

All dollar figures are in \$Cdn unless otherwise noted.

CALGARY, AB--(Marketwired - December 04, 2015) - MEG Energy (TSX: MEG) announced today its 2016 capital investment plan and operational guidance. Highlights include:

- A 2016 capital budget of \$328 million, approximately 70% of which is directed towards sustaining 2015 production levels and 20% towards capturing productivity gains associated with eMSAGP and positioning MEG for future growth through brownfield expansions;
- Financial resources available to the corporation to fund its 2016 capital program include internally generated cash flow, proceeds of \$110 million from the sale of a non-core asset in the fourth quarter of 2015, and cash on hand;
- A targeted production increase to a range of 80,000 to 83,000 barrels per day (bpd) compared to the 2015 guidance of 78,000 to 82,000 bpd;
- Non-energy operating costs projected at \$6.75 to \$7.75 per barrel, reflecting efficiency gains and a continued focus on cost management -- the 2016 target represents a reduction of 13% from the company's 2015 non-energy operating cost guidance;
- Increased access to higher-value markets with a doubling of contracted capacity to 50,000 bpd on the Flanagan-Seaway pipeline system in early 2016.

"Our 2016 investment program, with its low level of sustaining and maintenance capital and low non-energy costs, illustrates how well MEG is positioned in the current low-price environment," said Bill McCaffrey, President and Chief Executive Officer. "This budget also positions the company to implement its brownfield development plans once commodity prices improve."

MEG expects to fund its 2016 capital budget with projected 2016 cash flow from operations, as well as a portion of its cash on hand at the end of 2015. MEG's projected 2015 year-end cash balance, which includes cash proceeds of approximately \$110 million received from the sale of a non-core, undeveloped oil sands asset in the fourth quarter of 2015, is expected to be in excess of its 2016 capital budget. Additionally, ongoing plans to monetize MEG's 50% interest in the Access Pipeline are expected to further strengthen the company's balance sheet in 2016.

2016 Capital Investment Summary

Sustaining and maintenance capital includes the drilling of new wells in the Christina Lake area, as well as maintenance at the company's Christina Lake Phase 2 processing facilities, currently planned for the second quarter of 2016.

The budget includes new well pairs and infill wells that will enhance productivity by capitalizing on freed-up steam from further optimization of MEG's proprietary eMSAGP technology. MEG is also investing capital on critical path and seasonal items related to the first of its future brownfield projects, allowing the corporation flexibility to respond to improving market conditions once the decision to proceed is made.

MEG has allocated \$38 million in 2016 to marketing, corporate and other initiatives. Marketing investments are focused on enhancing the value the company receives for its future barrels of production.

2016 Capital Investment Summary	\$ millions
Sustaining and maintenance	225
Productivity and growth capital	65
Marketing, corporate and other	38
	328

Operational Guidance

MEG is targeting 2016 average production of 80,000 to 83,000 bpd, approximately 2% higher than full-year 2015 guidance. Related non-energy operating costs for 2016 are anticipated to be in the range of \$6.75 to \$7.75 per barrel, a reduction of approximately 13% from the company's 2015 non-energy operating cost guidance of \$7.30 to \$9.30 per barrel. The reduced cost projections are driven by ongoing operational and technological efficiency gains.

	2016 guidance	2015 guidance
Production	80,000 to 83,000 bpd	78,000 to 82,000 bpd
Non-energy costs	\$6.75 to \$7.75 per barrel	\$7.30 to \$9.30 per barrel (initial, excluding impact of capitalized turnaround)
		\$6.90 to \$7.10 per barrel (revised, excluding impact of capitalized turnaround)

Forward-Looking Information

This document may contain forward-looking information including but not limited to: expectations of future production, revenues, expenses, cash flow, operating costs, steam-oil ratios, pricing differentials, reliability, profitability and capital investments; estimates of reserves and resources; the anticipated reductions in operating costs as a result of optimization and scalability of certain operations; and the anticipated sources of funding for operations and capital investments. Such forward-looking information is based on management's expectations and assumptions regarding future growth, results of operations, production, future capital and other expenditures, plans for and results of drilling activity, environmental matters, 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 include, but are not limited to: risks associated with the oil and gas industry, for example, the securing of adequate supplies and access to markets and transportation infrastructure; 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; risks of legislative and regulatory changes to, amongst other things, tax, land use, royalty and environmental laws; assumptions regarding and the volatility of commodity prices and foreign exchange rates; risks and uncertainties associated with securing and maintaining the necessary regulatory approvals and financing to proceed with MEG's future phases and the expansion and/or operation of MEG's projects; risks and uncertainties related to the timing of completion, commissioning, and start-up, of MEG's future phases, expansions and projects; and the operational risks and delays in the development, exploration, production, and capacities and performance associated with MEG's projects.

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 SEDAR website which is available at www.sedar.com.

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

[MEG Energy Corp.](#) is focused on sustainable in situ oil sands development and production in the southern Athabasca oil sands region of Alberta, Canada. MEG is actively developing enhanced oil recovery projects that utilize SAGD extraction methods. MEG's common shares are listed on the Toronto Stock Exchange under the symbol "MEG."

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