PRESS RELEASE

MEG Energy announces second quarter 2024 financial and operating results and declares inaugural quarterly cash dividend

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 (July 25, 2024) – MEG Energy Corp. (TSX:MEG, "MEG" or the "Corporation") reported its second quarter 2024 operational and financial results. The Board of Directors also declared a quarterly cash dividend of $0.10 per share payable on October 15, 2024 to shareholders of record at the close of business on September 17, 2024. All dividends paid by MEG are designated as eligible dividends for Canadian federal income tax purposes.

"We are proud to declare MEG's inaugural dividend," said Darlene Gates, President and CEO of MEG Energy. "This achievement not only reflects our robust financial health but also highlights MEG's maturation as a senior Canadian oil producer. Our US$600 million net debt target will be achieved in the third quarter of 2024 and capital returns to shareholders will rise to 100% of free cash flow through continued share buybacks and a quarterly base dividend."

"We continued to see strong production volumes in the first half of the year and expect volume growth through the remainder of the year as new wells come online. The start-up of the Trans Mountain Expansion ("TMX") Pipeline during the quarter is an industry milestone which we expect will reduce long-standing transportation bottlenecks, leading to narrower and less volatile Canadian light:heavy oil differentials and improved netbacks and profitability."

Second quarter 2024 highlights include:

- On July 25, 2024 the Corporation's Board of Directors declared an inaugural quarterly cash dividend of $0.10 per share, payable on October 15, 2024 to shareholders of record on September 17, 2024;
- The TMX Pipeline had a successful start-up in May 2024 and MEG began shipping AWB to Canada's West Coast under its 20,000 barrels per day ("bbls/d") contracted capacity arrangement which has led to narrower light:heavy oil differentials, improved netbacks and lower anticipated future differential volatility;
- Funds flow from operating activities ("FFO") and adjusted funds flow ("AFF") of $354 million, or $1.30 per share. Year-to-date FFO and AFF totaled $683 million, or $2.49 per share;
- Free cash flow ("FCF") of $231 million, after funding $123 million of capital expenditures. Year-to-date FCF totaled $448 million after $235 million of capital expenditures;
- Debt repayment of US$53 million (approximately $73 million) during the second quarter of 2024 and $158 million (approximately $215 million) year-to-date;
- Net debt declined to US$634 million (approximately $868 million) as at June 30, 2024;
- Shareholder capital returns totaling $68 million through the repurchase and cancellation of 2.2 million shares at a weighted-average price of $30.39 per share. Year-to-date share repurchases totaled 7.0 million shares, at a weighted-average price of $28.05 per share, returning $195 million to shareholders;
- Average bitumen production of 100,531 bbls/d at a 2.44 steam-oil ratio ("SOR"). Year-to-date bitumen production averaged 102,309 bbls/d;
- Bitumen realization after net transportation and storage expense of $73.84 per barrel and $66.55 per barrel year-to-date;

- Operating expenses net of power revenue of $6.62 per barrel. Power revenue offset 54% of energy operating costs, resulting in energy operating costs net of power revenue of $0.99 per barrel and non-energy operating costs of $5.63 per barrel. Year-to-date operating expenses net of power revenue were $6.49 per barrel, including energy operating costs net of power revenue of $1.10 per barrel and non-energy operating costs of $5.39 per barrel;

- The Corporation's 2024 operating and capital guidance remains unchanged; and

- On July 2, 2024, MEG announced the appointment of Michael McAllister to its Board of Directors, effective July 1, 2024.

	Six months ended June 30		2024		2023				2022	
($millions, except as indicated)	**2024**	**2023**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Operational results:										
Bitumen production - bbls/d	**102,309**	96,349	**100,531**	104,088	109,112	103,726	85,974	106,840	110,805	101,983
Steam-oil ratio	**2.40**	2.25	**2.44**	2.37	2.28	2.28	2.25	2.25	2.22	2.39
Bitumen sales - bbls/d	**99,337**	94,942	**93,140**	105,534	112,634	101,625	83,531	106,480	113,582	95,759
Benchmark pricing:										
WTI - US$/bbl	**78.77**	74.95	**80.57**	76.96	78.32	82.26	73.78	76.13	82.65	91.55
Differential - WTI:WCS - Edmonton US$/bbl	**(16.46)**	(20.02)	**(13.61)**	(19.31)	(21.89)	(12.91)	(15.16)	(24.88)	(25.89)	(19.86)
AWB - Edmonton - US$/bbl	**60.98**	52.45	**65.99**	55.96	54.53	67.88	56.41	48.50	53.51	68.75
Financial results:										
Bitumen realization after net transportation & storage expense[(1)] $/bbl	**66.55**	49.69	**73.84**	60.10	63.52	84.75	57.64	43.40	54.75	74.75
Non-energy operating costs[(2)] - $/bbl	**5.39**	5.17	**5.63**	5.18	4.64	5.15	5.66	4.77	4.34	4.49
Energy operating costs net of power revenue[(1)] - $/bbl	**1.10**	1.18	**0.99**	1.19	1.46	(0.04)	0.97	1.36	1.49	0.96
Operating expenses net of power revenue[(1)] - $/bbl	**6.49**	6.35	**6.62**	6.37	6.10	5.11	6.63	6.13	5.83	5.45
Cash operating netback[(1)] - $/bbl	**43.34**	37.89	**47.14**	39.99	38.65	58.64	42.38	34.32	43.89	62.63
General & administrative expense - $/bbl of bitumen production volumes	**2.08**	1.90	**1.98**	2.18	1.89	1.73	1.85	1.94	1.62	1.72
Royalties	**290**	89	**162**	128	186	181	58	31	54	66
Funds flow from operating activities	**683**	626	**354**	329	358	492	278	348	383	501
Per share, diluted	**2.49**	2.15	**1.30**	1.19	1.27	1.71	0.96	1.19	1.28	1.63
Adjusted funds flow[(3)]	**683**	552	**354**	329	358	492	278	274	401	496
Per share, diluted[(3)]	**2.49**	1.90	**1.30**	1.19	1.27	1.71	0.96	0.94	1.34	1.61
Capital expenditures	**235**	262	**123**	112	104	83	149	113	106	78
Free cash flow[(3)]	**448**	290	**231**	217	254	409	129	161	295	418
Debt repayments - US$	**158**	126	**53**	105	128	68	40	86	150	262
Share repurchases - C$	**195**	169	**68**	127	219	58	66	103	196	92
Revenues	**2,737**	2,771	**1,373**	1,364	1,444	1,438	1,291	1,480	1,445	1,571
Net earnings (loss)	**234**	217	**136**	98	103	249	136	81	159	156
Per share, diluted	**0.86**	0.74	**0.50**	0.36	0.37	0.86	0.47	0.28	0.53	0.51
Long-term debt, including current portion	**954**	1,382	**954**	1,015	1,124	1,323	1,382	1,466	1,581	1,803
Net debt[(3)] - US$	**634**	994	**634**	687	730	885	994	1,020	1,026	1,193

(1) Non-GAAP financial measure - please refer to the Advisory section of this news release.
(2) Supplementary financial measure - please refer to the Advisory section of this news release.
(3) Capital management measure - please refer to the Advisory section of this news release.

Financial Results

FFO and AFF increased to $354 million in the second quarter of 2024 from $278 million in the comparable 2023 period driven mainly by a higher cash operating netback per barrel, increased sales volumes and lower interest expense due to reduced debt levels. Cash operating netback rose $4.76 per barrel to $47.14 per barrel in the second quarter of 2024, mainly reflecting a higher bitumen realization after net transportation and storage expense partially offset by higher royalties.

Bitumen realization after net transportation and storage expense rose to $73.84 per barrel in the second quarter of 2024, from $57.64 per barrel in the same period of 2023, driven by a higher average WTI benchmark price, narrower WTI:AWB differentials, lower diluent expense and reduced net transportation and storage expense, partially offset by a lower contribution to overall price realization from USGC sales and marketing optimization activities.

With the start-up of the TMX Pipeline, the Corporation began shipping AWB to Canada's West Coast under its 20,000 bbls/d contracted transportation capacity arrangement. As a result of the expansion, pipeline egress from Western Canada is unconstrained and light:heavy oil differentials have narrowed with anticipated lower volatility relative to historic levels.

FCF increased to $231 million in second quarter of 2024, from $129 million in the comparable 2023 quarter, reflecting higher AFF and lower capital expenditures.

Capital expenditures declined to $123 million in the second quarter of 2024 from $149 million in the same period of 2023, reflecting a decrease in the scope and timing of planned turnaround activities. The Corporation performed a major turnaround at the Christina Lake Facility in the second quarter of 2023 while turnaround activities in 2024 are reduced and spread more evenly throughout the year. This decrease was partially offset by higher planned well development and associated infrastructure spending together with the onset of investment in moderate capacity growth projects.

Net earnings remained flat at $136 million across the second quarters of 2024 and 2023 as higher AFF in the second quarter of 2024 was offset by an unrealized foreign exchange loss on long-term debt, higher depletion and depreciation expense and increased deferred tax expense.

Operating Results

Bitumen production in the second quarter of 2024 rose 17%, to 100,531 bbls/d at a 2.44 SOR, from 85,974 bbls/d at a 2.25 SOR in the comparable 2023 period. The production volume increase primarily reflects the impact of a major planned turnaround at the Christina Lake Facility during the second quarter of 2023, whereas turnaround activities in 2024 are reduced and spread more evenly throughout the year. The higher SOR in the second quarter of 2024 primarily reflects the planned timing of injecting steam in new well starts.

Non-energy operating costs averaged $5.63 per barrel of bitumen sales in the second quarter of 2024 representing a 1% decrease from the same quarter of 2023 reflecting higher bitumen sales volumes in the second quarter of 2024 offset by an expected rise in labour costs, more maintenance activity and an increase in treating chemical volumes to support higher production.

Energy operating costs net of power revenue of $0.99 per barrel in the second quarter of 2024 were consistent with $0.97 per barrel in the comparable 2023 period, as a decline in the realized power price largely offset a weaker AECO natural gas price. Revenue from the sale of excess power generated by the Corporation's cogeneration facilities offset 54% and 75% of energy operating costs in the second quarters of 2024 and 2023, respectively.

Debt Redemption and Share Repurchases

The $231 million of second quarter 2024 FCF was used to redeem debt, return capital to shareholders and fund working capital requirements. The Corporation redeemed US$53 million (approximately $73 million) of outstanding 7.125% senior unsecured notes at a redemption price of 101.8% and returned $68 million to MEG shareholders through the repurchase and cancellation of 2.2 million shares at a weighted-average price of $30.39 per share.

The $448 million of FCF in the first half of 2024 was used to redeem debt, return capital to shareholders and fund working capital requirements. The Corporation redeemed US$158 million (approximately $215 million) of outstanding

7.125% senior unsecured notes at a redemption price of 101.8% and returned $195 million to MEG shareholders through the repurchase and cancellation of 7.0 million shares at a weighted-average price of $28.05 per share.

Capital Allocation Strategy

Approximately 50% of FCF was allocated to debt redemption in the first half of 2024 with the remainder applied to share repurchases. The Corporation exited the second quarter of 2024 with net debt of US$634 million (approximately $868 million) and when the Corporation reaches its US$600 million net debt target, which is anticipated to occur in the third quarter of 2024, 100% of FCF will be returned to shareholders. The balance sheet strength and liquidity profile supports enhanced distributions to shareholders with a continued emphasis on share repurchases.

On July 25, 2024, MEG's Board of Directors approved the initiation of a base dividend program under which the Corporation intends to pay a cash dividend each quarter, subject to Board of Directors' approval. MEG's new base dividend program recognizes its high-quality 50-year 2P reserve life, low production decline, and long-term sustaining break-even price structure below US$50/bbl WTI. MEG has matured into a leading pure play in situ thermal oil producer, focused on delivering FCF and sustainable shareholder cash distributions.

An inaugural cash dividend of $0.10 per share has been declared for payment on October 15, 2024 to shareholders of record on September 17, 2024. This dividend equates to an approximate 1.5% annual yield at MEG's current share price, a level that is positioned to grow through disciplined capital allocation.

Declaration of dividends is at the sole discretion of the Board of Directors and will continue to be evaluated on a quarterly basis. Future declarations will be dependent on, among other things, the prevailing business environment, MEG's financial and operating results and financial condition, the need for funds to finance ongoing operations or growth and other business conditions which the Corporation's Board of Directors considers relevant.

New Member joins MEG Board of Directors

Earlier this month, we were pleased to welcome Michael McAllister to MEG's Board of Directors. His extensive operations and development expertise will be of significant benefit to MEG as we execute on our strategic initiatives. Mr. McAllister, P.Eng., has 40 years of energy industry experience, holding several executive roles with North American oil and gas companies. He spent 20 years at Ovintiv Inc. (formerly Encana Corporation) where, prior to his retirement in 2020, he served as President and he was responsible for the company's operations, exploration, land, marketing, midstream and corporate services. He also served as the company's Executive Vice President and Chief Operating Officer and played a pivotal role leading the company's transformation to a top-tier, liquids-focused North American producer. Prior to that, Mr. McAllister held various technical and leadership roles for Texaco Canada and Imperial Oil Resources.

Mr. McAllister currently serves as a Director of ARC Resources Ltd. and Mediterra Energy Corporation, and he was previously a Governor with the Canadian Association of Petroleum Producers.

Sustainability and Pathways

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. Regulatory applications were filed to the Alberta Energy Regulator on March 22, 2024, seeking approvals for the CO_2 transportation network and storage hub. 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 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 passed Bill C-59, which received Royal Assent on June 20, 2024 and implemented an investment tax credit ("ITC") for CCS projects for all sectors across Canada. 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. ACCIP is being designed to align with the federal CCS ITC and will be finalized after the federal government legislates its CCS ITC and related operating supports, such as contracts for difference. The Pathways Alliance is evaluating these proposals.

Bill C-59 also implemented amendments to the Competition Act related to public statements made by an entity regarding actions taken to protect or restore the environment or mitigate the effects of climate change. The amendments create significant uncertainty as to how Canadian companies may publicly communicate about their environmental and climate performance, and progress and impose significant financial penalties for noncompliance. The Canadian Competition Bureau has indicated that guidance regarding the amendments will be provided but it has not been released to date. As a result, MEG has temporarily removed certain voluntary public disclosures from its website and other social media and is temporarily suspending its 2030 and 2050 GHG emissions[1] targets until such time as clarity is provided by the Canadian Competition Bureau regarding the application and interpretation of the new amendments. MEG remains fully committed to environmental and climate performance and the work it is doing to reduce GHG emissions and will continue to advance its initiatives notwithstanding the cautionary steps it has taken with respect to its environmental disclosure and climate-related targets.

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 second quarter 2024 operating and financial results at 6:30 a.m. Mountain Time (8:30 a.m. Eastern Time) on July 26, 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.

[1] Scope 1 and 2 GHG Emissions

Adjusted Funds Flow and Free Cash Flow

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

The following table reconciles FFO to AFF to FCF:

	Three months ended June 30		**Six months ended June 30**	
($millions)	**2024**	**2023**	**2024**	**2023**
Funds flow from operating activities	**$ 354**	$ 278	**$ 683**	$ 626
Adjustments:				
Impact of cash-settled SBC units subject to equity price risk management	**—**	—	**—**	13
Realized equity price risk management gain	**—**	—	**—**	(87)
Adjusted funds flow	**354**	278	**683**	552
Capital expenditures	**(123)**	(149)	**(235)**	(262)
Free cash flow	**$ 231**	$ 129	**$ 448**	$ 290

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, 2024**	**December 31, 2023**
Long-term debt	**$ 954**	$ 1,124
Cash and cash equivalents	**(86)**	(160)
Net debt - C$	**$ 868**	$ 964
Net debt - US$	**$ 634**	$ 730

Cash Operating Netback

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

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

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

	Three months ended June 30		Six months ended June 30	
($millions)	**2024**	2023	**2024**	2023
Revenues	**$ 1,373**	$ 1,291	**$ 2,737**	$ 2,771
Diluent expense	**(412)**	(363)	**(868)**	(861)
Transportation and storage expense	**(147)**	(152)	**(277)**	(295)
Purchased product	**(341)**	(373)	**(645)**	(787)
Operating expenses	**(66)**	(73)	**(152)**	(172)
Realized gain (loss) on commodity risk management	**(8)**	(7)	**(12)**	(5)
Cash operating netback	**$ 399**	$ 323	**$ 783**	$ 651

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 June 30				Six months ended June 30			
	2024		2023		**2024**		2023	
($millions, except as indicated)		**$/bbl**		$/bbl		**$/bbl**		$/bbl
Revenues	**$ 1,373**		$ 1,291		**$ 2,737**		$ 2,771	
Power and transportation revenue	**(10)**		(24)		**(36)**		(65)	
Royalties	**162**		58		**290**		89	
Petroleum revenue	**1,525**		1,325		**2,991**		2,795	
Purchased product	**(341)**		(373)		**(645)**		(787)	
Blend sales	**1,184**	**$ 98.02**	952	$ 87.81	**2,346**	**$ 90.30**	2,008	$ 81.22
Diluent expense	**(412)**	**(6.91)**	(363)	(10.27)	**(868)**	**(8.50)**	(861)	(14.48)
Bitumen realization	**$ 772**	**$ 91.11**	$ 589	$ 77.54	**$ 1,478**	**$ 81.80**	$ 1,147	$ 66.74

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 June 30				Six months ended June 30			
	2024		2023		2024		2023	
($millions, except as indicated)		$/bbl		$/bbl		$/bbl		$/bbl
Transportation and storage expense	**$ (147)**	**$(17.34)**	$ (152)	$(20.01)	**$ (277)**	**$(15.32)**	$ (295)	$(17.15)
Power and transportation revenue	**$ 10**		$ 24		**$ 36**		$ 65	
Less power revenue	**(10)**		(23)		**(35)**		(63)	
Transportation revenue	**$ —**	**$ 0.07**	$ 1	$ 0.11	**$ 1**	**$ 0.07**	$ 2	$ 0.10
Net transportation and storage expense	**$ (147)**	**$(17.27)**	$ (151)	$(19.90)	**$ (276)**	**$(15.25)**	$ (293)	$(17.05)

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 June 30				Six months ended June 30			
	2024		2023		2024		2023	
($millions, except as indicated)		$/bbl		$/bbl		$/bbl		$/bbl
Bitumen realization[(1)]	**$ 772**	**$ 91.11**	$ 589	$ 77.54	**$ 1,478**	**$ 81.80**	$ 1,147	$ 66.74
Net transportation and storage expense[(1)]	**(147)**	**(17.27)**	(151)	(19.90)	**(276)**	**(15.25)**	(293)	(17.05)
Bitumen realization after net transportation and storage expense	**$ 625**	**$ 73.84**	$ 438	$ 57.64	**$ 1,202**	**$ 66.55**	$ 854	$ 49.69

(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 June 30				Six months ended June 30			
	2024		2023		2024		2023	
($millions, except as indicated)		$/bbl		$/bbl		$/bbl		$/bbl
Non-energy operating costs	**$ (48)**	**$ (5.63)**	$ (43)	$ (5.66)	**$ (98)**	**$ (5.39)**	$ (89)	$ (5.17)
Energy operating costs	**(18)**	**(2.13)**	(30)	(3.92)	**(54)**	**(2.99)**	(83)	(4.84)
Operating expenses	**$ (66)**	**$ (7.76)**	$ (73)	$ (9.58)	**$ (152)**	**$ (8.38)**	$ (172)	$ (10.01)
Power and transportation revenue	**$ 10**		$ 24		**$ 36**		$ 65	
Less transportation revenue	**—**		(1)		**(1)**		(2)	
Power revenue	**$ 10**	**$ 1.14**	$ 23	$ 2.95	**$ 35**	**$ 1.89**	$ 63	$ 3.66
Operating expenses net of power revenue	**$ (56)**	**$ (6.62)**	$ (50)	$ (6.63)	**$ (117)**	**$ (6.49)**	$ (109)	$ (6.35)
Energy operating costs net of power revenue	**$ (8)**	**$ (0.99)**	$ (7)	$ (0.97)	**$ (19)**	**$ (1.10)**	$ (20)	$ (1.18)

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 expectations of production volume growth through the remainder of the year; the Corporation’s expectation that increased Canadian pipeline capacity will narrow heavy oil differentials, reduce differential volatility and result in improved netbacks and profitability; the Corporation’s anticipation 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 pay a cash dividend each quarter subject to Board of Directors approval and the Corporation's expectation that this dividend is positioned to grow through disciplined capital allocation; the Corporation’s expectations regarding the Pathways Alliance projects and government support of these projects; and the Corporation’s adjusted funds flow sensitivity estimates.

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

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

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

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

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

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

About MEG

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

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