MEG Energy announces third quarter 2024 financial and operating results

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CALGARY, Nov. 5, 2024 - MEG Energy Corp. (TSX: MEG) ("MEG" or the "Corporation") reported its third quarter 2024
and financial results.[1]

"Following another strong financial and operational quarter, we have delivered on our long-standing commitment to red
debt. Moving forward, 100% of free cash flow will be returned to shareholders through expanded share buybacks and a
base dividend," said Ms. Darlene Gates, President & CEO. "We continue to focus on capital returns to shareholders an
disciplined capital investment. Our focus on delivering safe, reliable, and predictable performance continues to create v
MEG and our shareholders."

Third quarter highlights:

- Generated funds flow from operating activities ("FFO") of $362 million ($1.34 per share), while investing capital ex of $141 million, resulting in free cash flow of $221 million ($0.82 per share);
- Successfully completed the Corporation's debt reduction and balance sheet strengthening strategy, positioning th Corporation to deliver enhanced return of capital to shareholders;
  - Reduced net debt to US$478 million (approximately $646 million) as at September 30, 2024;
  - Outstanding debt is comprised solely of 5.875% senior unsecured notes due 2029;
  - Repurchased and cancelled 4.1 million shares for $108 million in the third quarter. Year-to-date repurchase million shares for $303 million;
  - Paid the inaugural quarterly base dividend of $0.10 per share on October 15, 2024;
  - Commenced return of 100% of free cash flow to shareholders in October 2024 through expanded share buy quarterly base dividend;
- Delivered average bitumen production of 103,298 bbls/d (2.36 steam-oil ratio) despite significant wildfires on the Lake Regional Project lease;
- Initiated steaming of second new well pad in late September with production scheduled to begin in December;
- Maintained top-tier operating performance with non-energy operating costs of $5.18 per barrel and energy operat of power revenue of $0.64 per barrel;
- On November 5, 2024, the Corporation's Board of Directors declared a quarterly base dividend of $0.10 per share on January 15, 2025, to shareholders of record on December 16, 2024; and
- The Corporation's 2024 operating and capital guidance remains unchanged.

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[1] All financial figures are in Canadian dollars ($ or C$) and all references to barrels are per barrel of bitumen unless otherwise noted. The Corporation's Non-GAAP and Other Financial Measures are detailed in the Advisory section of this news release. They include: cash operating netback, bitumen realization net of transportation and storage expense, operating expenses net of power revenue, energy operating costs net of power revenue, non-energy operating costs, energy operating costs, adjusted funds flow, free cash flow and net debt.

	Nine months ended Sept 30		2024			2023				20
($millions, except as indicated)	2024	2023	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Operational results:										
Bitumen production - bbls/d	102,641	98,835	103,298	100,531	104,088	109,112	103,726	85,974	106,840	11
Steam-oil ratio	2.39	2.26	2.36	2.44	2.37	2.28	2.28	2.25	2.25	2.2
Bitumen sales - bbls/d	101,324	97,194	105,255	93,140	105,534	112,634	101,625	83,531	106,480	11
Benchmark pricing:										
WTI - US$/bbl	77.54	77.39	75.09	80.57	76.96	78.32	82.26	73.78	76.13	82.
Differential - WTI:WCS - Edmonton US$/bbl	(15.49)	(17.65)	(13.55)	(13.61)	(19.31)	(21.89)	(12.91)	(15.16)	(24.88)	(25
AWB - Edmonton - US$/bbl	60.86	57.60	60.62	65.99	55.96	54.53	67.88	56.41	48.50	53.
Financial results:										
Bitumen realization after net transportation & storage expense[1] $/bbl	66.22	62.04	65.61	73.84	60.10	63.52	84.75	57.64	43.40	54.
Non-energy operating costs[2] - $/bbl	5.32	5.16	5.18	5.63	5.18	4.64	5.15	5.66	4.77	4.3
Energy operating costs net of power revenue[1] - $/bbl	0.94	0.75	0.64	0.99	1.19	1.46	(0.04)	0.97	1.36	1.4
Operating expenses net of power revenue[1] - $/bbl	6.26	5.91	5.82	6.62	6.37	6.10	5.11	6.63	6.13	5.8
Cash operating netback[1] - $/bbl	42.65	45.19	41.35	47.14	39.99	38.65	58.64	42.38	34.32	43.
General & administrative expense - $/bbl of bitumen production volumes	1.99	1.84	1.80	1.98	2.18	1.89	1.73	1.85	1.94	1.6
Royalties	459	270	169	162	128	186	181	58	31	54
Funds flow from operating activities	1,045	1,118	362	354	329	358	492	278	348	38
Per share, diluted	3.83	3.85	1.34	1.30	1.19	1.27	1.71	0.96	1.19	1.2
Adjusted funds flow[3]										

1,045

1,044

362

354

329

358

492

278

274

40.

Per share, diluted(3)	3.83	3.60	1.34	1.30	1.19	1.27	1.71	0.96	0.94	1.3
Capital expenditures	376	345	141	123	112	104	83	149	113	10
Free cash flow(3)	669	699	221	231	217	254	409	129	161	29
Debt repayments - US$	258	194	100	53	105	128	68	40	86	15
Share repurchases - C$	303	227	108	68	127	219	58	66	103	19
Revenues	4,002	4,209	1,265	1,373	1,364	1,444	1,438	1,291	1,480	1,4
Net earnings (loss)	401	466	167	136	98	103	249	136	81	15
Per share, diluted	1.47	1.61	0.62	0.50	0.36	0.37	0.86	0.47	0.28	0.5
Long-term debt, including current portion	804	1,323	804	954	1,015	1,124	1,323	1,382	1,466	1,5
Net debt(3) - US$	478	885	478	634	687	730	885	994	1,020	1,0

(1) Non-GAAP financial measure - please refer to the Advisory section of this news release.

(2) Supplementary financial measure - please refer to the Advisory section of this news release.

(3) Capital management measure - please refer to the Advisory section of this news release.

Financial Results

FFO and AFF decreased to $362 million in the third quarter of 2024 from $492 million in the comparable 2023 period. A lower cash operating netback was partially offset by reduced interest expense and cash-settled stock-based compensation expense. Cash operating netback declined to $41.35 per barrel in the third quarter of 2024 mainly reflecting a lower bitumen realization after net transportation and storage expense per barrel partially offset by higher sales volumes.

Bitumen realization after net transportation and storage expense fell to $65.61 per barrel in the third quarter of 2024, from $84.75 per barrel in the same period of 2023, primarily driven by a lower average WTI benchmark price, higher diluent expense and a lower price realization associated with diverse market access.

FCF decreased to $221 million in the third quarter of 2024, from $409 million in the comparable 2023 quarter, reflecting lower AFF and higher capital expenditures.

Net earnings decreased to $167 million in the third quarter of 2024 from $249 million in the same period of 2023 primarily driven by lower adjusted funds flow in the third quarter of 2024 and higher depletion and depreciation expense partially offset by an unrealized foreign exchange gain on long-term debt and decreased deferred income tax expense.

The $221 million of third quarter 2024 FCF, plus cash on hand, was used to redeem debt and return capital to shareholders. The Corporation redeemed the remaining US$100 million (approximately $136 million) of outstanding 7.125% senior unsecured notes at a redemption price of 101.8% and returned $108 million to shareholders through the repurchase and cancellation of 4.1 million shares at a weighted-average price of $26.29 per share.

The $669 million of FCF in the nine months ended September 30, 2024 was used to redeem debt, return capital to shareholders and fund working capital requirements. The Corporation redeemed the remaining US$258 million (approximately $351 million) of outstanding 7.125% senior unsecured notes at a redemption price of 101.8% and returned $303 million to shareholders through the repurchase and cancellation of 11.1 million shares at a weighted-average price of $27.40 per share.

Production and Operating Results

Bitumen production in the third quarter of 2024 was 103,298 bbls/d at a 2.36 steam-oil ratio ("SOR") similar to 103,726 bbls/d at a 2.28 SOR in the same period of 2023. A higher 2.36 SOR in the third quarter of 2024 primarily reflects the planned timing of injecting steam in new well starts.

Capital expenditures increased to $141 million in the third quarter of 2024 from $83 million in the same period of 2023, primarily reflecting higher planned field development activity together with investment in moderate capacity growth projects.

Non‐energy operating costs were $5.18 per barrel of bitumen sales in the third quarter of 2024 and in-line with $5.15 per barrel in the same period of 2023.

Energy operating costs net of power revenue increased to $0.64 per barrel in the third quarter of 2024 compared to a $0.04 per barrel net revenue in the comparable 2023 period, as a decline in the realized price on power sales more than offset a weaker AECO price on natural gas purchases. Revenue from the sale of excess power generated by the Corporation's cogeneration facilities offset 62% and 101% of energy operating costs in the third quarters of 2024 and 2023, respectively.

Capital Allocation Strategy

Approximately 50% of FCF was allocated to debt redemption in the nine months ended September 30, 2024 with the remainder applied to share repurchases. The Corporation reached its net debt target of US$600 million in the third quarter of 2024 with net debt of US$478 million (approximately $646 million) as at September 30, 2024. As a result, capital returns to shareholders rose to 100% of FCF starting in October 2024 through expanded share buybacks and a quarterly base dividend.

MEG's inaugural $0.10 per share quarterly cash dividend was paid on October 15, 2024. On November 5, 2024, the Corporation's Board of Directors declared a $0.10 per share dividend payable on January 15, 2025 to shareholders of record at the close of business on December 16, 2024. All dividends paid by MEG are designated as eligible dividends for Canadian federal income tax purposes. Declaration of dividends is at the discretion of the Board of Directors and will continue to be evaluated on a quarterly basis.

Pathways Alliance

MEG, along with its Pathways Alliance peers, continues to progress pre-work on the proposed foundational carbon capture and storage ("CCS") project, which will transport CO_2 via pipeline from multiple oil sands facilities to be stored permanently underground in the Cold Lake region of Alberta. Pathways Alliance continues to work collaboratively with both the federal and Alberta Governments on the necessary policy and co-financing frameworks required to move the project forward.

Adjusted Funds Flow Sensitivity

MEG's production is comprised entirely of crude oil and AFF is highly correlated with crude oil benchmark prices and light-heavy oil differentials. The following table provides an annual sensitivity estimate to the most significant market variables.

Variable	Range	2024 AFF Sensitivity(1)(2) - C$mm
WCS Differential (US$/bbl)	+/- US$1.00/bbl	+/- C$47mm
WTI (US$/bbl)	+/- US$1.00/bbl	+/- C$31mm
Bitumen Production (bbls/d)	+/- 1,000 bbls/d	+/- C$16mm
Condensate (US$/bbl)	+/- US$1.00/bbl	+/- C$14mm
Exchange Rate (C$/US$)	+/- $0.01	+/- C$10mm
Non-Energy Opex (C$/bbl)	+/- C$0.25/bbl	+/- C$6mm
AECO Gas(3) (C$/GJ)	+/- C$0.50/GJ	+/- C$6mm

(1) Each sensitivity is independent of changes to other variables.

(2) Assumes mid-point of 2024 production guidance, US$75.00/bbl WTI, US$16.25/bbl WTI:WCS Edmonton discount, US$1.50/bbl WCS:AWB Edmonton discount, US$7.75/bbl WTI:AWB Gulf Coast discount, C$1.35/US$ F/X rate, condensate purchased at 100% of WTI and one bbl of bitumen per 1.42 bbls of blend sales (1.42 blend ratio).

(3) Assumes 1.4 GJ/bbl of bitumen, 65% of 160 MW of power generation sold externally and a 25.0 GJ/MWh heat rate.

Conference Call

A conference call will be held to review MEG's third quarter 2024 operating and financial results at 6:30 a.m. Mountain Time (8:30 a.m. Eastern Time) on November 6, 2024. To participate, please dial the North American toll-free number 1-888-510-2154, or the international call number 1-437-900-0527.

A recording of the call will be available by 12 p.m. Mountain Time (2 p.m. Eastern Time) on the same day at https://www.megenergy.com/investors/presentations-events/.

ADVISORY

Basis of Presentation

MEG prepares its financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and presents financial results in Canadian dollars ($ or C$), which is the Corporation's functional currency.

Non-GAAP and Other Financial Measures

Certain financial measures in this news release are non-GAAP financial measures or ratios, supplementary financial measures and capital management measures. These measures are not defined by IFRS and, therefore, may not be comparable to similar measures provided by other companies. These non-GAAP and other financial measures should not be considered in isolation or as an alternative for measures of performance prepared in accordance with IFRS.

Adjusted Funds Flow and Free Cash Flow

Adjusted funds flow and free cash flow are capital management measures and are defined in the Corporation's consolidated financial statements. Adjusted funds flow and free cash flow are presented to assist management and investors in analyzing operating performance and cash flow generating ability. Funds flow from operating activities is an IFRS measure in the Corporation's consolidated statement of cash flow. Adjusted funds flow is calculated as funds flow from operating activities excluding items not considered part of ordinary continuing operating results. By excluding non-recurring adjustments, the adjusted funds flow measure provides a meaningful metric for management and investors by establishing a clear link between the Corporation's cash flows and cash operating netback. Free cash flow is presented to assist management and investors in analyzing performance by the Corporation as a measure of financial liquidity and the capacity of the business to repay debt and return capital to shareholders. Free cash flow is calculated as adjusted funds flow less capital expenditures.

The following table reconciles FFO to AFF to FCF:

	Three months ended September 30		Nine months ended September 30	
($millions)	2024	2023	2024	2023
Funds flow from operating activities	$ 362	$ 492	$ 1,045	$ 1,118
Adjustments:				
Impact of cash-settled SBC units subject to equity price risk management	-	-	-	13
Realized equity price risk management gain	-	-	-	(87)
Adjusted funds flow	362	492	1,045	1,044
Capital expenditures	(141)	(83)	(376)	(345)
Free cash flow	$ 221	$ 409	$ 669	$ 699

Net Debt

Net debt is a capital management measure and is defined in the Corporation's consolidated financial statements. Net debt is an important measure used by management to analyze leverage and liquidity. Net debt is calculated as long-term debt plus current portion of long-term debt less cash and cash equivalents.

The following table reconciles the Corporation's current and long-term debt to net debt:

As at	September 30, 2024	December 31, 2023
Long-term debt	$ 804	$ 1,124
Cash and cash equivalents	(158)	(160)
Net debt - C$	$ 646	$ 964
Net debt - US$	$ 478	$ 730

Cash Operating Netback

Cash operating netback is a non-GAAP financial measure, or ratio when expressed on a per barrel basis. Its terms are not defined by IFRS and, therefore, may not be comparable to similar measures provided by other companies. This non-GAAP financial measure should not be considered in isolation or as an alternative for measures of performance prepared in accordance with IFRS.

Cash operating netback is a financial measure widely used in the oil and gas industry as a supplemental measure of a company's efficiency and its ability to generate cash flow for debt repayment, capital expenditures, or other uses. The per barrel calculation of cash operating netback is based on bitumen sales volumes.

Revenues is an IFRS measure in the Corporation's consolidated statement of earnings and comprehensive income which is the most directly comparable primary financial statement measure to cash operating netback. A reconciliation from revenues to cash operating netback has been provided below:

	Three months ended September 30		Nine months ended September 30	
($millions)	2024	2023	2024	2023
Revenues	$ 1,265	$ 1,438	$ 4,002	$ 4,209
Diluent expense	(403)	(359)	(1,271)	(1,220)
Transportation and storage expense	(171)	(157)	(448)	(452)
Purchased product	(214)	(279)	(859)	(1,066)
Operating expenses	(66)	(80)	(218)	(252)
Realized gain (loss) on commodity risk management	(10)	(14)	(22)	(19)
Cash operating netback	$ 401	$ 549	$ 1,184	$ 1,200

Blend Sales and Bitumen Realization

Blend sales and bitumen realization are non-GAAP financial measures, or ratios when expressed on a per barrel basis, and are used as a measure of the Corporation's marketing strategy by isolating petroleum revenue and costs associated with its produced and purchased products and excludes royalties. Their terms are not defined by IFRS and, therefore, may not be comparable to similar measures provided by other companies. These non-GAAP financial measures should not be considered in isolation or as an alternative for measures of performance prepared in accordance with IFRS. Blend sales per barrel is based on blend sales volumes and bitumen realization per barrel is based on bitumen sales volumes.

Revenues is an IFRS measure in the Corporation's consolidated statement of earnings and comprehensive income, which is the most directly comparable primary financial statement measure to blend sales and bitumen realization. A reconciliation from revenues to blend sales and bitumen realization has been provided below:

	Three months ended September 30				Nine months ended September 30			
	2024		2023		2024		2023	
($millions, except as indicated)		$/bbl		$/bbl		$/bbl		$/bbl
Revenues	$ 1,265		$ 1,438		$ 4,002		$ 4,209	
Power and transportation revenue	(10)		(33)		(46)		(98)	
Royalties	169		181		459		270	
Petroleum revenue	1,424		1,586		4,415		4,381	
Purchased product	(214)		(279)		(859)		(1,066)	
Blend sales	1,210	$ 90.51	1,307	$ 101.53	3,556	$ 90.37	3,315	$ 88.18
Diluent expense	(403)	(7.25)	(359)	(0.06)	(1,271)	(8.06)	(1,220)	(9.20)
Bitumen realization	$ 807	$ 83.26	$ 948	$ 101.47	$ 2,285	$ 82.31	$ 2,095	$ 78.98

Net Transportation and Storage Expense

Net transportation and storage expense is a non-GAAP financial measure, or ratio when expressed on a per barrel basis. Its terms are not defined by IFRS and, therefore may not be comparable to similar measures provided by other companies. This non-GAAP financial measure should not be considered in isolation or as an alternative for measures of performance prepared in accordance with IFRS. Per barrel amounts are based on bitumen sales volumes.

It is used as a measure of the Corporation's marketing strategy by focusing on maximizing the realized AWB sales price after transportation and storage expense by utilizing its network of pipeline and storage facilities to optimize market access.

Transportation and storage expense is an IFRS measure in the Corporation's consolidated statements of earnings and comprehensive income.

Power and transportation revenue is an IFRS measure in the Corporation's consolidated statement of earnings and comprehensive income, which is the most directly comparable primary financial statement measure to transportation revenue. A reconciliation from power and transportation revenue to transportation revenue has been provided below.

	Three months ended September 30				Nine months ended September 30			
	2024		2023		2024		2023	
($millions, except as indicated)		$/bbl		$/bbl		$/bbl		$/bbl
Transportation and storage expense	$ (171)	$(17.69)	$ (157)	$ (16.83)	$ (448)	$(16.15)	$ (452)	$ (17.04)
Power and transportation revenue	$ 10		$ 33		$ 46		$ 98	
Less power revenue	(10)		(32)		(45)		(95)	
Transportation revenue	$ -	$ 0.04	$ 1	$ 0.11	$ 1	$ 0.06	$ 3	$ 0.10
Net transportation and storage expense	$ (171)	$(17.65)	$ (156)	$ (16.72)	$ (447)	$(16.09)	$ (449)	$ (16.94)

Bitumen Realization after Net Transportation and Storage Expense

Bitumen realization after net transportation and storage expense is a non-GAAP financial measure, or ratio when expressed on a per barrel basis. Its terms are not defined by IFRS and, therefore may not be comparable to similar measures provided by other companies. This non-GAAP financial measure should not be considered in isolation or as an alternative for measures of performance prepared in accordance with IFRS. Per barrel amounts are based on bitumen sales volumes.

It is used as a measure of the Corporation's marketing strategy by focusing on maximizing the realized AWB sales price after net transportation and storage expense by utilizing its network of pipeline and storage facilities to optimize market access.

	Three months ended September 30				Nine months ended September 30			
	2024		2023		2024		2023	
($millions, except as indicated)		$/bbl		$/bbl		$/bbl		$/bbl
Bitumen realization[(1)]	$ 807	$ 83.26	$ 948	$ 101.47	$ 2,285	$ 82.31	$ 2,095	$ 78.98
Net transportation and storage expense[(1)]	(171)	(17.65)	(156)	(16.72)	(447)	(16.09)	(449)	(16.94)
Bitumen realization after net transportation and storage expense	$ 636	$ 65.61	$ 792	$ 84.75	$ 1,838	$ 66.22	$ 1,646	$ 62.04

(1) Non-GAAP financial measure as defined in this section.

Operating Expenses net of Power Revenue and Energy Operating Costs net of Power Revenue

Operating expenses net of power revenue and Energy operating costs net of power revenue are both non-GAAP financial measures, or ratios when expressed on a per barrel basis. Their terms are not defined by IFRS and, therefore, may not be comparable to similar measures provided by other companies. These non-GAAP financial measures should not be considered in isolation or as an alternative for measures of performance prepared in accordance with IFRS. Per barrel amounts are based on bitumen sales volumes.

Operating expenses net of power revenue is used as a measure of the Corporation's cost to operate its facilities at the Christina Lake project after factoring in the benefits from selling excess power to offset energy costs.

Energy operating costs net of power revenue is used to measure the performance of the Corporation's cogeneration facilities to offset energy operating costs.

Non-energy operating costs and energy operating costs are supplementary financial measures as they represent portions of operating expenses. Non-energy operating costs comprise production-related operating activities and energy operating costs reflect the cost of natural gas used as fuel to generate steam and power. Per barrel amounts are based on bitumen sales volumes.

Operating expenses is an IFRS measure in the Corporation's consolidated statement of earnings and comprehensive income. Power and transportation revenue is an IFRS measure in the Corporation's consolidated statement of earnings and comprehensive income which is the most directly comparable primary financial statement measure to power revenue. A reconciliation from power and transportation revenue to power revenue has been provided below.

	Three months ended September 30				Nine months ended September 30			
	2024		2023		2024		2023	
($millions, except as indicated)		$/bbl		$/bbl		$/bbl		$/bbl
Non-energy operating costs	$ (49)	$ (5.18)	$ (48)	$ (5.15)	$ (147)	$ (5.32)	$ (137)	$ (5.16)
Energy operating costs	(17)	(1.70)	(32)	(3.42)	(71)	(2.54)	(115)	(4.34)
Operating expenses	$ (66)	$ (6.88)	$ (80)	$ (8.57)	$ (218)	$ (7.86)	$ (252)	$ (9.50)
Power and transportation revenue	$ 10		$ 33		$ 46		$ 98	
Less transportation revenue	-		(1)		(1)		(3)	
Power revenue	$ 10	$ 1.06	$ 32	$ 3.46	$ 45	$ 1.60	$ 95	$ 3.59
Operating expenses net of power revenue	$ (56)	$ (5.82)	$ (48)	$ (5.11)	$ (173)	$ (6.26)	$ (157)	$ (5.91)
Energy operating costs net of power revenue	$ (7)	$ (0.64)	$ -	$ 0.04	$ (26)	$ (0.94)	$ (20)	$ (0.75)

Forward-Looking Information

Certain statements contained in this news release may constitute forward-looking statements within the meaning of applicable Canadian securities laws. These statements relate to future events or MEG's future performance. All statements other than statements of historical fact may be forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "plan", "intend", "target", "potential" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are often, but not always, identified by such words. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. In particular, and without limiting the foregoing, this press release contains forward looking statements with respect to: the Corporation's plans to return 100% of free cash flow to shareholders going forward through expanded share buybacks and a quarterly base dividend; the anticipated start date of production from the Corporation's second new well pad; and the Corporation's adjusted funds flow sensitivity estimates.

Forward-looking information contained in this press release is based on management's expectations and assumptions regarding, among other things: future crude oil, bitumen blend, natural gas, electricity, condensate and other diluent prices, differentials, the reaction of heavy oil differentials in response to increased Canadian pipeline capacity; the level of apportionment on the Enbridge Mainline system, foreign exchange rates and interest rates; the recoverability of MEG's reserves and contingent resources; MEG's ability to produce and market production of bitumen blend successfully to customers; future growth, results of operations and production levels; future capital and other expenditures; revenues, expenses and cash flow; operating costs; reliability; continued liquidity and runway to sustain operations through a prolonged market downturn; MEG's ability to reduce or increase production to desired levels, including without negative impacts to its assets; anticipated reductions in operating costs as a result of optimization and scalability of certain operations; anticipated sources of funding for operations and capital investments; plans for and results of drilling activity; the regulatory framework governing royalties, land use, taxes and environmental matters, including federal and provincial climate change policies, in which MEG conducts and will conduct its business; and business prospects and opportunities. By its nature, such forward-looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated.

These risks and uncertainties include, but are not limited to, risks and uncertainties related to: the oil and gas industry, for example, the securing of adequate access to markets and transportation infrastructure (including pipelines and rail) and the commitments therein; the availability of capacity on the electricity transmission grid; the uncertainty of reserve and resource estimates; the uncertainty of estimates and projections relating to production, costs and revenues; health, safety and environmental risks, including public health crises and any related actions taken by governments and businesses; legislative and regulatory changes to, amongst other things, tax, land use, royalty and environmental laws and production curtailment; the cost of compliance with current and future environmental laws, including climate change laws; risks relating to increased activism and public opposition to fossil fuels and oil sands; the inability to access government support to industry to assist in the achievement of ESG goals; assumptions regarding and the volatility of commodity prices, interest rates and foreign exchange rates; commodity price, interest rate and foreign exchange rate swap contracts and/or derivative financial instruments that MEG may enter into from time to time to manage its risk related to such prices and rates; timing of completion, commissioning, and start-up, of MEG's turnarounds; the operational risks and delays in the development, exploration, production, and the capacities and performance associated with MEG's projects; MEG's ability to reduce or increase production to desired levels, including without negative impacts to its assets; MEG's ability to finance capital expenditures; MEG's ability to maintain sufficient liquidity to sustain operations through a prolonged market downturn; changes in credit ratings applicable to MEG or any of its securities; actions taken by OPEC+ in relation to supply management; the impact of the Russian invasion of Ukraine and associated sanctions on commodity prices; the availability and cost of labour and goods and services required in the Corporation's operations, including inflationary pressures; supply chain issues including transportation delays; the cost and availability of equipment necessary to our operations; and changes in general economic, market and business conditions.

Although MEG believes that the assumptions used in such forward-looking information are reasonable, there can be no assurance that such assumptions will be correct. Accordingly, readers are cautioned that the actual results achieved may vary from the forward-looking information provided herein and that the variations may be material. Readers are also cautioned that the foregoing list of assumptions, risks and factors is not exhaustive.

Further information regarding the assumptions and risks inherent in the making of forward-looking statements can be found in MEG's most recently filed Annual Information Form ("AIF"), along with MEG's other public disclosure documents. Copies of the AIF and MEG's other public disclosure documents are available through the Company's website at www.megenergy.com/investors and through the SEDAR+ website at www.sedarplus.ca.

The forward-looking information included in this news release is expressly qualified in its entirety by the foregoing cautionary statements. Unless otherwise stated, the forward-looking information included in this news release is made as of the date of this news release and MEG assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law.

This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about MEG's prospective results of operations including, without limitation, the Corporation's AFF based on certain market variables, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on FOFI. MEG's actual results, performance or achievement could differ materially from those expressed in, or implied by, these FOFI, or if any of them do so, what benefits MEG will derive therefrom. MEG has included the FOFI in order to provide readers with a more complete perspective on MEG's future operations, and the factors that could affect such operations, and such information may not be appropriate for other purposes. MEG disclaims any intention or obligation to update or revise any FOFI statements, whether as a result of new information, future events or otherwise, except as required by law.

About MEG

MEG is an energy company focused on in situ thermal oil production in the southern Athabasca oil region of Alberta, Canada. MEG is actively developing innovative enhanced oil recovery projects that utilize steam-assisted gravity drainage extraction methods to improve the economic recovery of oil. MEG transports and sells thermal oil (AWB) to customers throughout North America and internationally. MEG is a member of the Pathways Alliance, a group of Canada's largest oil sands producers. MEG's common shares are listed on the Toronto Stock Exchange under the symbol "MEG" (TSX: MEG).

Learn more at: www.megenergy.com

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