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MGM ENERGY CORP.
Calgary, Alberta
May 5, 2009

NEWS RELEASE: MGM ENERGY CORP.
Announces Restructuring of Chevron/BP Farmout Agreement

MGM Energy Corp. ("MGM Energy" or the "Company") announced today that it had reached an agreement (the "Restructured Agreement") with Chevron Canada Limited (Chevron) and BP Canada to restructure their existing Farmout Agreement. As a result of the Restructured Agreement, MGM Energy will not be required to drill the final three wells or complete the additional seismic data acquisition required under the Farmout Agreement until after the decision to construct ("DTC") is made in connection with the Mackenzie Gas Project. MGM Energy will nevertheless immediately earn the maximum interest available to it under the Farmout Agreement, consisting of a 50% interest in the Farmout Lands as well as in the discoveries in the Mackenzie Delta previously made jointly by Chevron and BP Canada.

Restructured Agreement

The following compares the principal obligations of MGM Energy under the Farmout Agreement to those under the Restructured Agreement:

Original Farmout Agreement	Restructured Agreement
• Drill final three wells by April, 2010 to earn 50% of existing Chevron/BP discoveries and Farmout Lands (estimated remaining cost of $55 million - $60 million)	• Drill three wells within three winter drilling seasons after DTC occurs
• Spend the remainder of the seismic commitment (approximately $26 million) on seismic acquisition by April 2012 or, if not spent, pay 50% of the unspent commitment as a cash penalty	• Carry the joint account for the remainder of the seismic commitment (approximately $26 million) on development costs after DTC occurs
• Earn 50% interest in Inuvialuit Concession Areas 1 and 2 and make one-half of any penalty payments due to the Inuvialuit Land Corporation if no wells are drilled on those lands by August, 2010 (maximum payment by MGM Energy of $5 million)	• Acquire 100% interest in Inuvialuit Concession Areas 1 and 2 and make all penalty payments due to the Inuvialuit Land Corporation if no wells are drilled on those lands by August, 2010 (maximum payment by MGM Energy of $10 million)

In addition:

- MGM Energy becomes the operator of the joint venture with Chevron Canada and BP Canada effective immediately;

- The three wells to be drilled after DTC may be appraisal wells or development wells, at the option of MGM Energy.

- MGM Energy will fund all of Chevron Canada and BP Canada's annual costs to monitor existing wells and all Pre-Development and Development costs MGM chooses to incur in the Mackenzie Delta until DTC. The monitoring costs are estimated to be approximately $60,000 per year.

As a result of the Restructured Agreement, MGM Energy will not be completing a drilling program on the Farmout Lands in the upcoming winter. MGM Energy may complete a much smaller program of one to two wells in the winter of 2009/10 on the Inuvialuit Concession lands to extinguish the $10 million land penalty. Given the location and nature of these wells, the cost of the wells would be significantly less than the cost of wells drilled by MGM Energy over the past three years.

MGM Energy expects to have working capital of approximately $18 million at June 30, 2009. The Company estimates that this will be sufficient to fund its existing obligations and commitments until at least the third quarter of 2010 (including the penalty payment to the Inuvialuit Land Corporation, should it choose not to drill on the Inuvialuit Concessions next winter).

Resources Held

The following table sets forth MGM Energy's estimated mean contingent and prospective resources, after giving effect to the Restructured Agreement:

Mean Contingent and Prospective Resources

Area	MGM Energy % Interest	Gross (Bcf)	Net to MGM Energy (Bcf)
<u>Umiak</u>			
Contingent	60%	482	289
Prospective	60%	65	39
<u>Ellice J-27</u>			
Contingent	50%	327	164
Prospective	50%	121	61
<u>Chevron/BP Previous Discoveries</u>			
Contingent	50%	288	144
Prospective	50%	169	85
<u>Nogha</u>			
Contingent	50%	212	106

There is no certainty that it will be commercially viable to produce any portion of the Contingent Resources. The estimates have not been adjusted for risk based on the chance of development. There is no certainty that any portion of the Prospective Resources will be discovered or, if discovered, that it will be commercially viable to produce any portion of the resources. The estimates have not been adjusted for risk based on the chance of discovery or the chance of development. There is no certainty that a pipeline will be built to transport the hydrocarbons from these discoveries.

Additional information regarding the above resource estimates, including definitions and risk factors, can be found in MGM Energy's 2008 Annual Information Form.

"We're extremely pleased with the restructuring of the Farmout Agreement" said Henry Sykes, President of MGM Energy. "With these changes, we are no longer required to spend substantial amounts of money on the Chevron/BP Farmout (apart from our obligation under the Inuvialuit Concessions) until a decision has been taken to build the Mackenzie Valley pipeline. Given the complete lack of progress on the regulatory process – in particular the Joint Review Panel - and the lack of a fiscal agreement between the pipeline proponents and the Government of Canada, we believe that deferral of spending on the Farmout Lands is in the best interests of our shareholders. While we regret the near-term impact that this will have on Northern people and businesses, we expect to re-commence activity on the Farmout Lands as soon as the regulatory and fiscal processes result in a decision to build the pipeline."

MGM Energy expects to announce any capital plans for next winter, including any drilling on the Inuvialuit Concessions, by June 30, 2009.

MGM Energy is a Calgary-based Canadian oil and gas exploration and development company with operations in Northern Canada. MGM Energy's common shares are listed on Toronto Stock Exchange under the symbol "MGX".

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Certain statements or information included in this press release constitute forward-looking statements under applicable securities legislation. Forward-looking statements or information in this press release include but are not limited to exploration and drilling plans and the timing thereof, and future plans and operations. Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect. Although MGM Energy believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because MGM Energy can give no assurance that such expectations will prove to be correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by MGM Energy and described in the forward-looking statements or information. The forward-looking statements or information contained in this press release are made as of the date hereof and MGM Energy undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.