

# MGM Energy Corp. Announces Completion of Partner Search Process, Potential Proposal to Acquire its Shares and Updated Assessment of Canol Shale Oil Play

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CALGARY, ALBERTA--(Marketwired - Feb. 27, 2014) - [MGM Energy Corp.](#) (TSX:MGX) ("MGM Energy" or the "Company") announces that it has completed its formal search for a partner for its Canol shale oil lands. To date, the Company has not been successful in obtaining a partner to assist in the funding of further assessment of the Canol shale oil play and, as a result, the Company will not be drilling any additional wells in the Canol shale oil play in the upcoming winter of 2014/15.

As a result of the Company's inability to obtain a partner to assist it in funding its Canol shale play, the Company has had high level discussions with management of [Paramount Resources Ltd.](#) ("Paramount"), which owns 13.9% of MGM Energy's shares, regarding Paramount acquiring the MGM Energy shares not owned by it. Through such discussions, Paramount has indicated to MGM Energy that it is investigating potentially making a proposal to acquire all of the issued and outstanding shares of MGM Energy. However, there are no assurances that any such proposal will be made by Paramount and, if made, Paramount has indicated to MGM that such a proposal is currently expected to be at or below the current trading price of MGM Energy's shares. In addition, Paramount has indicated to the Company that it is supportive of MGM Energy searching for other strategic alternatives and if Paramount were to make a proposal, such proposal would also allow MGM Energy to search for strategic alternatives for a period of time after any definitive agreement was entered into regarding Paramount's acquisition of the Company's shares not owned by it.

The Company continues to have sufficient cash to fund its expected expenditures through to at least mid 2015.

MGM Energy also announces an update of its assessment of the shale oil initially-in-place ("OIIP") within the Canol and Bluefish formations on the Company's land holdings in the Central Mackenzie Valley, Northwest Territories.

The assessment is updated from the estimate provided in the 2012 Annual Information Form dated March 25, 2013 and is based on analysis completed by the Company from (i) the drilling, coring, logging, fracture stimulation and testing of the East MacKay I-78 well drilled in 2013, (ii) additional well data available to the Company, and (iii) further geological and geophysical work completed on the Canol shale oil play. The updated assessment was completed internally by Qualified Reserves Evaluators, and is as of December 31, 2013. The table below summarizes the estimated OIIP on a 100% gross and Company-interest basis. The estimates presented are in accordance with the definitions and guidelines in the COGE Handbook and NI 51-101.

Discovered Shale Oil Initially-In-Place - MMbbl(1)(3)				
Exploration Licence				
100% Gross(1)(4)				
Mean Estimate(6)				
Company Gross(5)				
Mean Estimate(6)				
As at Dec. 31, 2013				
EL466	1,000	625		
Total Discovered OIIP		1,000	625	
Undiscovered Shale Oil Initially-In-Place - MMbbl(2)(3)				
Exploration Licence				
100% Gross(2)(4)				
Mean Estimate(6)				
Company Gross(5)				
Mean Estimate(6)				
As at Dec. 31, 2013				
EL474	3,100	1,550		
EL475	5,000	2,500		
EL487	3,000	750		
Total Undiscovered OIIP		11,100	4,800	

**Notes:**

- (1) There is no certainty that it will be commercially viable to produce any portion of the resources.
- (2) There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.
- (3) "MMbbl" is millions of barrels at standard conditions.
- (4) 100% Gross means OIIP without any adjustments for working interest, royalties or other encumbrances.
- (5) Company Gross means OIIP with adjustments for working interest, but not for royalties or other encumbrances.
- (6) The mean estimate is the mean volume of OIIP from the probabilistic assessment of oil that is in place.

Discovered shale oil initially in place (equivalent to discovered resources) are those quantities of petroleum estimated on a given date to be remaining in known accumulations. Undiscovered shale oil initially in place (equivalent to undiscovered resources) is that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. It is not possible at this time to determine an estimate of what portion of the OIIP is recoverable and what portion is unrecoverable as additional drilling, seismic and development engineering is required to determine an anticipated recovery factor. A portion of the OIIP may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks. Additional information regarding the risks associated with the Canol shale oil play and the estimate of OIIP can be found in the Company's 2012 Annual Information Form dated March 23, 2013.

[MGM Energy](#) is a Canadian oil and natural gas exploration and development company active in Northern Canada. MGM Energy's common shares are listed on the Toronto Stock Exchange under the symbol "MGX".

*Certain statements or information included in this press release constitute forward-looking statements under applicable securities legislation, including statements and information about a potential proposal from Paramount. Such forward-looking statements or information are based on information known to date and 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*

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