on the TSX, optionholders may surrender their right to purchase a specified number of Common Shares in consideration of the payment by the Corporation to such eligible optionee, as is specified by such holder in a written notice of surrender, of:

1. the “cash settlement amount” (as defined in the Option Plan) less any amounts required to be withheld under applicable legislation; or
2. subject to applicable securities laws and the rules of the TSX the “settlement common shares” (as defined in the Option Plan).

An optionee is not obliged to surrender all or any portion of such holder’s options pursuant to the Option Plan.

Notwithstanding any other provisions of the Option Plan and for greater certainty, the Corporation may from time to time, in its sole discretion, refuse the surrender by an optionee of the right to purchase Common Shares under options. If any such surrender is refused for any reason whatsoever, immediately upon such refusal by the Corporation being delivered to the optionee, the written notice of surrender is deemed to be withdrawn and the vested and exercisable portion of the options in respect of which such notice was provided shall become subject to their original term as if such written notice had not been provided.

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.

Anti-dilution

Adjustments may be made in the Option Plan and in the options granted under the Option Plan as the Board of Directors deems appropriate, in its sole discretion, to prevent substantial dilution or enlargement of the rights granted to, or available for, optionholders, and such adjustments may be included in the options in certain circumstances, in the event of: 1) any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; 2) an issuance of any stock dividend to holders of Common Shares (other than such stock dividends issued at the option of shareholders of the Corporation in lieu of substantially equivalent cash dividends); 3) any rights being granted to all or substantially all of the holders of Common Shares to purchase Common Shares at prices substantially below fair market value; or 4) as a result of any recapitalization, merger, consolidation or otherwise the Common Shares are converted into or exchangeable for any other shares.

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 April 2, 2009, 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 47,967,923 Common Shares, representing approximately 18.2% of the outstanding Common Shares on a non-diluted basis.

As at April 2, 2009, Paramount owned 43,833,636 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, 2009. 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. For details regarding the new services agreement, see “Services Agreement” in the AIF.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation is committed to implementing and maintaining effective and best practices in corporate governance. The Corporation’s approach to significant corporate governance issues has been, and continues to be, designed with a view to ensuring that the business of the Corporation is effectively managed to enhance long-term shareholder value. The Corporation has implemented certain structures and procedures to ensure that effective corporate governance practices are followed and that the Board of Directors functions independently of management. 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 “D”. 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 “C” 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 and have been approved by the Board of Directors. 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’s Board of Directors is currently comprised 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 “C” 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 other 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 AIF of MGM Energy. As at April 2, 2009, 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 five meetings in MGM Energy's last financial year and one meeting in 2009 to the date of this Information Circular.

Regular meetings of the committees are held throughout the year as required. 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 five meetings in MGM Energy's last financial year (plus two meetings in 2009 to the date of this Information Circular). The Environmental, Health and Safety Committee held two 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 2009 to the date of this Information Circular. The Compensation Committee held two meetings in MGM Energy's last financial year and one meeting in 2009 to the date of this 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 "C" – 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 Corporate 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 its most recently completed financial year. Copies of the financial statements and management's discussion and analysis of MGM Energy may be obtained from the Corporate Secretary of MGM Energy at Suite 4100, 350 – 7th Avenue S.W., Calgary, Alberta T2P 3N9 or by facsimile at (403) 781-7801.

Schedule "A"

RESOLUTION FOR APPROVAL OF UNALLOCATED ENTITLEMENTS

"BE IT RESOLVED:

1. That all unallocated Options entitled to be granted pursuant to the Option Plan be approved and are authorized to be issued until May 11, 2012.
2. Any one officer or director of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation to finalize, execute and deliver or file such documents and instruments and to do all such other acts and things as are required or as such officer or director, in such officer's or director's sole discretion, may deem necessary, to give full effect to or carry out the provisions of the foregoing resolutions."

Schedule “B”

RESOLUTION FOR CREATION OF NON-VOTING COMMON SHARES

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The articles of MGM Energy Corp. (the “Corporation”) be amended to:
 - (a) create a new class of shares, unlimited in number, to be designated Non-Voting Common Shares; and
 - (b) provide that all existing Common Shares, Preferred Shares, Class A Preferred Shares and the Non-Voting Common Shares created thereby shall have the rights, privileges, restrictions and conditions set out in Exhibit A.
2. Any one officer or director of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation, to negotiate, finalize, execute, deliver and file the articles of amendment, with such additions, deletions or other changes to give full effect to the creation of Non-Voting Common Shares as specified in the management information circular of the Corporation as such director or officer, in such director or officer’s sole discretion, may authorize or approve, any such authorization or approval to be conclusively evidenced by such director or officer’s execution, delivery and filing of the articles of amendment.
3. Any one officer or director of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation to execute and deliver or file such documents and instruments, including the execution and filing of articles of amendment of the Corporation, and to do all such other acts and things as are required or as such officer or director, in such officer’s or director’s sole discretion, may deem necessary to give full effect to or carry out the provisions of the foregoing resolution.
4. The board of directors of the Corporation may, in its sole discretion, decide not to act on this resolution and proceed with the amendment to the articles of the Corporation without further shareholder approval.”

Exhibit “A” to Schedule “B”

THIS SCHEDULE IS INCORPORATED INTO AND FORMS PART OF THE ARTICLES OF MGM ENERGY CORP. (the “Corporation”)

The Corporation is authorized to issue an unlimited number of Common Shares, an unlimited number of Non-Voting Common Shares, an unlimited number of Preferred Shares, issuable in series, and 18,200,000 Class A Preferred Shares.

I. COMMON SHARES

The rights, privileges, restrictions and conditions attaching to the Common Shares shall be as follows:

1. VOTING

1.1 Holders of Common Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Corporation, except meetings of holders of another class or series of shares. Each Common Share shall entitle the holder thereof to one vote.

2. DIVIDENDS

2.1 Subject to the preferences accorded to holders of any shares of the Corporation ranking senior to the Common Shares from time to time with respect to the payment of dividends, holders of Common Shares shall be entitled to receive, if, as and when declared by the Board of Directors, such dividends as may be declared thereon by the Board of Directors from time to time.

2.2 Holders of Common Shares shall be entitled to receive dividends on the Common Shares exclusive of any other shares of the Corporation.

3. LIQUIDATION, DISSOLUTION OR WINDING-UP

3.1 In the event of the voluntary or involuntary liquidation, dissolution or winding-up of the Corporation, or any other distribution of its assets among its shareholders for the purpose of winding-up its affairs (such event referred to herein as a “Distribution”), holders of Common Shares, subject to the preferences accorded to holders of any shares of the Corporation ranking senior to the Common Shares from time to time with respect to payment on a Distribution, shall be entitled to share equally, share for share, in the remaining property of the Corporation.

II. NON-VOTING COMMON SHARES

The rights, privileges, restrictions and conditions attaching to the Non-Voting Common Shares shall be as follows:

1. VOTING

1.1 Holders of Non-Voting Common Shares shall not be entitled to any vote, nor will the holder thereof be entitled to receive notice of or to attend and vote at any meetings of shareholders of the Corporation.

2. DIVIDENDS

2.1 Subject to the preferences accorded to holders of any shares of the Corporation ranking senior to the Non-Voting Common Shares and Common Shares from time to time with respect to the payment of dividends, holders of Non-Voting Common Shares shall be entitled to receive, if, as and when declared by the Board of Directors, such dividends as may be declared thereon by the Board of Directors from time to time.

2.2 Holders of Non-Voting Common Shares shall be entitled to receive dividends on the Non-Voting Common Shares exclusive of any other shares of the Corporation other than the Common Shares.

3. LIQUIDATION, DISSOLUTION OR WINDING-UP

3.1 Notwithstanding any other section of these articles of the Corporation, in the event of a Distribution, holders of Non-Voting Common Shares, subject to the preferences accorded to holders of any shares of the Corporation ranking senior to the Non-Voting Common Shares and Common Shares from time to time with respect to payment on a Distribution, shall be entitled to share equally, share for share, together with the holders of the Common Shares in the remaining property of the Corporation.

III PREFERRED SHARES

The rights, privileges, restrictions and conditions attaching to the Preferred Shares, as a class, shall be as follows:

1. ISSUANCE IN SERIES

1.1 Subject to the filing of Articles of Amendment in accordance with the *Business Corporations Act* (Alberta) (the “Act”), the Board of Directors may at any time and from time to time issue the Preferred Shares in one or more series, each series to consist of such number of shares as may, before the issuance thereof, be determined by the Board of Directors.

1.2 Subject to the filing of Articles of Amendment in accordance with the Act, the Board of Directors may from time to time fix, before issuance, the designation, rights, privileges, restrictions and conditions attaching to each series of Preferred Shares including, without limiting the generality of the foregoing, the amount, if any, specified as being payable preferentially to such series on a Distribution; the extent, if any, of further participation on a Distribution; voting rights, if any; and dividend rights (including whether such dividends be preferential, or cumulative or non-cumulative), if any.

2. DIVIDENDS

2.1 Subject to the preferences accorded to holders of any other shares of the Corporation ranking senior to the Preferred Shares from time to time with respect to the payment of dividends, the holders of each series of Preferred Shares shall be entitled, in priority to holders of Common Shares and any other shares of the Corporation ranking junior to the Preferred Shares from time to time with respect to the payment of dividends, to be paid rateably with holders of each other series of Preferred Shares, the amount of accumulated dividends, if any, specified as being payable preferentially to the holders of such series.

3. LIQUIDATION

3.1 In the event of a Distribution, holders of each series of Preferred Shares shall be entitled, in priority to holders of Common Shares and any other shares of the Corporation ranking junior to the Preferred Shares from time to time with respect to payment on a Distribution, to be paid rateably with holders of each other series of Preferred Shares the amount, if any, specified as being payable preferentially to the holders of such series on a Distribution.

IV. CLASS A PREFERRED SHARES

The Class A Preferred Shares shall, as a class, have attached thereto the following rights, privileges, restrictions and conditions:

1.1 Definitions

“Common Shares” means common shares of the Corporation.

“Mandatory Conversion” means the mandatory conversion of Class A Preferred Shares into Common Shares upon the Mandatory Conversion Threshold being achieved.

“Mandatory Conversion Threshold” means that the Corporation has raised gross proceeds of \$60 million (in cash) from the issuance of Common Shares.

“Mandatory Conversion Date” means the date the Corporation achieves the Mandatory Conversion Threshold.

“Voluntary Conversion” means the conversion of Class A Preferred Shares into Common Shares at the option of a holder of Class A Preferred Shares pursuant to section 1.7 hereof.

“Redemption Amount” for each Class A Preferred Share is equal to \$5.00.

“Stated Issue Price” shall have the meaning given to such term in section 1.2 hereof.

1.2 Issue Price

The stated issue price (“Stated Issue Price”) of the Class A Preferred Shares shall be \$5.00 per share.

1.3 Voting Rights

In addition to the voting rights provided in the Act, holders of Class A Preferred Shares shall be entitled to receive notice of and to attend and vote at all meetings of shareholders of the Corporation, except class or series meetings of holders of another class of shares. Each Class A Preferred Share shall entitle the holder thereof to one vote.

1.4 Dividends

- (a) Commencing October 1, 2007, holders of Class A Preferred Shares, in priority to any other shares of the Corporation, shall be entitled to receive and the Corporation shall pay thereto, as and when declared by the board of directors of the Corporation out of moneys of the Corporation properly applicable to the payment of dividends, a fixed preferential cumulative dividend at the rate of 5% of the Stated Issue Price of the Class A Preferred Shares. Such dividends shall accrue from and including October 1, 2007.
- (b) No dividends shall be declared or paid on any other shares of the Corporation unless all dividends which shall have been declared and which remain unpaid on the Class A Preferred Shares then issued and outstanding shall have been paid or provided for at the date of such declaration or payment.
- (c) The rights of the holders of the Class A Preferred Shares to dividends shall be limited to the fixed preferential cumulative dividend specified in this section 1.4.

1.5 Liquidation, Dissolution or Winding-Up

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, holders of the Class A Preferred Shares shall be entitled to payment of the Stated Issue Price for each Class A Preferred Share held together with all accrued and unpaid dividends thereon in priority to any other shares of the Corporation and all such amounts shall be paid to the holders of the Class A Preferred Shares before any amounts are paid to the holders of any other shares of the Corporation. After the Corporation has satisfied its obligations to pay the holders of the Class A Preferred Shares the Stated Issue Price for each Class A Preferred Share together with all accrued and unpaid dividends thereon pursuant to this section 1.5, such holders shall not be entitled to share in any further distribution of the assets of the Corporation.

1.6 Redemption by the Corporation

- (a) Subject to the Act, the Corporation may, upon giving notice or upon the waiver of such notice as hereinafter provided, redeem at any time the whole or from time to time any part of the then outstanding Class A Preferred Shares on payment or deposit (in accordance with section 1.6(c)) of the Redemption Amount together with all accrued and unpaid dividends thereon for each Class A Preferred Share to be redeemed. If part only of the outstanding Class A Preferred Shares is to be redeemed, the board of directors of the Corporation may select the Class A Preferred Shares to be redeemed (i) by lot; (ii) on a pro rata basis; or (iii) in such other manner as the board of directors of the Corporation may in its discretion select. If part only of the outstanding Class A Preferred Shares represented by any certificate is redeemed, a new certificate for the balance shall be issued at the expense of the Corporation.
- (b) In the case of a redemption of Class A Preferred Shares, the Corporation shall give notice in writing of the intention of the Corporation to redeem such shares (unless notice is waived in any manner by the holder of the Class A Preferred Shares called for redemption) at least 30 days before the date specified for redemption (the date specified for redemption referred to herein as the “Redemption Date”) to each person who at the date of mailing is a holder of Class A Preferred Shares to be redeemed. Such notice shall set out the Redemption Amount per Class A Preferred Share together with all accrued and unpaid dividends thereon, the Redemption Date, and, if part only of the Class A Preferred Shares held by the person to whom it is addressed is to be redeemed, the number thereof to be redeemed.
- (c) Subject to the Act, the Corporation shall pay to the holder of the Class A Preferred Shares to be redeemed the Redemption Amount of each such share together with all accrued and unpaid dividends thereon on or after the Redemption Date, provided that such holder has presented and surrendered to the Corporation the certificates representing the Class A Preferred Shares so called for redemption. On the Redemption Date, the Corporation shall pay or cause to be paid the Redemption Amount together with all accrued and unpaid dividends thereon to or to the order of the holders of the Class A Preferred Shares to be redeemed by the Corporation and such payment shall be made in cash, promissory notes or other forms of property and if made in cash, payment shall be made by cheque payable at par in Canadian funds at any branch of the Corporation’s bankers. The redemption of the Class A Preferred Shares to be redeemed shall be deemed to have taken place on the Redemption Date. On the Redemption Date, the Corporation shall adjust its securities register to show that such Class A Preferred Shares have been redeemed and the rights of the holders thereof shall be limited to receiving, without interest, the Redemption Amount per Class A Preferred Share together with all accrued and unpaid dividends thereon.
- (d) From and after the Redemption Date, the holders of any such Class A Preferred Shares to be redeemed shall not be entitled to exercise any of the rights of the holders of the Class A Preferred Shares in respect thereof unless payment of the Redemption Amount per Class A Preferred Share together with all accrued and unpaid dividends thereon shall not be made in accordance with the foregoing provisions, in which event the rights of the holders of such Class A Preferred Shares shall remain unaffected.

1.7 Voluntary Conversion into Common Shares by the Holder

- (a) A holder of Class A Preferred Shares shall be entitled, at such holder’s option, at any time and from time to time, subject to the terms and provisions hereof, to convert on a share-for-share basis the whole or any part of the Class A Preferred Shares registered in the name of the holder into fully paid and non-assessable Common Shares. A holder of Class A Preferred Shares that wishes to convert the whole or any part of the holder’s Class A Preferred Shares into Common Shares shall deliver to the Corporation at its head office a notice (the “Conversion Notice”) in writing specifying that the holder is exercising the holder’s right to convert the whole or any part of the holder’s Class A Preferred Shares into Common Shares, specifying the number of Class A Preferred Shares to be converted, together with the certificate(s) representing the Class A Preferred Shares to be converted. If part only of the Class A Preferred Shares represented by any certificate is converted, a new certificate for the balance shall be issued to the holder.
- (b) In the case of a Voluntary Conversion pursuant to section 1.7(a) hereof, as promptly as practicable after the Corporation’s receipt from a holder of a Conversion Notice and the certificate(s) for the holder’s Class A

Preferred Shares to be converted, the Corporation shall issue and deliver, or cause to be issued and delivered, to such holder a certificate or certificates issued in the name of the holder representing the number of Common Shares to which the holder is entitled. In the case of a Voluntary Conversion, such conversion shall be deemed to have been made at the close of business on the date that the Conversion Notice and the certificate(s) representing the Class A Preferred Shares to be converted are received by the Corporation, with the rights of the holder in respect of the Class A Preferred Shares converted ceasing at such time and the holder becoming a holder of record of the Common Shares to which the holder is entitled at such time.

- 1.8 Mandatory Conversion into Common Shares by the Corporation
- (a) On the Mandatory Conversion Date, all of the Class A Preferred Shares then outstanding shall automatically be converted into fully paid and non-assessable Common Shares on a share-for-share basis without any further action on the part of holders of Class A Preferred Shares.
 - (b) Within five days of the Mandatory Conversion Date the Corporation shall give written notice to the holders of Class A Preferred Shares of the Mandatory Conversion.
 - (c) From and after the Mandatory Conversion Date, each Class A Preferred Share certificate shall represent only the right of the registered holder thereof to receive a certificate for the Common Shares issued upon the conversion thereof and the holders of such Class A Preferred Share shall cease to have any rights as a holder of Class A Preferred Shares other than the right to receive certificates for the Common Shares as herein provided. Upon the request of any holder of Class A Preferred Shares and the presentation and surrender of the share certificates representing such holders Class A Preferred Shares, the Corporation shall issue to such holder certificates representing the Common Shares issued to such holder on the Mandatory Conversion Date.
 - (d) Notwithstanding whether or not certificates representing Class A Preferred Shares have been surrendered pursuant to section 1.8(c) above, from and after the Mandatory Conversion Date, the Common Shares issued to holders of Class A Preferred Shares upon the Corporation meeting the Mandatory Conversion Threshold shall be deemed to be issued at the Mandatory Conversion Date.

SCHEDULE “C”

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.	<p>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.</p> <p><u>C.H. Riddell</u> Paramount Energy Operating Corp., Administrator of Paramount Energy Trust Trilogy Energy Ltd., Administrator of Trilogy Energy Trust Newalta Corp. Paramount Resources Ltd.</p> <p><u>J.H.T. Riddell</u> Trilogy Energy Ltd., Administrator of Trilogy Energy Trust Paramount Resources Ltd. Big Rock Brewery Income Fund</p> <p><u>R.B. Hodgins</u> Fairborne Energy Ltd. AltaGas Income Trust Enerflex Systems Income Fund Enerplus Resources Fund</p>

D.H. Gilbert

AltaGas Income Trust
 Crocotta Energy Inc.
 Falcon Oil and Gas Ltd.
 Galleon Energy Inc.
 Nexstar Energy Ltd.
 PennWest Energy Trust
 Seaview Energy Inc.
 Spry 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 and in camera during regularly scheduled meetings. There was no separate 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, the Board of Directors has held six meetings (including one in 2009). The Audit Committee has held seven meetings (including two in 2009), the Compensation Committee has held three meetings (including one in 2009), the Corporate Governance Committee has held two meetings (including one in 2009) and the Environmental, Health and Safety Committee has held two meetings. The attendance of each director for all Board and Committee Meetings since the beginning of the most

recently completed financial year is as follows:

	<u>Committee Meetings</u>	<u>Board Meetings</u>
C.H. Riddell	2 of 2	6 of 6
J.H.T. Riddell	-	6 of 6
M.N. Chernoff	5 of 5	6 of 6
D.H. Gilbert	9 of 9	6 of 6
R.B. Hodgins	9 of 9	6 of 6
R.B. Peterson	5 of 5	5 of 6
R.R. Rooney	12 of 12	5 of 6
H.W. Sykes	1 of 1	5 of 6

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 “D”. 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
 - (ii) The nature and operation of the issuer’s business.

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.

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:
- (i) disclose how a person or company may obtain a copy of the code;
 - (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
 - (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.
- 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 officers has a material interest.
- c. Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.

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.

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.

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.

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

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

6. Nomination of Directors

- a. Describe the process by which the Board identifies new candidates for Board nomination.

The Corporate Governance Committee, in consultation with the Chairman of the Board, is responsible for identifying new candidates for nomination to the Board and

- 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.

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

Effective March 7, 2008, the Compensation Committee comprises three directors, all of whom are independent.

Disclosure Requirements

Corporate Governance Practices of MGM Energy

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.

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

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.

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.

An independent consultant, McKeon People Strategies Ltd. ("McKeon"), was retained by the Corporation to assist in generating a recommendation respecting an option program for both employees and management. McKeon was also engaged in 2008 to assist in developing a recommendation respecting an option program for directors.

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 “D”

BOARD OF DIRECTORS MANDATE

(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”¹, 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.
-