



PRESS RELEASE

MEG Energy Announces Preliminary 2020 Fourth Quarter and Full Year Financial and Operating Data

All financial figures are in Canadian dollars (\$ or C\$) and all references to barrels are per barrel of bitumen sales unless otherwise noted

CALGARY, ALBERTA (January 19, 2021) - MEG Energy Corp. ("MEG" or the "Company") (TSX: MEG) announced today its preliminary estimates of expected ranges of certain financial and operating data for the three months and year ended December 31, 2020.

The table below presents management's preliminary estimates, based on the information and data currently available to management, of expected ranges of certain financial and operating data for the three months and year ended December 31, 2020. The line items in the table for the three months ended December 31, 2020 and year ended December 31, 2020 are estimates and are subject to finalization. Based on estimated results for the fourth quarter of 2020, MEG anticipates achieving results largely in line with its previously disclosed 2020 guidance.

	Range of Expected Estimates				Actual Results		
	Year ended		Three months ended		Three months ended		
	Dec 31, 2020		Dec 31, 2020		Sep 30, 2020	Jun 30, 2020	Mar 31, 2020
	Low	High	Low	High			
Production (bbls/d)	82,250	82,500	90,500	91,750	71,516	75,687	91,557
Non-Energy Operating Costs (C\$/bbl)	\$4.36	\$4.41	\$4.60	\$4.80	\$3.96	\$4.09	\$4.57
General and Administrative Expenses ⁽¹⁾ (C\$/bbl)	\$1.59	\$1.66	\$1.55	\$1.75	\$1.50	\$1.29	\$1.96
Capital Expenditures (C\$mm)	\$147	\$152	\$37	\$42	\$36	\$20	\$54
Cash and Cash Equivalents (C\$mm)	\$110	\$116	\$110	\$116	\$49	\$120	\$62

(1) \$ per barrel based on production volumes

Update to MEG 2021 Commodity Price Risk Management Positions

During the fourth quarter of 2020 and the first few days of 2021, MEG entered into additional financial derivatives and physical delivery contracts to manage commodity price risk. MEG's current commodity price risk management contracts, including those entered into in the fourth quarter of 2020 and the first few days of 2021, are summarized below:

	Forecast Period				
	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021
WTI Hedges					
WTI Fixed Price Hedges					
Volume (bbls/d)	37,361	13,000	-	-	12,590
Weighted average fixed WTI price (US\$/bbl)	\$48.28	\$46.31	-	-	\$47.77
Enhanced WTI Fixed Price Hedges with Sold Put Options ⁽¹⁾					
Volume (bbls/d)	29,000	29,000	29,000	29,000	29,000
Weighted average fixed WTI price (US\$/bbl) / Put option strike price (US\$/bbl)	\$46.18 / \$38.79	\$46.18 / \$38.79	\$46.18 / \$38.79	\$46.18 / \$38.79	\$46.18 / \$38.79
WTI:WCS Differential Hedges					
Volume ⁽²⁾ (bbls/d)	10,667	20,000	-	-	7,667
Weighted average fixed WTI:WCS differential (US\$/bbl)	(\$14.73)	(\$14.47)	-	-	(\$14.56)
Condensate Hedges					
Volume ⁽³⁾ (bbls/d)	15,495	18,211	14,028	14,028	15,440
Weighted average % of WTI landed in Edmonton (%) ⁽⁴⁾	96%	96%	96%	95%	96%
Natural Gas Hedges					
Volume ⁽⁵⁾ (GJ/d)	57,700	42,500	42,500	42,500	46,250
Weighted average fixed AECO price (C\$/GJ)	\$2.64	\$2.61	\$2.61	\$2.61	\$2.62
Power Hedges					
Quantity ⁽⁶⁾ (MW)	10	15	15	15	14
Weighted average fixed price (C\$/MW-h)	\$63.83	\$63.83	\$63.83	\$63.83	\$63.83

(1) If in any month of 2021 the month average WTI settlement price is US\$38.79 per barrel (the sold put option) or higher, MEG will receive US\$46.18 per barrel (the fixed price swap) on hedged 2021 production in that month. If in any month of 2021 the month average WTI settlement price is less than US\$38.79 per barrel, MEG will receive the month average WTI settlement price in that month plus US\$7.39 per barrel (the swap spread) on each barrel hedged in that month.

(2) Includes 10,000 bbls/d (Q1) and 15,000 bbls/d (Q2) of physical forward blend sales at fixed WTI:AWB differentials.

(3) Includes approximately 4,500 bbls/d of physical forward condensate purchases for the full year 2021 (annual average).

(4) The average % of WTI landed in Edmonton includes estimated net transportation costs to Edmonton.

(5) Includes 7,500 GJ/d of physical forward natural gas purchases for full year 2021 (annual average) at a fixed AECO price.

(6) Represents physical forward power sales at a fixed power price.

About MEG

MEG is an energy company focused on sustainable in situ thermal oil production in the southern Athabasca region of Alberta, Canada. MEG is actively developing innovative enhanced oil recovery projects that utilize steam-assisted gravity drainage ("SAGD") extraction methods to improve the responsible economic recovery of oil as well as lower carbon emissions. MEG transports and sells its thermal oil production to refiners throughout North America and internationally. MEG's common shares are listed on the Toronto Stock Exchange under the symbol "MEG".

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", "dependent", "ability", "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 news release contains forward-looking statements with respect to the expected ranges of certain financial and operating data for the three months and year ended December 31, 2020, including anticipated results that are in line with previously disclosed guidance for 2020. Such forward-looking information is based on certain assumptions and analysis made by MEG in light of its experience and perception of current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results, performance or achievements will conform to MEG's expectations and predictions is subject to a number of known and unknown risks and uncertainties which could cause actual results to differ materially from MEG's expectations. 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.sedar.com. 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.

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