



NOTICE TO MEMBERS

No. 2007 - 010

January 15, 2007

FINAL CONTRACT ADJUSTMENT

Paramount Resources Ltd. (POU)

Spin off

THE FOLLOWING INFORMATION IS PREPARED FOR THE CONVENIENCE OF CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC) MEMBERS AND BOURSE DE MONTRÉAL INC. (THE BOURSE) APPROVED PARTICIPANTS. THIS DOCUMENT IS AN UNOFFICIAL SUMMARY OF CERTAIN TERMS OF THE AFOREMENTIONED ADJUSTMENT. CDCC AND THE BOURSE ACCEPT NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY.

The Bourse and CDCC wish to inform you that Paramount Resources Ltd. (Paramount) has announced the successful completion of the spin off transaction resulting in the creation of a new public corporation known as MGM Energy Corporation (MGM). Please refer to CDCC Notice to Members no. 2007-005 dated January 8, 2007. The transaction was approved by the shareholders of Paramount at a special meeting of shareholders held on January 11, 2007, and has also received the proper court and regulatory approval.

The common shares and warrant units of MGM issued pursuant to the spin off are expected to start trading on the Toronto Stock Exchange at the market opening on Wednesday, January 17, 2007 under the trading symbols "MGX" and "MGX.WT.A", respectively.

The Bourse and CDCC will adjust Paramount option contracts pursuant to the spin-off transaction terms. The adjusted deliverable of Paramount option contracts will be composed of 100 Paramount common shares, 4 MGM common shares and 20 MGM warrant units (MGM.WT.A).

Spin Off - details :

- **DISTRIBUTION RATIO:** **1 MGM common share and 5 MGM warrants for each 25 Paramount common shares**

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➤ **EX-DATE:** January 17, 2007

➤ **RECORD DATE:** January 19, 2007

CDCC - adjustment details:

Pursuant to Terms of Adjustment provided in Section A-902 of the Rules of CDCC, all Paramount options will be adjusted as follows:

➤ **EFFECTIVE DATE:** January 17, 2007

➤ **OPTION SYMBOLS:** POU becomes POQ

➤ **NUMBER OF CONTRACTS:** No change

➤ **MULTIPLIER:** 100

➤ **NEW DELIVERABLE PER CONTRACT:**

- 100 Paramount common shares
- 4 MGM common shares
- 20 MGM warrant units

➤ **POSITION AND EXERCISE LIMITS:** Effective January 17, 2007, position and exercise limits will remain unchanged at 22, 500 contracts.

➤ **CUSIP :** NOTACUSIP

Bourse de Montréal Inc. adjustment details:

It is important to note that on the effective date mentioned above, all open orders on this options class **will not be automatically modified** to reflect the spin off and will therefore have to **be re-entered** into the Montreal Automated System (SAM) by the approved participants.

The existing series of POU options class will be transferred to POQ options class representing the new deliverable. Please note that only closing transactions will be permitted on the adjusted class. (Actual series that do not have open interest will not be adjusted).



Paramount Resources Ltd.		
Actual Strike Prices	Actual Class Symbol	New Class Symbol after the spin off
\$ 16.00	POU	POQ
\$ 18.00	POU	POQ
\$ 20.00	POU	POQ
\$ 22.00	POU	POQ
\$ 24.00	POU	POQ
\$ 26.00	POU	POQ
\$ 28.00	POU	POQ
\$ 30.00	POU	POQ
\$ 32.00	POU	POQ
\$ 34.00	POU	POQ
\$ 36.00	POU	POQ
\$ 38.00	POU	POQ
\$ 40.00	POU	POQ
\$ 42.00	POU	POQ

PLEASE ENSURE THAT ALL CLIENTS WHO HAVE EITHER LONG OR SHORT POSITIONS IN THESE OPTION CLASSES ARE ADVISED OF THIS NOTICE.

For further information, please contact Louise Leclair, Trading Systems Analyst Market Operations, Bourse de Montréal Inc. at (514) 871-3526. CDCC Clearing Members may contact the CDCC Operations Department.

Michel Favreau
Senior Vice-President and Chief Clearing Officer