PRESS RELEASE

MEG Energy announces second quarter results including continued debt repayment, inaugural share repurchases and renewal of credit facilities

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, blend sales, bitumen realization, net transportation and storage, operating expenses net of power revenue, non-energy operating costs, energy operating costs, adjusted funds flow, free cash flow and net debt.

CALGARY, ALBERTA (July 28, 2022) – MEG Energy Corp. (TSX:MEG, "MEG" or the "Corporation") reported its second quarter 2022 operational and financial results.

"The second quarter saw MEG initiate its share buyback program as well as continue to make significant progress on debt reduction. Year-to-date we have applied over $1 billion of free cash flow to debt repayment and share repurchases," said Derek Evans, President and Chief Executive Officer. "Importantly in the quarter, the team safely completed on time and on budget the major planned turnaround at our Phase 2B facility in what can only be described as a challenging environment as it relates to cost and staffing pressure."

Quarterly highlights include:

- Funds flow from operating activities of $412 million ($1.31 per share) and adjusted funds flow of $478 million ($1.52 per share);

- Bitumen production volumes of 67,256 barrels per day (bbls/d) which reflects the successful completion of the major planned turnaround in the quarter as well as the previously announced unplanned electrical event which resulted in a slower than forecast production ramp-up in the month of June;

- Operating expenses net of power revenue of $12.97 per barrel, including non-energy operating costs of $5.65 per barrel. Power revenue offset energy operating costs by 30%, resulting in energy operating costs net of power revenue of $7.32 per barrel;

- Total capital expenditures of $104 million directed primarily towards sustaining and maintenance activities including approximately 44% of which was directed toward the completion of the major planned turnaround undertaken in the quarter, resulting in free cash flow of $374 million;

- Year-to-date debt reduction of US$700 million (approximately $896 million), including US$379 million (approximately $484 million) repaid in the second quarter of 2022;

- MEG initiated its share buyback program in the quarter and to date has returned $139 million of capital to shareholders through the repurchase for cancellation of approximately 7.24 million MEG common shares;

- During the quarter, MEG renewed its existing modified covenant-lite credit facilities resulting in total available credit of $1.2 billion with a maturity date of October 31, 2026; and

- On June 16, 2022 MEG announced the hiring of Mr. Ryan Kubik as the Corporation's next Chief Financial Officer who will succeed, effective August 1, 2022, Mr. Eric Toews who had previously announced his pending retirement in the first quarter of 2022.

Blend Sales Pricing

MEG realized an average AWB blend sales price of US$100.42 per barrel during the second quarter of 2022 compared to US$83.55 per barrel during the first quarter of 2022. The increase in average AWB blend sales price quarter over quarter was primarily a result of the average WTI price increasing by US$14.12 per barrel. MEG sold 79% of its sales volumes at the U.S. Gulf Coast ("USGC") in the second quarter of 2022 compared to 58% during the first quarter of 2022.

The increase quarter over quarter is primarily the result of apportionment on the Enbridge mainline being 0% in the second quarter of 2022 compared to 10% in the first quarter of 2022.

Net transportation and storage averaged US$10.53 per barrel of AWB blend sales in the second quarter of 2022 compared to US$7.01 per barrel of AWB blend sales in the first quarter of 2022. The increase was primarily a result of more barrels being sold in the USGC in the quarter compared to the first quarter of 2022. Also contributing to the increase was fixed transportation costs being spread over lower bitumen sales volumes, primarily as a result of the major planned turnaround.

Operational Performance

Bitumen production averaged 67,256 bbls/d at a steam-oil ratio ("SOR") of 2.46 in the second quarter of 2022, compared to 101,128 bbls/d at a SOR of 2.43 in the first quarter of 2022. Production in the second quarter of 2022 was impacted by the scheduled major planned turnaround at the Christina Lake Phase 2B facility which began in late April 2022 and was completed in early June 2022. Despite a tight labour market and supply chain challenges, the turnaround was safely completed on time and on budget. Also contributing to the production decrease, as previously disclosed by MEG on June 29, 2022, was an unplanned electrical event that occurred at the Christina Lake facility following the turnaround which resulted in a slower than forecast production ramp-up during the month of June. The Christina Lake facility has now returned to full production as at June 30, 2022 and MEG's second half 2022 average production levels are expected to meet or exceed the record production levels the Corporation reached in the first quarter of 2022.

Non-energy operating costs averaged $5.65 per barrel of bitumen sales in the second quarter of 2022 compared to $4.74 per barrel in the first quarter of 2022. Energy operating costs, net of power revenue, averaged $7.32 per barrel in the second quarter of 2022 compared to $4.24 per barrel in the first quarter of 2022. This increase quarter over quarter resulted primarily from stronger natural gas prices and lower bitumen sales volumes. Power revenue offset energy operating costs by 30% during the second quarter of 2022 compared to 38% in the first quarter of 2022.

General & administrative expense ("G&A") was relatively consistent quarter over quarter with $15 million, or $2.37 per barrel of production, in the second quarter of 2022 compared to $14 million, or $1.61 per barrel of production, in the first quarter of 2022.

Funds Flow from Operating Activities, Adjusted Funds Flow and Net Earnings

The Corporation's cash operating netback averaged $81.75 per barrel in the second quarter of 2022 compared to $70.21 per barrel in the first quarter of 2022. This increase in cash operating netback was primarily driven by the increase in average bitumen realization due to the higher WTI price in the second quarter of 2022. The Corporation's funds flow from operating activities and adjusted funds flow was $412 million and $478 million, respectively, in the second quarter of 2022 compared to $587 million and $559 million in the first quarter of 2022.

The Corporation recognized net earnings of $225 million in the second quarter of 2022 compared to $362 million in the first quarter of 2022. The decrease in funds flow from operating activities, adjusted funds flow and net earnings was primarily due to lower blend sales volumes.

Capital Expenditures

Capital expenditures in the second quarter of 2022 totaled $104 million compared to $88 million in the first quarter of 2022. Capital invested in the quarter was directed towards sustaining and maintenance activities as well as the major planned turnaround.

Capital Allocation Strategy

MEG's capital allocation strategy is designed to provide increasing return of capital to shareholders as progressively lower net debt targets are reached.

At net debt levels above US$1.7 billion 100% of free cash flow was directed to debt reduction. At net debt levels between US$1.7 billion and US$1.2 billion approximately 25% of free cash flow generated is being allocated to share buybacks with the remaining free cash flow applied to ongoing debt reduction. At net debt levels below US$1.2 billion but above MEG's net debt floor of US$600 million approximately 50% of free cash flow generated will be allocated to share buybacks with the remainder applied to further debt reduction. Once the net debt floor of US$600 million is reached 100% of free cash flow will be returned to shareholders.

MEG reached its US$1.7 billion net debt target in the second quarter of 2022. In the current commodity price environment MEG expects to reach its US$1.2 billion net debt target in October 2022 and to reach its US$600 million net debt floor in the second half of 2023.

Debt Repayment

During the second quarter of 2022, MEG repaid US$379 million (approximately $484 million) through the redemption of the remaining US$171 million (approximately $216 million) of MEG's outstanding 6.50% senior secured second lien notes due January 2025 at a redemption price of 101.625% and through the repurchase and extinguishment of US$208 million (approximately $268 million) of MEG's outstanding 7.125% senior unsecured notes due February 2027 at a weighted average price of 103.2%. Subsequent to the quarter, MEG repurchased a further US$96 million (approximately $124 million) of MEG's outstanding 7.125% senior unsecured notes due February 2027 at a weighted average price of 101%.

Year-to-date, MEG has repaid US$700 million (approximately $896 million) of outstanding indebtedness, which represents approximately one third of the US$2.3 billion of total outstanding indebtedness repaid since 2018. MEG remains committed to continued debt reduction as a key component of its capital allocation strategy.

Share Repurchases

On March 7, 2022, MEG received approval from the TSX for a NCIB which allows MEG to purchase for cancellation, from time to time, as the Corporation considers advisable, up to a maximum of 27,242,211 common shares of MEG. The NCIB became effective March 10, 2022 and will terminate on March 9, 2023 or such earlier time as the NCIB is completed or terminated at the option of MEG.

The Corporation began repurchasing MEG common shares for cancellation during the second quarter of 2022. During the second quarter, MEG purchased for cancellation 4.45 million common shares, returning $94 million to MEG shareholders.

Year-to-date, MEG has purchased for cancellation 7.24 million common shares, returning $139 million to MEG shareholders.

Renewal of Credit Facilities

During the second quarter of 2022 MEG amended and restated its revolving credit facility (the "Revolving Credit Facility") and its letters of credit facility guaranteed by Export Development Canada (the "EDC Facility") and extended the maturity date of each facility by 2.3 years to October 31, 2026. Total credit available under the two facilities was reduced from $1.3 billion to $1.2 billion and is comprised of $600 million under the Revolving Credit Facility and $600 million under the EDC Facility.

The Revolving Credit Facility retains its modified covenant-lite structure, meaning it continues to contain no financial maintenance covenant unless MEG is drawn under the Revolving Credit Facility in excess of 50%. If drawn in excess of 50%, or $300 million, under the Revolving Credit Facility MEG is required to maintain a 1st Lien Net Debt to LTM EBITDA ratio of 3.50 or less. The financial covenant, if triggered, is tested quarterly. MEG continues to have no 1st Lien Debt outstanding.

Sustainability

On June 15, 2022 Canada's major oil sands producers announced the combination of three existing industry groups, all focused on responsible development, into a single organization called the Pathways Alliance. The new organization incorporates the Oil Sands Pathways to Net Zero Alliance, launched in 2021, Canada's Oil Sands Innovation Alliance ("COSIA"), created in 2012, and the Oil Sands Community Alliance ("OSCA"), created in 2013.

The combination of these industry groups integrated into a single organization, with combined leadership, will enhance the Alliance's collaborative efforts to advance responsible oil sands development and to progress the Alliance's goals for responsible development, including achieving net zero greenhouse gas emissions (GHGs) from oil sands production.

A key focus of the new Pathways Alliance will be to continue the considerable work already underway to reduce GHGs from oil sands production by 22 million tonnes annually by 2030, and ultimately achieve its goal of net zero emissions from oil sands production by 2050.

Outlook

As previously disclosed June 29, 2022, during the second quarter of 2022 the Corporation took its Christina Lake Phase 2B facility down for a scheduled major turnaround. Notwithstanding significant market pressures, the turnaround was safely completed on time and on budget, impacting full year 2022 average production by approximately 6,000 bbls/d. Following the turnaround, the Christina Lake facility experienced an unplanned electrical event which resulted in a slower than forecast production ramp-up during the month of June which impacted full year 2022 average production by approximately 2,000 bbls/d. The Christina Lake facility has now returned to full production and MEG's second half 2022 average production levels are expected to meet or exceed the record production levels the Corporation reached in the first quarter of 2022. Due to the slower June production ramp-up MEG revised its full year 2022 average production guidance to 92,000 to 95,000 bbls/d from 94,000 to 97,000 bbls/d. MEG also revised its full year non-energy operating costs and G&A expense to $4.60 to $4.90 per barrel and $1.75 to $1.90 per barrel, respectively, reflecting lower full year 2022 production guidance.

MEG continues to expect full year 2022 total transportation costs to average between US$7.50 to US$8.00 per barrel of AWB blend sales.

Summary of 2022 Guidance	**Revised Guidance (June 29, 2022)**	**Original Guidance (November 29, 2021)**
Bitumen production - annual average	92,000 - 95,000 bbls/d	94,000 - 97,000 bbls/d
Non-energy operating costs	$4.60 - $4.90 per bbl	$4.50 - $4.80 per bbl
G&A expense	$1.75 - $1.90 per bbl	$1.70 - $1.85 per bbl
Capital expenditures	$375 million	$375 million

Conference Call

A conference call will be held to review MEG's second quarter of 2022 operating and financial results at 6:30 a.m. Mountain Time (8:30 a.m. Eastern Time) on Friday July 29, 2022. 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 https://www.megenergy.com/investors/presentations-events/.

Operational and Financial Highlights

	Six months ended June 30		2022		2021				2020	
($millions, except as indicated)	**2022**	**2021**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Bitumen production - bbls/d	**84,099**	91,326	**67,256**	101,128	100,698	91,506	91,803	90,842	91,030	71,516
Steam-oil ratio	**2.44**	2.38	**2.46**	2.43	2.42	2.56	2.39	2.37	2.31	2.36
Bitumen sales - bbls/d	**86,564**	88,646	**73,091**	100,186	98,894	92,251	89,980	87,298	95,731	67,569
Bitumen realization[1] - $/bbl	**108.07**	56.30	**122.69**	97.28	71.06	64.91	60.09	52.34	38.64	39.68
Operating expenses net of power revenue[1] - $/bbl	**10.68**	5.39	**12.97**	8.98	8.20	7.17	5.54	5.25	6.98	6.05
Operating expenses - $/bbl	**13.46**	8.24	**16.05**	11.54	10.78	9.23	8.11	8.39	8.43	7.13
Non-energy operating costs[2] - $/bbl	**5.13**	3.94	**5.65**	4.74	4.56	4.46	3.84	4.05	4.70	3.96
Cash operating netback[1] - $/bbl	**75.10**	28.73	**81.75**	70.21	37.87	37.31	31.30	26.03	18.66	16.58
General & administrative expense - $/bbl of bitumen production volumes	**1.92**	1.66	**2.37**	1.61	1.58	1.72	1.56	1.77	1.65	1.50
Funds flow from operating activities	**999**	281	**412**	587	260	212	160	121	81	19
Per share, diluted	**3.18**	0.91	**1.31**	1.87	0.83	0.68	0.51	0.39	0.26	0.06
Adjusted funds flow[3]	**1,038**	308	**478**	559	274	243	184	124	88	26
Per share, diluted	**3.30**	0.99	**1.52**	1.78	0.88	0.78	0.59	0.40	0.29	0.09
Revenues	**3,102**	1,923	**1,571**	1,531	1,307	1,091	1,009	914	786	533
Net earnings (loss)	**587**	51	**225**	362	177	54	68	(17)	16	(9)
Per share, diluted	**1.87**	0.17	**0.72**	1.15	0.57	0.17	0.22	(0.06)	0.05	(0.03)
Capital expenditures	**192**	141	**104**	88	106	84	71	70	40	35
Long-term debt, including current portion	**2,026**	2,820	**2,026**	2,440	2,762	2,769	2,820	2,852	2,912	3,030
Net debt[3] - C$	**1,782**	2,661	**1,782**	2,150	2,401	2,559	2,661	2,798	2,798	2,981
Net debt[3] - US$	**1,384**	2,145	**1,384**	1,722	1,897	2,007	2,145	2,226	2,194	2,237

(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.

ADVISORY

Basis of Presentation

MEG prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") 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.

In the second quarter of 2022, an adjustment was made to the presentation of adjusted funds flow and free cash flow. In April 2020, the Corporation issued cash-settled RSUs under its long-term incentive ("LTI") plan when the Corporation's share price was at a historic low of $1.57 per share. Concurrent with the issuance, the Corporation entered into equity price risk management contracts to manage share price volatility in the three-year period following the issuance, effectively eliminating cash flow risk associated with share price appreciation over that time period. The significant increase in the Corporation's share price from April 2020 to June 30, 2022 resulted in the recognition of a significant cash-settled stock-based compensation expense, which was previously included as a component of adjusted funds flow and free cash flow. Since the actual cash impact of the 2020 cash-settled RSUs is subject to equity price risk management contracts, there is no cash impact over the term of these RSUs beyond the value at the date of issue of $1.57 per share.

As a result of the equity risk management contracts, the Corporation's operating performance and cash flow generating ability are not impacted by the April 2020 cash-settled RSUs issued and the associated equity price risk management contracts, therefore the financial statement impacts of the cash-settled stock-based compensation associated with the April 2020 issuance and the equity price risk management contracts have been excluded from Adjusted Funds Flow and Free Cash Flow. All prior periods presented have been adjusted to reflect this change in presentation. The adjustments to prior periods are as follows:

	2022	2021				2020		
($millions, except as indicated)	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Adjusted funds flow, as previously presented	**$ 587**	$ 266	$ 239	$ 166	$ 127	$ 84	$ 26	$ 89
Adjustments:								
Impact of cash-settled SBC units subject to equity price risk management	**18**	8	4	18	5	4	—	2
Realized equity price risk management gain	**(46)**	—	—	—	(8)	—	—	—
Adjusted funds flow, current presentation	**$ 559**	$ 274	$ 243	$ 184	$ 124	$ 88	$ 26	$ 91
Free cash flow, as previously presented	**$ 499**	$ 160	$ 155	$ 95	$ 57	$ 44	$ (9)	$ 69
Adjustments:								
Impact of cash-settled SBC units subject to equity price risk management	**18**	8	4	18	5	4	—	2
Realized equity price risk management gain	**(46)**	—	—	—	(8)	—	—	—
Free cash flow, current presentation	**$ 471**	$ 168	$ 159	$ 113	$ 54	$ 48	$ (9)	$ 71

The following table reconciles funds flow from operating activities to adjusted funds flow to free cash flow:

	Three months ended June 30		Six months ended June 30	
($millions)	**2022**	**2021**	**2022**	**2021**
Funds flow from operating activities	**$ 412**	$ 160	**$ 999**	$ 281
Adjustments:				
Impact of cash-settled SBC units subject to equity price risk management	**66**	18	**85**	23
Realized equity price risk management gain	**—**	—	**(46)**	(8)
Payments on onerous contract	**—**	6	**—**	12
Adjusted funds flow	**478**	184	**1,038**	308
Capital expenditures	**(104)**	(71)	**(192)**	(141)
Free cash flow	**$ 374**	$ 113	**$ 846**	$ 167

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	**June 30, 2022**	**December 31, 2021**
Long-term debt	**$ 2,026**	$ 2,477
Current portion of long-term debt	**—**	285
Cash and cash equivalents	**(244)**	(361)
Net debt - C$	**$ 1,782**	$ 2,401
Net debt - US$	**$ 1,384**	$ 1,897

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 volume.

Revenues, is an IFRS measure in the Corporation's consolidated statement of earnings (loss) and comprehensive income (loss), 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 June 30		Six months ended June 30	
($millions)	**2022**	**2021**	**2022**	**2021**
Revenues	**$ 1,571**	$ 1,009	**$ 3,102**	$ 1,923
Diluent expense	**(415)**	(324)	**(932)**	(620)
Transportation and storage expense	**(130)**	(91)	**(248)**	(184)
Purchased product	**(376)**	(184)	**(536)**	(369)
Operating expenses	**(107)**	(67)	**(211)**	(133)
Realized gain (loss) on commodity risk management	**1**	(87)	**2**	(156)
Cash operating netback	**$ 544**	$ 256	**$ 1,177**	$ 461

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 are 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 (loss) and comprehensive income (loss), 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 June 30				Six months ended June 30			
	2022		**2021**		**2022**		**2021**	
($millions, except as indicated)		**$/bbl**		**$/bbl**		**$/bbl**		**$/bbl**
Revenues	**$ 1,571**		$ 1,009		**$ 3,102**		$ 1,923	
Other revenue	**(22)**		(23)		**(46)**		(51)	
Royalties	**58**		14		**105**		21	
Petroleum revenue	**1,607**		1,000		**3,161**		1,893	
Purchased product	**(376)**		(184)		**(536)**		(369)	
Blend sales	**1,231**	**$ 128.20**	816	$ 69.27	**2,625**	**$ 115.23**	1,524	$ 65.32
Diluent expense	**(415)**	**(5.51)**	(324)	(9.18)	**(932)**	**(7.16)**	(620)	(9.02)
Bitumen realization	**$ 816**	**$ 122.69**	$ 492	$ 60.09	**$ 1,693**	**$ 108.07**	$ 904	$ 56.30

Net Transportation and Storage

Net transportation and storage 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. Per barrel amounts are based on bitumen sales volumes.

Transportation and storage expense, is an IFRS measure in the Corporation's consolidated statement of earnings (loss) and comprehensive income (loss).

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

	Three months ended June 30				Six months ended June 30			
	2022		2021		2022		2021	
($millions, except as indicated)		$/bbl		$/bbl		$/bbl		$/bbl
Transportation and storage expense	**$ (130)**	**$ (19.57)**	$ (91)	$ (11.15)	**$ (248)**	**$ (15.86)**	$ (184)	$ (11.48)
Other revenue	**$ 22**		$ 23		**$ 46**		$ 51	
Less power revenue	**(21)**		(21)		**(44)**		(46)	
Transportation revenue	**$ 1**	**$ 0.17**	$ 2	$ 0.24	**$ 2**	**$ 0.16**	$ 5	$ 0.33
Net transportation and storage	**$ (129)**	**$ (19.40)**	$ (89)	$ (10.91)	**$ (246)**	**$ (15.70)**	$ (179)	$ (11.15)

Operating Expenses net of Power Revenue

Operating expenses net of power revenue 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 cost to operate its facilities at the Christina Lake project after factoring in the benefits from selling excess power to offset energy costs.

Non-energy operating costs and energy operating costs are supplementary financial measures as they represent portions of operating expenses. Non-energy operating costs relate to 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 (loss) and comprehensive income (loss). Other revenue, is an IFRS measure in the Corporation's consolidated statement of earnings (loss) and comprehensive income (loss), which is the most directly comparable primary financial statement measure to power revenue. A reconciliation from other revenue to power revenue has been provided below.

	Three months ended June 30				Six months ended June 30			
	2022		2021		2022		2021	
($millions, except as indicated)		$/bbl		$/bbl		$/bbl		$/bbl
Non-energy operating costs	**$ (38)**	**$ (5.65)**	$ (31)	$ (3.84)	**$ (80)**	**$ (5.13)**	$ (63)	$ (3.94)
Energy operating costs	**(69)**	**(10.40)**	(36)	(4.27)	**(131)**	**(8.33)**	(70)	(4.30)
Operating expenses	**$ (107)**	**$ (16.05)**	$ (67)	$ (8.11)	**$ (211)**	**$ (13.46)**	$ (133)	$ (8.24)
Other revenue	**$ 22**		$ 23		**$ 46**		$ 51	
Less transportation revenue	**(1)**		(2)		**(2)**		(5)	
Power revenue	**$ 21**	**$ 3.08**	$ 21	$ 2.57	**$ 44**	**$ 2.78**	$ 46	$ 2.85
Operating expenses net of power revenue	**$ (86)**	**$ (12.97)**	$ (46)	$ (5.54)	**$ (167)**	**$ (10.68)**	$ (87)	$ (5.39)

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 expectation that the Christina Lake Facility has now returned to full production as at June 30, 2022 and MEG’s second half 2022 average production levels are expected to meet or exceed the record production levels the Corporation achieved in the first quarter of 2022; the Christina Lake central plant facility's oil processing capacity of approximately 100,000 bbls/d; the Corporation’s expectation of allocating 25% of free cash flow to share buybacks with the remaining cash flow applied to ongoing debt reduction until it reaches its near-term debt target of US$1.2 billion; the Corporation’s expectation of reaching its near-term net debt target of US$1.2 billion in October 2022 and thereafter allocating 50% of free cash flow to share buybacks with the remaining cash flow applied to ongoing debt reduction; the Corporation’s expectation of reaching its net debt floor target of US$600 million in the second half of 2023 at which time 100% of free cash flow will be returned to shareholders; the Corporation’s continued focus on debt reduction as a key component of its capital allocation strategy in 2022; the Corporation’s expectation that the combination of the three industry groups will enhance the Pathways Alliance’s collaborative efforts to advance responsible oil sands development and to progress on the Alliances’ goals for responsible development, including achieving net zero greenhouse gas emissions from oil sands production; and all statements relating to the Corporation’s revised 2022 guidance, including its full year production, non-energy operating costs, G&A expense, capital expenditures and transportation costs.

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 the timing and level of government production curtailment and federal and provincial climate change policies, in which MEG conducts and will conduct its business; the availability of government support to industry to assist in the achievement of net zero GHG emissions by 2050; 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 (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, 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; the inability to access government support to industry to assist in the achievement of net zero GHG emissions by 2050; 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; 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 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.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, non-energy operating costs, general and administrative costs and transportation costs, 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 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 responsible economic recovery of oil as well as lower carbon emissions. MEG transports and sells thermal oil (AWB) to customers throughout North America and internationally. 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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