PRESS RELEASE

MEG Energy announces 2023 financial and operating results

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.

CALGARY, ALBERTA (February 29, 2024) – MEG Energy Corp. (TSX:MEG, “MEG” or the “Corporation”) reported its full year 2023 operational and financial results.

"I am extremely proud of MEG’s safety, operating, and financial performance in 2023", said Derek Evans, President and Chief Executive Officer. "Annual production grew by 6%, averaging over 100,000 barrels per day for the first time and exiting the year at approximately 110,000 barrels per day. MEG's financial performance was also strong generating nearly $1 billion of free cash flow for debt repayment and share buybacks. At current prices MEG is well positioned to achieve US$600 million net debt in the third quarter of 2024, after which 100% of free cash flow will be returned to shareholders."

Highlights include:

- Annual free cash flow ("FCF") of $953 million used to repay $437 million of debt and return $446 million of capital to shareholders through the repurchase and cancellation of 19.0 million shares at a weighted average price of $23.54 per share. FCF of $254 million in the fourth quarter was used to repay $173 million of debt and repurchase 8.7 million shares at a weighted average price of $25.29 per share, returning $219 million to shareholders;
- The Corporation exited 2023 with net debt of US$730 million ($1.0 billion);
- Annual bitumen production of 101,425 barrels per day (“bbls/d”) at a 2.27 steam-oil ratio ("SOR"), representing a 6% increase in production and a 4% decrease in SOR from 2022. Fourth quarter bitumen production averaged 109,112 bbls/d at a 2.28 SOR;
- Annual funds flow from operating activities ("FFO") and adjusted funds flow ("AFF") of $1,476 million and $1,402 million, or $5.13 and $4.87 per share, respectively. FFO and AFF totaled $358 million, or $1.27 per share, during the fourth quarter;
- Annual capital expenditures of $449 million and fourth quarter capital expenditures of $104 million were focused on sustaining and maintenance activities;
- Operating expenses net of power revenue declined 25% in 2023 to $5.96 per barrel, including $5.01 per barrel of non-energy operating costs and $0.95 per barrel of energy operating costs net of power revenue. Fourth quarter 2023 operating expenses net of power revenue rose 5% from the comparable 2022 quarter to $6.10 per barrel, including $4.64 per barrel of non-energy operating costs and $1.46 per barrel of energy operating costs net of power revenue; and
- Intended renewal of the Corporation's normal course issuer bid (“NCIB”) for a one-year period upon its expiration on March 9, 2024, which will allow the repurchase of an additional 10% of MEG’s public float[1].

[1] As defined by the Toronto Stock Exchange

($millions, except as indicated)	Three months ended December 31 2023	Three months ended December 31 2022	Year ended December 31 2023	Year ended December 31 2022
Operational results:				
Bitumen production - bbls/d	109,112	110,805	101,425	95,338
Steam-oil ratio	2.28	2.22	2.27	2.36
Bitumen sales - bbls/d	112,634	113,582	101,086	95,691
Benchmark pricing:				
WTI - US$/bbl	78.32	82.65	77.62	94.23
Differential - WTI:AWB - Edmonton - US$/bbl	(23.79)	(29.14)	(20.79)	(20.64)
AWB - Edmonton - US$/bbl	54.53	53.51	56.83	73.59
Differential - WTI:AWB - USGC - US$/bbl	(7.43)	(16.35)	(8.72)	(9.62)
AWB - USGC - US$/bbl	70.89	66.30	68.90	84.61
Financial results:				
Bitumen realization after net transportation and storage expense(1) - $/bbl	63.52	54.75	62.46	76.66
Non-energy operating costs(2) - $/bbl	4.64	4.34	5.01	4.73
Energy operating costs net of power revenue(1) - $/bbl	1.46	1.49	0.95	3.18
Operating expenses net of power revenue - $/bbl	6.10	5.83	5.96	7.91
Cash operating netback(1) - $/bbl	38.65	43.89	43.36	62.61
General & administrative expense - $/bbl of bitumen production	1.89	1.62	1.86	1.78
Funds flow from operating activities	358	383	1,476	1,882
Per share, diluted	1.27	1.28	5.13	6.09
Adjusted funds flow(3)	358	401	1,402	1,934
Per share, diluted(3)	1.27	1.34	4.87	6.26
Capital expenditures	104	106	449	376
Free cash flow(3)	254	295	953	1,558
Debt repayments - US$	128	150	322	1,016
Share repurchases - C$	219	196	446	382
Revenues	1,444	1,445	5,653	6,118
Net earnings	103	159	569	902
Per share, diluted	0.37	0.53	1.98	2.92
Long-term debt, including current portion	1,124	1,581	1,124	1,581
Net debt - US$(3)	730	1,026	730	1,026

(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.

Fourth Quarter Results

FCF of $254 million was used to repay US$128 million ($173 million) of debt and repurchase 8.7 million shares, returning $219 million to shareholders.

Average bitumen production of 109,112 bbls/d was similar to 110,805 bbls/d in the fourth quarter of 2022 reflecting stable operations and no significant maintenance activity in both periods.

AFF decreased to $358 million, or $1.27 per share, from $401 million in the fourth quarter of 2022, reflecting a 12% decline in the cash operating netback.

The lower cash operating netback reflects increased royalty expense, the result of reaching payout status in the second quarter of 2023, partially offset by a higher bitumen realization due to narrower WTI:AWB differentials and lower diluent expense.

Annual Financial Results

AFF decreased to $1,402 million, or $4.87 per share, in 2023 from $1,934 million, or $6.26 per share, in 2022 driven by a lower cash operating netback partially offset by lower interest expense. The 31% decline in the cash operating netback for 2023 reflects a lower bitumen realization after net transportation and storage expense and higher royalties, the result of reaching payout status.

Bitumen realization after net transportation and storage expense decreased to $62.46 per barrel in 2023, from $76.66 per barrel in 2022, primarily driven by a lower average WTI benchmark price partially offset by the realized price improvement from MEG's strategic market access and marketing optimization activities.

The Corporation sold 66% of blend sales volumes in the U.S. Gulf Coast during both 2023 and 2022 and average heavy oil apportionment on the Enbridge mainline system was 9% and 5%, respectively, in those years.

FCF totaled $953 million in 2023, compared to $1,558 million in 2022, reflecting lower AFF and higher capital spending.

Annual capital expenditures of $449 million were in line with guidance and rose from $376 million in 2022 due to increased scope, inflation and timing of field development and maintenance work. Spending in both years focused on sustaining and maintenance activities.

Net earnings declined to $569 million in 2023 from $902 million in 2022 primarily driven by a lower cash operating netback, higher depletion and depreciation expense and an onerous contract expense. These were partially offset by an unrealized foreign exchange gain on long-term debt and reduced interest and income tax expenses.

Annual Operating Results

Annual bitumen production in 2023 rose 6% to 101,425 bbls/d at a 2.27 SOR from 95,338 bbls/d at a 2.36 SOR in 2022. The production increase and improved SOR reflects a continued focus on short-cycle redevelopment programs, enhanced completion designs, optimized well spacing and targeted facility enhancements. Production was impacted by major planned turnaround activities at the Christina Lake Facility in both years.

Non-energy operating costs averaged $5.01 per barrel of bitumen sales in 2023, in line with guidance and representing a 6% increase from 2022 despite inflationary pressures on the cost of services, treating chemicals and staff.

Energy operating costs net of power revenue decreased to $0.95 per barrel in 2023 from $3.18 per barrel in 2022 as weaker natural gas prices more than offset reduced power revenue. Revenue from the sale of excess power generated by the Corporation's cogeneration facilities offset 76% and 56% of energy operating costs in 2023 and 2022, respectively.

Annual Debt Repayment and Share Repurchases

The $953 million of 2023 FCF was used to repay debt, return capital to shareholders and fund working capital requirements. The Corporation repaid US$322 million (approximately $437 million) of outstanding 7.125% senior unsecured notes at a weighted average price of 101.7% and returned $446 million to shareholders through the repurchase and cancellation of 19.0 million shares at a weighted average price of $23.54 per share, approximately 7% of MEG's December 31, 2022 issued and outstanding shares.

Capital Allocation Strategy

Approximately 50% of FCF was allocated to debt repayment in 2023 with the remainder applied to share repurchases. 100% of FCF will be returned to shareholders when the Corporation reaches its US$600 million net debt target, which is anticipated to occur in the third quarter of 2024 assuming a US$75 per barrel WTI price. The Corporation exited 2023 with net debt of US$730 million (approximately $1.0 billion).

The Corporation intends to renew the current NCIB for a one-year period upon its expiration on March 9, 2024, which will allow the repurchase of an additional 10% of MEG's public float.

Sustainability and Pathways Update

The Corporation published its third ESG report in September 2023, which discusses its foundational commitments of Business Model Resilience and Governance and the Corporation's priority ESG topics: Health and Safety; Climate Change and GHG Emissions; Water Management; Energy Security; Energy Affordability; and Indigenous Relations. The ESG report illustrates progress in several areas, including the establishment of a new mid-term absolute GHG emissions (Scope 1 and Scope 2) reduction target of 0.63 megatonnes per year by year-end 2030 (which represents approximately 30% of the Corporation's 2019 GHG emissions); $72 million spent on goods and services provided by Indigenous businesses in 2022 (a 30% increase over 2021); the launch of the Corporation's Diversity, Equity and Inclusion education and awareness campaign focused on ensuring that every team member is valued, respected and heard to enhance decision making, innovation, employee engagement and the Corporation's long-term success; and the continued advancement of the Corporation's safety management programs and systems to ensure safe, sustainable and reliable operations.

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 safely and permanently underground in the Cold Lake region of Alberta. The Pathways Alliance continues to advance detailed evaluations of the proposed carbon storage hub and is working to obtain a carbon sequestration agreement from the Alberta Government in the first half of 2024 to support regulatory submissions. In addition, the Pathways Alliance continues to advance engineering work, environmental field programs to minimize the project's environmental disturbance, and consultations with Indigenous and local communities along the proposed CO_2 transportation and storage network corridor. The 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. The federal government has proposed an investment tax credit ("ITC") for CCS projects for all sectors across Canada and introduced implementing legislation for the CCS ITC in November 2023. In addition, the Alberta Government announced an Alberta Carbon Capture Incentive Program ("ACCIP") which aims to help hard-to-abate industries by providing a grant of 12% for new eligible CCS capital costs. The Pathways Alliance is evaluating these proposals and will continue to work with the federal and Alberta Governments to secure the required financial support and regulatory certainty to enable the CCS project to proceed.

Additional information regarding the Corporation's ESG actions, including the Corporation's 2023 ESG Report, is available in the "Sustainability" section of the Corporation's website at www.megenergy.com. The Corporation's ESG Report and contents of MEG's website are expressly not incorporated by reference in this news release.

2024 Guidance

Summary of 2024 Guidance	
Bitumen production - annual average	102,000 to 108,000 bbls/d
Capital expenditures	$550 million
Non-energy operating costs	$5.10 to $5.40 per bbl
G&A expense	$1.75 to $1.95 per bbl

The 2024 annual production estimate incorporates reduced turnaround activities spread evenly throughout the year. The plan also includes the startup of two well pads, with the first pad on-stream mid-year and the second in the fourth quarter. New pad activity supports the 2024 production estimate and builds well capacity for future growth.

The Corporation's 2024 capital expenditure program will allocate $450 million to sustaining activities and $100 million towards multi-year productive capacity growth. The growth investment reflects the commencement of a three-year project with an estimated total cost of approximately $300 million forecasted to deliver incremental productive capacity around the end of 2026.

The Corporation's balance sheet and operating performance provide a solid foundation to fund the 2024 capital expenditure program. As a result, no WTI or WTI:WCS differential risk management contracts have been entered into for 2024.

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 2023 annual operating and financial results at 6:30 a.m. Mountain Time (8:30 a.m. Eastern Time) on March 1, 2024. 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 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.

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 share price was at a historic low of $1.57 per share. Concurrent with the issuance, the Corporation entered equity price risk management contracts to manage share price volatility in the subsequent three-year period, effectively reducing share price appreciation cash flow risk. The 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. The actual cash impact of the 2020 cash-settled RSUs, however, was subject to equity price risk management contracts, so the cash impact over the term of these RSUs was reduced and the change in value did not provide a valuable indication of operating performance.

Therefore, the financial statement impacts of the April 2020 cash-settled stock-based compensation and the equity price risk management contracts were excluded from adjusted funds flow and free cash flow. All prior periods presented have been adjusted to reflect this change in presentation.

The following table reconciles FFO to AFF to FCF:

	Three months ended December 31		Year ended December 31	
($millions)	**2023**	**2022**	**2023**	**2022**
Funds flow from operating activities	**$ 358**	$ 383	**$ 1,476**	$ 1,882
Adjustments:				
Impact of cash-settled SBC units subject to equity price risk management	**—**	18	**13**	98
Realized equity price risk management gain	**—**	—	**(87)**	(46)
Adjusted funds flow	**358**	401	**1,402**	1,934
Capital expenditures	**(104)**	(106)	**(449)**	(376)
Free cash flow	**$ 254**	$ 295	**$ 953**	$ 1,558

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	**December 31, 2023**	**December 31, 2022**
Long-term debt	**$ 1,124**	$ 1,578
Current portion of long-term debt	**—**	3
Cash and cash equivalents	**(160)**	(192)
Net debt - C$	**$ 964**	$ 1,389
Net debt - US$	**$ 730**	$ 1,026

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 December 31		Year ended December 31	
($millions)	**2023**	**2022**	**2023**	**2022**
Revenues	**$ 1,444**	$ 1,445	**$ 5,653**	$ 6,118
Diluent expense	**(471)**	(505)	**(1,691)**	(1,848)
Transportation and storage expense	**(148)**	(151)	**(600)**	(538)
Purchased product	**(334)**	(216)	**(1,400)**	(1,135)
Operating expenses	**(82)**	(115)	**(334)**	(420)
Realized gain (loss) on commodity risk management	**(9)**	1	**(28)**	10
Cash operating netback	**$ 400**	$ 459	**$ 1,600**	$ 2,187

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 December 31				Year ended December 31			
	2023		**2022**		**2023**		**2022**	
($millions, except as indicated)		**$/bbl**		**$/bbl**		**$/bbl**		**$/bbl**
Revenues	**$ 1,444**		$ 1,445		**$ 5,653**		$ 6,118	
Power and transportation revenue	**(19)**		(55)		**(117)**		(148)	
Royalties	**186**		54		**456**		225	
Petroleum revenue	**1,611**		1,444		**5,992**		6,195	
Purchased product	**(334)**		(216)		**(1,400)**		(1,135)	
Blend sales	**1,277**	**$ 87.33**	1,228	$ 83.28	**4,592**	**$ 87.94**	5,060	$ 102.02
Diluent expense	**(471)**	**(9.58)**	(505)	(14.12)	**(1,691)**	**(9.30)**	(1,848)	(10.07)
Bitumen realization	**$ 806**	**$ 77.75**	$ 723	$ 69.16	**$ 2,901**	**$ 78.64**	$ 3,212	$ 91.95

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 December 31				Year ended December 31			
	2023		**2022**		**2023**		**2022**	
($millions, except as indicated)		**$/bbl**		**$/bbl**		**$/bbl**		**$/bbl**
Transportation and storage expense	**$ (148)**	**$ (14.23)**	$ (151)	$ (14.48)	**$ (600)**	**$ (16.27)**	$ (538)	$ (15.41)
Power and transportation revenue	**$ 19**		$ 55		**$ 117**		$ 148	
Less power revenue	**(19)**		(54)		**(114)**		(144)	
Transportation revenue	**$ —**	**$ —**	$ 1	$ 0.07	**$ 3**	**$ 0.09**	$ 4	$ 0.12
Net transportation and storage expense	**$ (148)**	**$ (14.23)**	$ (150)	$ (14.41)	**$ (597)**	**$ (16.18)**	$ (534)	$ (15.29)

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 December 31				Year ended December 31			
	2023		**2022**		**2023**		**2022**	
($millions, except as indicated)		**$/bbl**		**$/bbl**		**$/bbl**		**$/bbl**
Bitumen realization[1]	**$ 806**	**$ 77.75**	$ 723	$ 69.16	**$ 2,901**	**$ 78.64**	$ 3,212	$ 91.95
Net transportation and storage expense[1]	**(148)**	**(14.23)**	(150)	(14.41)	**(597)**	**(16.18)**	(534)	(15.29)
Bitumen realization after net transportation and storage expense	**$ 658**	**$ 63.52**	$ 573	$ 54.75	**$ 2,304**	**$ 62.46**	$ 2,678	$ 76.66

(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 December 31				**Year ended December 31**			
	2023		**2022**		**2023**		**2022**	
($millions, except as indicated)		**$/bbl**		**$/bbl**		**$/bbl**		**$/bbl**
Non-energy operating costs	**$ (48)**	**$ (4.64)**	$ (45)	$ (4.34)	**$ (185)**	**$ (5.01)**	$ (165)	$ (4.73)
Energy operating costs	**(34)**	**(3.25)**	(70)	(6.71)	**(149)**	**(4.03)**	(255)	(7.29)
Operating expenses	**$ (82)**	**$ (7.89)**	$ (115)	$ (11.05)	**$ (334)**	**$ (9.04)**	$ (420)	$ (12.02)
Power and transportation revenue	**$ 19**		$ 55		**$ 117**		$ 148	
Less transportation revenue	**—**		(1)		**(3)**		(4)	
Power revenue	**$ 19**	**$ 1.79**	$ 54	$ 5.22	**$ 114**	**$ 3.08**	$ 144	$ 4.11
Operating expenses net of power revenue	**$ (63)**	**$ (6.10)**	$ (61)	$ (5.83)	**$ (220)**	**$ (5.96)**	$ (276)	$ (7.91)
Energy operating costs net of power revenue	**$ (15)**	**$ (1.46)**	$ (16)	$ (1.49)	**$ (35)**	**$ (0.95)**	$ (111)	$ (3.18)

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 future prospects; the Corporation’s statement that increased production and improved SOR reflects a continued focus on short-cycle redevelopment programs, enhanced completion designs, optimized well spacing and targeted facility enhancements; the Corporation’s expectation of reaching its US$600 million debt target in the third quarter of 2024; the Corporation’s expectation of returning 100% of free cash flow to shareholders upon reaching its US$600 million target; the Corporation’s intention to renew its share buyback program; the Corporation’s statements regarding its ESG goals and targets, including its mid-term absolute GHG emissions[2] target; the Corporation’s expectations regarding the Pathways Alliance projects and government support of these projects; all statements relating to the Corporation’s 2024 guidance, including its statements regarding 2024 production estimates and its statements regarding the allocation of its 2024 capital program; the Corporation’s expectation that its balance sheet and operating performance provide a solid foundation to fund the 2024 capital program; 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 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

[2] Scope 1 and Scope 2

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 availability of government support to industry to assist in the achievement of the Corporation's GHG emissions[2] reduction targets by 2030 and 2050; 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 its GHG emissions[2] targets by 2030 and 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 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 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 is a member of the Pathways Alliance, a group of Canada's largest oil sands producers working together to address climate change and achieve the goal of net zero emissions[3] by 2050. MEG's common shares are listed on the Toronto Stock Exchange under the symbol "MEG" (TSX: MEG).

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[3] Scope 1 and Scope 2 emissions