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CIRCULAR
January 8, 2007

**CONTRACT ADJUSTMENT
ANTICIPATED
Paramount Resources Ltd. (Paramount)
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 hereby inform you that Paramount Resources Ltd. (Paramount) announced on December 11, 2006 that it has finalized the terms of its previously announced proposed spin-off transaction. Paramount also announced on January 5, 2007 that the new company will be known as MGM Energy Corporation (MGM).

The spin-off will result in Paramount's shareholders owning, for every 25 of Paramount's common shares held, one MGM common share and five MGM warrant units, with each warrant unit consisting in one short term warrant and one long term warrant.

Each short term warrant will entitle the holder thereof (other than most U.S. holders) to acquire, at the holder's option: (i) one MGM common share at a price of \$5.00; or (ii) one MGM "flow-through" common share at a price of \$6.25. The short term warrants will be exercisable until February 16, 2007.

Each longer term warrant will entitle the holder thereof (other than most U.S. holders) to acquire, at the holder's option: (i) one MGM common share at a price of \$6.00; or (ii) one MGM "flow-through" common share at a price of \$7.50. The longer term warrants will not be exercisable, and will not be separable from the corresponding short term warrants, unless the corresponding short term warrants are exercised. The longer term warrants will expire on September 30, 2007.

Circular no.: 004-2007

The spin-off transaction is subject to shareholder, court and regulatory approval. The special meeting of Paramount's shareholders is scheduled to be held on January 11, 2007. The spin-off is expected to be completed on or about January 12, 2007.

The probable adjusted deliverable for the Paramount's options contracts will be composed of 100 Paramount's common shares, 4 MGM common shares and 20 MGM warrant units.

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.

Joëlle Saint-Arnault
Vice-President, Legal Affairs and Secretary