PRESS RELEASE

MEG Energy announces 2022 capital investment plan, further debt repayment and go-forward capital allocation strategy

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 (November 29th, 2021) – MEG Energy Corp. (TSX:MEG, "MEG" or the "Corporation") announced today its 2022 capital investment plan and operational guidance. Highlights include:

- 2022 capital budget of $375 million;
- 2022 production guidance of 94,000 to 97,000 barrels per day (bbls/d) which takes into account a planned major turnaround expected to impact full year production by approximately 6,000 bbls/d;
- 2022 non-energy operating costs and general and administrative ("G&A") expense guidance of $4.50 to $4.80 per barrel and $1.70 to $1.85 per barrel, respectively;
- Concurrent with this press release, MEG has issued a notice to redeem US$225 million (approximately $285 million) of MEG's 6.50% senior secured second lien notes due January 2025; and
- Due to the positive rate of change in expected future free cash flows resulting from the current commodity price environment, MEG intends to begin allocating a portion of free cash flow generated to shareholder returns in 2022 while continuing to prioritize ongoing debt reduction.

2022 Capital Investment Summary

($millions)		
Sustaining and maintenance	**$**	**310**
Previously announced Christina Lake optimization capital		**50**
Field infrastructure, regulatory, corporate and other		**15**
	$	**375**

Approximately 15% of the $310 million sustaining and maintenance capital will be directed toward turnaround activities planned for the second quarter of 2022 with the remainder directed toward the drilling, completing and tying in of new SAGD and infill wells.

Optimization capital of $50 million represents the remainder of the previously announced $125 million of incremental well capital necessary to allow the Corporation to fully utilize the Christina Lake central plant facility's oil processing capacity of approximately 100,000 bbls/d, prior to any impact from scheduled maintenance activity or outages.

The $15 million of capital investment targeted to field infrastructure, regulatory, corporate and other represents capital necessary to maintain MEG's business that is not directly associated with sustaining and maintenance of production at Christina Lake.

Budgeted capital costs reflect approximately 10% year over year impact from observed inflationary and supply chain pressures.

In the current commodity price environment, total capital investment represents approximately 35% of MEG's estimated full year 2022 adjusted funds flow.

Debt Repayment

MEG announced today that the Corporation has issued a notice to redeem US$225 million (approximately $285 million) of MEG's 6.50% senior secured second lien notes due January 2025 at a redemption price of 101.625%, plus accrued and unpaid interest to, but not including, the redemption date. The redemption is expected to be completed on or about January 18, 2022.

Debt reduction over the last four years now totals approximately US$1.8 billion. Continued debt reduction remains a core focus of the Corporation.

Ongoing Debt Repayment and Intention to Initiate Capital Return to Shareholders

MEG expects to exit 2021 with net debt of US$1.9 billion. Until the corporation reaches its near-term net debt target of US$1.7 billion, 100% of free cash flow generated will continue to go toward debt repayment. In the current commodity price environment MEG expects to reach this near-term target early in the second quarter of 2022.

Upon reaching its near-term net debt target, MEG intends to increase shareholder returns through the implementation of a share buyback program. MEG expects to allocate approximately 25% of free cash flow generated to shareholder returns, with the remaining free cash flow applied to ongoing debt reduction until the Corporation's net debt balance reaches US$1.2 billion. At current production levels, this net debt target implies a net debt to EBITDA multiple of less than 2 times at a long-term US$50 per barrel WTI price. Assuming a US$70 per barrel WTI price, MEG expects to reach this net debt target in early 2023, at which time the Corporation expects to increase the percentage of free cash flow returned to shareholders while continuing to further strengthen its balance sheet.

2022 Guidance

MEG's 2022 production and operational guidance reflects the impact of a scheduled 30-day turnaround in the second quarter at its Christina Lake Phase 2B facility which is expected to impact full year production by approximately 6,000 bbls/d.

MEG has capacity to ship 100,000 bbls/d of AWB blend sales, on a pre-apportionment basis, to the U.S. Gulf Coast market via its committed capacity on the Flanagan South and Seaway Pipeline systems ("FSP"). MEG expects to sell approximately two-thirds of its full year 2022 AWB blend sales volumes into the U.S. Gulf Coast via FSP with the remainder being sold into the Edmonton market. MEG expects full year 2022 total transportation costs to average between US$7.50 to US$8.00 per barrel of AWB blend sales.

MEG has not entered into any WTI or WTI:WCS differential hedges for 2022.

	2022 Guidance (1)	**2021 Revised Guidance (2)**
Capital investment	$375 million	$335 million
Production (average)	94,000 – 97,000 bbls/d	92,500 - 93,500 bbls/d
Non-energy operating costs	$4.50 - $4.80 per bbl	$4.40 - $4.50 per bbl
G&A expense	$1.70 - $1.85 per bbl	$1.65 - $1.75 per bbl

(1) 2022 guidance includes the impact of scheduled 30-day turnaround at MEG's Christina Lake Phase 2B facility which is expected to impact production by approximately 6,000 bbls/d. 2021 production was not impacted by turnaround activities.

(2) 2021 non-energy operating costs and G&A expense guidance ranges include approximately $2.1 million (($0.06/bbl) and $1.6 ($0.05/bbl), respectively, of temporary cost reductions as the Corporation took part in various government led initiatives in 2021 aimed at supporting businesses facing the negative impacts of COVID-19.

Conference Call

A conference call will be held to review MEG's 2022 capital investment plan at 6:30 a.m. Mountain Time (8:30 a.m. Eastern Time) on Tuesday, November 30th, 2021. To participate, please dial the North American toll-free number 1-888-390-0546, or the international call number 1-416-764-8688.

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

Non-GAAP Measures

Certain financial measures in this news release including free cash flow and net debt to EBITDA are non-GAAP measures. These 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.

Free cash flow is a non-GAAP measure 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, fund capital expenditures and return capital to shareholders. Free cash flow is calculated as adjusted funds flow less capital expenditures. Adjusted funds flow is defined in Note 19 of the third quarter 2021 Financial Statements.

Net debt to EBITDA is a non-GAAP measure used to monitor the Corporation's capital structure and financial position. EBITDA is defined as net earnings before financing costs, interest income, income tax expense (recovery), depletion, depreciation and amortization, gains (losses) on asset dispositions, and other income (loss), excluding all unrealized gains (losses). Net debt is defined in Note 19 of the third quarter 2021 Financial Statements. The ratio of net debt to EBITDA is used to measure the Corporation's financial strength.

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 Corporation’s 2022 capital investment plan and operational guidance, including its 2022 capital budget, production guidance and non-energy operating costs and general and administrative expense guidance; the Corporation’s statements relating to its capital investment plans, including its sustaining and maintenance capital, optimization capital and capital targeted to field infrastructure, regulatory, corporate and other matters; the Corporation’s expectations regarding inflationary and supply chain pressures; the Christina Lake central plant facility’s processing capacity of 100,000 bbls/d; the Corporation’s statements regarding 2022 free cash flow; the timing and successful completion of the redemption of a portion of the Corporation’s 6.5% senior secured second lien notes; the Corporation’s statements regarding net debt level and continued debt reduction plans, including exiting 2021 with net debt of US$1.9 billion and timing of reaching near-term debt targets; the Corporation’s statements regarding increasing shareholder returns, including the timing and percentage of free cash flow to be returned to shareholders; the Corporation’s 2022 guidance regarding capital investment, production, non-energy operating costs, general and administrative costs and transportation costs; the Corporation’s 2021 revised guidance regarding capital investment, production, non-energy operating costs and general and administrative costs; the Corporation’s expectations regarding sales of 2022 AWB blend sales volumes into the U.S. Gulf Coast; the Corporation’s statements regarding the 2022 plant turnaround and the timing and impact thereof; and the Corporation’s statements regarding its 2022 hedge book.

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 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; the impact of MEG’s response to the COVID-19 global pandemic; 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 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, such as the COVID-19 pandemic, 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; 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 sustaining 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; MEG's response to the COVID-19 global pandemic; the severity and duration of the COVID-19 pandemic, including vaccine rollouts; the potential for a temporary suspension of operations impacted by an outbreak of COVID-19; actions taken by OPEC+ in relation to supply management; 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; 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.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.

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 capital expenditures, production, operating costs, general and administrative costs and hedging program, 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 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 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".

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