MEG Energy announces 2023 Capital Investment Plan and Operational Guidance

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All financial figures are in Canadian dollars ($ or C$) and all references to barrels are per barrel of bitumen sales unless otherwise noted

CALGARY, Nov. 28, 2022 - MEG Energy Corp. (TSX: MEG) ("MEG" or the "Corporation") today announced its 2023 capital investment plan and operational guidance. Highlights include:

- Annual production guidance of 100,000 to 105,000 bbls/d including a planned Q2 turnaround which will impact full year production by approximately 6,000 bbls/d;
- Capital investments of $450 million;
- Non-energy operating costs and general & administrative ("G&A") expense guidance of $4.75 to $5.05/bbl and $1.70 to $1.90/bbl, respectively;
- Effective Crown Royalty payments increasing to 20-25% of realized plant gate bitumen revenue as our Christina Lake project achieves royalty payout;
- Free cash flow to be split equally between debt reduction and share buybacks as MEG executes its financial strategy and advances toward its US$600 million net debt target; and
- Continued emphasis on operations excellence and safety leadership development

2023 Guidance

MEG's production estimate represents an 8% increase from the top end of our revised 2022 production guidance. Record production of 102,000 bbls/d in the third quarter of 2022 and greater than 110,000 bbls/d in October were achieved, and the 2023 estimate reflects sustained field and plant reliability throughout the year. The annual production estimate also incorporates a second quarter turnaround in our Phase 1 & 2 facilities, which will impact the full year by approximately 6,000 bbls/d, as well as other maintenance activities.

MEG has capacity to ship 100,000 bbls/d of AWB blend sales, on a pre-apportionment basis, to the U.S. Gulf Coast market via its committed capacity on the Flanagan South and Seaway Pipeline systems ("FSP"). In addition, 20,000 bbls/d of capacity is contracted on the TMX pipeline system to the Canadian west coast. TMX is scheduled to come into service in the fourth quarter of 2023, which will further broaden MEG's market access and position the company to optimize realized prices.

MEG's improved balance sheet and strong operating performance, together with the current oil price environment, provide a solid foundation to fund the 2023 capital program. As a result, no WTI or WTI:WCS differential hedges have been entered for 2023.

	2023 Guidance (1)
Capital investment	$450 million
Production (average)	100,000 - 105,000 bbls/d
Non-energy operating costs	$4.75 - $5.05 per bbl
G&A expense	$1.70 - $1.90 per bbl

(1) 2023 guidance includes the impact of the scheduled second quarter turnaround which is expected to impact annual production by approximately 6,000 bbls/d.

2023 Capital Investment Summary

Category	2023 Guidance
Well Pads & Redevelopment	$235 million
Facility & Field Infrastructure	$140 million
Turnaround	$55 million
Corporate, Other	$20 million
Total	$450 million

MEG is focused on the delivery of safe and reliable operations from our Christina Lake asset. We will continue to invest in our safety development program, for both employees and contractors, and to advance operational excellence.

The corporation's continued focus on operational excellence is driving increased production at industry leading steam oil ratios ("SOR") with reduced green-house gas ("GHG") intensity. This is being accomplished with enhanced completion designs, optimized inter-well spacing, short-cycle high return redevelopment projects and steam allocation techniques that are lowering field SOR ratios and associated GHG intensity.

Approximately 52%, or $235 million, of the program is allocated towards new well pads, gathering systems, and redevelopment drilling which will generate short-cycle production, improve resource recovery and reduce capital intensity.

An additional $140 million is directed toward facility and field infrastructure. Investments in areas, such as high-pressure steam deployment, gas and water processing, reliability improvements, well work, and sulphur recovery will enhance facility utilization.

Turnaround activities, planned for the second quarter of 2023, comprise $55 million.

Budgeted 2023 capital costs reflect an estimated 7% year-over-year impact from inflationary and supply chain pressures.

Adjusted Funds Flow ("AFF") Sensitivity

MEG's production is entirely comprised of crude oil and AFF is highly correlated with crude oil benchmark prices. The following table provides an annual sensitivity estimate to the most significant market variables.

Variable	Range	2023 AFF Sensitivity[1, 2] (C$mm)
WCS Differential (US$/bbl)	+/- US$1.00/bbl	+/- C$45mm
WTI (US$/bbl)	+/- US$1.00/bbl	+/- C$28mm
Condensate (US$/bbl)	+/- US$1.00/bbl	+/- C$14mm
Bitumen Production (bbls/d)	+/- 1,000 bbls/d	+/- C$13mm
Exchange Rate (C$/US$)	+/- $0.01	+/- C$9mm
Non-energy Opex (C$/bbl)	+/- C$0.25/bbl	+/- C$6mm
AECO Gas[3] (C$/GJ)	+/- C$0.50/GJ	+/- C$2mm

1. Each sensitivity is independent of changes to other variables.
2. Assumes mid point of 2023 production guidance, US$80/bbl WTI, US$23/bbl WTI:AWB Edmonton discount, C$1.32/US$ F/X rate, condensate purchased at 100% of WTI and one bbl of bitumen per 1.44 bbls of blend sales (1.44 blend

ratio).

3. Assumes 1.3 GJ/bbl of bitumen, 70% of 150 MW of power generation sold externally and a 30.0 heat rate (every $0.50/GJ change in AECO natural gas price changes the power price by C$15.00/MWh).

Capital Allocation Strategy

MEG is applying free cash flow to ongoing debt reduction and share buybacks. Year-to-date the corporation has returned $304 million to shareholders by buying 16.3 million shares and has repurchased US$ 966 million (approximately $1,257 million) of debt.

The Corporation reached US$1.2 billion of net debt as at September 30, 2022 and has increased the percentage of free cash flow allocated to share buybacks to 50% with the remainder applied to further debt reduction. This allocation will remain in place until net debt reaches US$600 million, which is expected to occur beyond 2023 at current oil prices. Once the net debt floor of US$ 600 million is reached 100% of free cash flow will be returned to shareholders.

Pathways Alliance

MEG and its Pathways Alliance ("Alliance") partners are making significant progress in advancing the early work required to build one of the world's largest carbon capture and storage ("CCS") facilities. The goals of this unique alliance and project are to support Canada in meeting its climate commitments, position Canada as the preferred global supplier of crude oil and to achieve net zero GHG emissions from oil sands operations by 2050.

Stakeholder engagement and engineering work to develop the project is already underway. The Alliance has progressed engagement with more than 20 Indigenous communities along the proposed CO_2 storage corridor, completed pre-engineering for the CO_2 pipeline and is conducting field programs to support regulatory applications and engineering studies related to the CO_2 capture facilities. On October 4, 2022 the Alliance was one of 19 CCS proposals chosen to proceed to the next stage of evaluation by the Alberta government. The Alliance partners have identified $24.1 billion of investments in CCS and other emissions projects as part of the first phase of its goal to reduce emissions by 22 million tonnes per year by 2030 and reach net zero emissions from the oil sands by 2050.

Alliance work also continues with the Federal and Alberta governments on the appropriate co-investment mechanisms, in addition to the planned Federal Investment Tax Credit, required to get major CCS projects off the drawing board and into the field.

Non-GAAP Measures

Certain financial measures in this news release including free cash flow are non-GAAP measures. These terms are not defined by IFRS and, therefore, may not be comparable to similar measures provided by other companies. These non-GAAP financial measures should not be considered in isolation or as an alternative for measures of performance prepared in accordance with IFRS.

Free cash flow is a non-GAAP measure presented to assist management and investors in analyzing performance by the Corporation as a measure of financial liquidity and the capacity of the business to repay debt, fund capital expenditures and return capital to shareholders. Free cash flow is calculated as adjusted funds flow less capital expenditures. Adjusted funds flow is defined in Note 19 of the third quarter 2021 Financial Statements.

Forward-Looking Information

Certain statements contained in this news release may constitute forward-looking statements within the meaning of applicable Canadian securities laws. These statements relate to future events or MEG's future performance. All statements other than statements of historical fact may be forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "dependent", "ability", "plan", "intend", target, potential and similar expressions are intended to identify forward-looking statements. Forward-looking statements are often, but not always, identified by such words. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. In particular, and without limiting the foregoing, this news release contains forward looking statements with respect to: the Corporation's 2023 capital investment plan and operational guidance, including its 2023 capital budget, production guidance and non-energy operating costs, general and administrative expense and effective Crown Royalty guidance; the Corporation's expectation that sustained field and plant reliability will continue in 2023; the Corporation's expectations that the planned turnaround in the second quarter of 2023 will impact full year production by approximately 6,000 bbls/d; the Corporation's statement that TMX is scheduled to come into service in the fourth quarter of 2023; the Corporation's expectation that its improved balance sheet, strong operating performance and current oil prices will fund its 2023 capital program; the Corporation's ability to delivery safe and reliable operations and to advance operational excellence; the Corporation's statements relating to its capital investment plans, including its expectation that continued focus on operation excellence will drive increased production at leading steam oil ratios with reduced green-house gas intensity; the Corporation's expectations regarding inflationary and supply chain pressures; the Corporation's adjusted funds flow sensitivities; the Corporation's statements regarding 2022 and 2023 free cash flow; the Corporation's statements regarding its net debt level and continued debt reduction plans, including its intention to increase the percentage of free cash flow allocated to share buybacks to 50% with the balance applied to further debt reduction until it reaches its net debt target of US$600 million; and the Corporation's emission reduction goals and ambitions for the Corporation and through the Pathways Alliance.

Forward-looking information contained in this press release is based on management's expectations and assumptions regarding, among other things: future crude oil, bitumen blend, natural gas, electricity, condensate and other diluent prices, differentials, the level of apportionment on the Enbridge mainline system, foreign exchange rates and interest rates; the recoverability of MEG's reserves and contingent resources; MEG's ability to produce and market production of bitumen blend successfully to customers; future growth, results of operations and production levels; future capital and other expenditures; revenues, expenses and cash flow; operating costs; reliability; continued liquidity and runway to sustain operations through a prolonged market downturn; MEG's ability to reduce or increase production to desired levels, including without negative impacts to its assets; anticipated reductions in operating costs as a result of optimization and scalability of certain operations; anticipated sources of funding for operations and capital investments; plans for and results of drilling activity; the regulatory framework governing royalties, land use, taxes and environmental matters, including federal and provincial climate change policies, in which MEG conducts and will conduct its business; the 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 and the commitments therein; the availability of capacity on the electricity transmission grid; the uncertainty of reserve and resource estimates; the uncertainty of estimates and projections relating to production, costs and revenues; health, safety and environmental risks, including public health crises, such as the COVID-19 pandemic, and any related actions taken by governments and businesses; legislative and regulatory changes to, amongst other things, tax, land use, royalty and environmental laws and production curtailment; the cost of compliance with current and future environmental laws, including climate change laws; risks relating to increased activism and public opposition to fossil fuels and oil sands; assumptions regarding and the volatility of commodity prices, interest rates and foreign exchange rates; commodity price, interest rate and foreign exchange rate swap contracts and/or derivative financial instruments that MEG may enter into from time to time to manage its risk related to such prices and rates; timing of completion, commissioning, and start-up, of MEG's turnarounds; the operational risks and delays in the development, exploration, production, and the capacities and performance associated with MEG's projects; MEG's ability to reduce or increase production to desired levels, including without negative impacts to its assets; MEG's ability to finance sustaining capital expenditures; MEG's ability to maintain sufficient liquidity to sustain operations through a prolonged market downturn; changes in credit ratings applicable to MEG or any of its securities; MEG's response to the COVID-19 global pandemic; the severity and duration of the COVID-19 pandemic, including vaccine rollouts; the potential for a temporary suspension of operations impacted by an outbreak of COVID-19; actions taken by OPEC+ in relation to supply management; the 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; and changes in general economic, market and business conditions.

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

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

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

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

About MEG

MEG is an energy company focused on sustainable in situ thermal oil production in the southern Athabasca region of Alberta, Canada. MEG is actively developing innovative enhanced oil recovery projects that utilize steam?assisted gravity drainage ("SAGD") extraction methods to improve the responsible economic recovery of oil as well as lower carbon emissions. MEG transports and sells its thermal oil production to refiners throughout North America and internationally. MEG's common shares are listed on the Toronto Stock Exchange under the symbol "MEG".

Learn more at: www.megenergy.com

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