

Mitigating Climate Change through Market Mechanisms



mgmINTERNATIONAL™

MGM International™ the best solution for all your emission reduction needs

Who we are and what we do

MGM International™¹ is a global leader in innovative technical and financial solutions for projects related to climate change mitigation and adaptation. Our multi-disciplinary/multicultural staff brings together the kind of top academic credentials and years of practical experience that make emission reduction projects a reality.

MGM International™ started operations in 2000, and has grown into one of the leading companies in the field of greenhouse gas (GHG) emission reductions, helping clients worldwide identify, develop and monitor GHG emission reduction projects, and commercialize the resulting emission reduction credits.

In 2005, MGM International™ was recognized as “The best CDM/JI Project Developer” by the carbon industry². In October 2010, Mercuria Energy Group acquired MGM, giving MGM access to financial resources and creative carbon trading solutions not previously available. Mercuria is a leading independent energy trading company with global operations in crude oil, refined products, biofuels, power, gas, coal and emissions. Mercuria has annual revenues of approximately \$40 billion and has a strong trading presence on all major carbon exchanges and in the OTC markets.

MGM International™ also provides a variety of related services, including emission offsets (compensating emissions in one location with equivalent reductions elsewhere) and the development of GHG inventories.

Why we do it

The pace of climate change has accelerated as a direct result of human activities. Unless corrective measures are taken immediately, these changes are likely to become even more rapid and have a devastating impact on our planet.

The Kyoto Protocol

With the above in mind, world governments signed the United Nations Framework Convention on Climate Change (UNFCCC) in 1992 and the Kyoto Protocol in 1997.



¹ Consisting of MGM International Group, LLC., and subsidiaries.

² Point Carbon awards 2005.

Why we do it

The Kyoto Protocol requires industrialized countries - known as Annex I Parties - to reduce their total GHG emissions below 1990 levels during the 2008-2012 period. All Annex I countries, except the USA, have ratified the Kyoto Protocol.

In order to lower the overall costs of achieving emissions targets, the Kyoto Protocol established three innovative “Flexibility Mechanisms”:

-  **Clean Development Mechanism (CDM)** - emission reduction projects located predominantly in countries in the developing world; these projects generate Certified Emission Reductions (CERs).
-  **Joint Implementation (JI)** - emission reduction projects located in Annex I countries; these projects generate Emission Reduction Units (ERUs).
-  **Emissions Trading (ET)** - trading of “surplus” allowances among Annex I countries.

Although the USA has not ratified the Kyoto Protocol, many organizations within the USA have taken a proactive position with respect to climate change measures. This has resulted in the emergence of a Non-Kyoto or Voluntary Market that operates in parallel with the Kyoto Market. These emission reduction credits are known as Verified Emission Reductions (VERs), since they are not related to compliance with the Kyoto Protocol or other regulatory mandates.







There are several reasons why companies or individuals may be interested in purchasing VERs. These purchases may form part of a public relations “going green” marketing campaign, or respond to shareholder or public pressure, or simply reflect a desire to contribute to climate change mitigation. In the USA, companies may also purchase VERs in anticipation of potential future carbon regulations and/or emission limitations.

Climate change is threatening our planet. There are no easy solutions, but we should all play an active role in the search and implementation of sustainable mitigation and adaptation options. MGM International™ is committed to helping you become a part of the solution.

OUR SERVICES

Project identification & development




MGM International™ supports project sponsors throughout the entire project development cycle, by providing the following services:

-  Project identification and feasibility studies
-  Development of baseline and monitoring methodologies
-  Drafting of Project Design Document (PDD)
-  Support throughout validation process
-  Support in obtaining Host and Annex I country approvals (for CDM/JI projects)
-  Support throughout registration process

For more information, please contact: origination@mgminter.com

Commercialization of emission reduction credits





MGM International™ is also one of the most experienced buyers of CERs worldwide; having to date commercialized over 40 million tons of CERs and ERUs. With the combined strength of MGM and Mercuria, project owners have the comfort of knowing they have chosen a market-leading strategic and financial partner that will support the projects from early stages to issuance and delivery.

-  Value Added Services: If selected to be the buyer of your CERs, MGM's expertise will help mitigate the significant operational and regulatory risks associated with any emission reduction project. By entering into a long-term purchase contract (ERPA) with MGM, sellers gain the value-added benefit of MGM's vast experience, giving the underlying project the highest chance of success.
-  MGM can prepare a custom-designed proposal to fit each sellers' requirements, whether through the purchase of issued or near-issued tons at market prices; entering into long term ERPAs for Pre or Post 2012 volumes; setting fixed, floating or combination prices, and/or sharing development risk with the project owner through prepayments or other direct investment.
-  Purchase structures can include:
 - Fixed prices set at the time of contract signing
 - Floating prices paid upon delivery
 - Prepayments or other direct project investment
 - Flexible pricing solutions with seller's option to fix prior to delivery
 - Post 2012 volumes

For more information, please contact: carbonportfolio@mgminter.com

MGMonitoring ServicesSM

Many carbon market players underestimate the problems involved in appropriately monitoring emission reduction projects and, hence, risk the loss of many if not all of the ensuing emission reductions. MGMonitoring ServicesSM for both project sponsors and buyers include:

-  Development of detailed monitoring plan
-  Training of project staff
-  Real-time monitoring of project data and operational conditions
-  Project performance analysis
-  Early identification of deviations in emission reductions
-  Preparation of monitoring reports
-  Assistance throughout verification process
-  Help desk

MGMonitoring ServicesSM clients have access to MGMonitoring OnlineSM, a software package developed by MGM InternationalTM that allows for real-time response to monitored data. The software helps spot discrepancies, provide accurate up-to-date information on project status and shares information and project-related documentation with project auditors and verifiers.

For more information, please contact: monitoring@mgminter.com

Greenhouse gas inventories

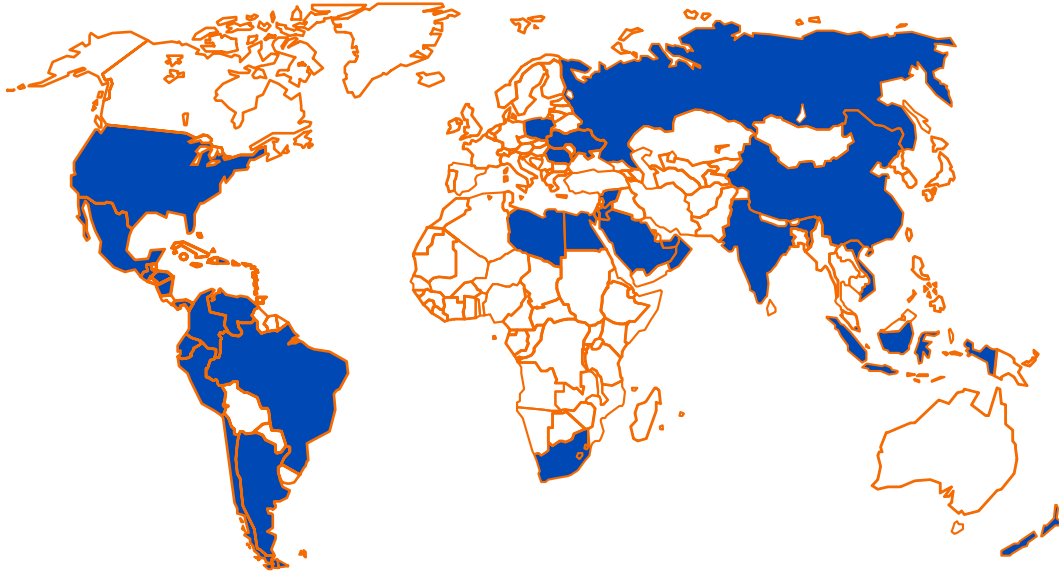
Greenhouse gas (GHG) inventories are used by organizations to identify and quantify their GHG emissions. This is generally done with the purpose of developing a comprehensive GHG management strategy, including the identification of carbon mitigation opportunities and/or preparations for future regulatory obligations. MGM InternationalTM offers the following services:

-  Identification of GHG emission sources
-  Quantification of GHG emissions
-  Preparation of GHG emissions inventory reports
-  Guidance in development of carbon-neutral strategy

For more information, please contact: ghginventory@mgminter.com

OUR PROJECTS

MGM International™ is one of the most experienced carbon project developers in the world, having already identified and/or developed over 400 emission reduction projects in 34 countries around the world.



CARBON DIOXIDE

- ◆ Oil and gas industry*
- ◆ Cement industry*
- ◆ Energy efficiency
- ◆ Waste heat recovery
- ◆ Fuel switching*
- ◆ Cogeneration*
- ◆ Forestry
- ◆ Renewable energy:
 - Hydro power
 - Biomass residues
 - Wind power

METHANE

- ◆ Coal mining
- ◆ Solid waste treatment
- ◆ Compost
- ◆ Landfill gas recovery and use

HYDROFLUOROCARBONS

- ◆ Refrigerant manufacture

PERFLUOROCARBONS

- ◆ Aluminium industry*

NITROUS OXIDE

- ◆ Nitric acid manufacture*

* Methodologies developed by MGM International™

METHODOLOGIES DEVELOPED BY



- AM0008** - Industrial fuel switching from coal and petroleum fuels to natural gas without extension of capacity and lifetime of the facility
- ACM009** - Consolidated methodology for industrial fuel switching from coal or petroleum fuels to natural gas
- AM0014** - Natural gas-based package cogeneration
- AM0030** - PFC emission reductions from anode effect mitigation at primary aluminium smelting facilities
- AM0034** - Catalytic reduction of N₂O inside the ammonia burner of nitric acid plants
- AM0040** - Baseline and monitoring methodology for project activities using alternative raw materials that contain carbonates in clinker manufacturing in cement kilns
- AM0043** - Leak reduction from a natural gas distribution grid by replacing old cast iron pipes or steal pipes without cathodic protection with polyethylene pipes
- AM0063** - Recovery of CO₂ from tail gas in industrial facilities to substitute the use of fossil fuels for production of Co₂
- AM0089** - Production of diesel using a mixed feedstock of gasoil and vegetable oil

MGM International™ services

-  FEASIBILITY STUDIES
-  GHG INVENTORIES
-  PROJECT IDENTIFICATION
-  MONITORING SERVICES
-  PROJECT DEVELOPMENT
-  PORTFOLIO MANAGEMENT
-  REGULATORY SUPPORT
-  COMMERCIALIZATION OF CARBON CREDITS

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