MEG Energy Corp. announces 2024 fourth quarter and full-year results

27.02.2025 | CNW

MEG Energy Corp. (TSX: MEG) ("MEG" or the "Corporation") reported its fourth quarter and full-year 2024 operational and financial results.[1]

"This was a significant year in the history of our company. MEG achieved several key milestones in 2024, including our fourth straight year of record production, hitting our net debt target and establishing a program to return 100% of our free cash flow to shareholders including an inaugural base dividend," said Darlene Gates, President & Chief Executive Officer of MEG. "MEG is now positioned to grow production and free cash flow per share through share buybacks and our Facility Expansion Project."

2024 Highlights:

- Generated funds flow from operating activities ("FFO") of $1.4 billion or $5.13 per share, and free cash flow ("FCF") of $837 million or $3.10 per share;
- Record bitumen production of 102,012 bbls/d, within guidance, at a 2.39 steam-oil ratio ("SOR");
- Continued to deliver top-quartile non-energy operating cost of $5.39 per barrel, consistent with our guidance, and energy operating costs net of power revenue of $0.93 per barrel;
- Leveraged Trans Mountain Expansion Project startup and our marketing expertise to access new international customers and improve bitumen realization;
- Achieved our targets for debt reduction and balance sheet strength, reducing net debt to $702 million (US$488 million) as at December 31, 2024, positioning MEG to deliver enhanced capital returns to shareholders going forward;
- Returned $481 million in capital to shareholders through a combination of share buybacks and the initiation of a sustainable quarterly dividend of $0.10 per share:
    - Spent $454 million to repurchase and cancel 17.0 million shares, or 6.2% of shares outstanding at the beginning of the year, and
    - Paid $27 million in dividends;
- Continued improvements in workplace safety performance, driving a reduction in Total Recordable Incident Rate to 0.24 in 2024, from 0.46 in 2022; and
- Made a positive Final Investment Decision ("FID") on the Facility Expansion Project ("FEP"), which is expected to add 25,000 barrels per day of production capacity, bringing total production capacity to approximately 135,000 barrels per day in 2027, at an anticipated capital cost of $470 million.

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[1] 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.

	Three months ended December 31		Year ended December 31	
($millions, except as indicated)	2024	2023	2024	2023
Operational results:				
Bitumen production - bbls/d	100,139	109,112	102,012	101,425
Per share, diluted	0.03	0.04	0.14	0.13
Steam-oil ratio	2.40	2.28	2.39	2.27
Bitumen sales - bbls/d	100,821	112,634	101,198	101,086
Benchmark pricing:				
WTI - US$/bbl	70.27	78.32	75.72	77.62
Differential - WTI:WCS - Edmonton - US$/bbl	(12.56)	(21.89)	(14.76)	(18.71)
AWB - Edmonton - US$/bbl	56.82	54.53	59.84	56.83
Financial results:				
Bitumen realization after net transportation and storage expense(1) - $/bbl	62.62	63.52	65.31	62.46
Non-energy operating costs(2) - $/bbl	5.61	4.64	5.39	5.01
Energy operating costs net of power revenue(1) - $/bbl	0.90	1.46	0.93	0.95
Operating expenses net of power revenue(1) - $/bbl	6.51	6.10	6.32	5.96
Cash operating netback(1) - $/bbl	41.09	38.65	42.25	43.36
General & administrative expense - $/bbl of bitumen production volumes	1.85	1.89	1.95	1.86
Royalties	132	186	591	456
Funds flow from operating activities	340	358	1,385	1,476
Per share, diluted				

1.29

1.27

5.13

5.13

Adjusted funds flow[3]	340	358	1,385	1,402
Per share, diluted[3]	1.29	1.27	5.13	4.87
Capital expenditures	172	104	548	449
Free cash flow[3]	168	254	837	953
Per share, diluted[3]	0.64	0.90	3.10	3.31
Weighted average common shares outstanding - diluted	263	282	270	288
Debt repayments - US$	-	128	258	322
Share repurchases - C$	151	219	454	446
Dividends paid - C$	27	-	27	-
Revenues	1,147	1,444	5,149	5,653
Net earnings	106	103	507	569
Per share, diluted	0.40	0.37	1.87	1.98
Long-term debt	858	1,124	858	1,124
Net debt - US$[3]	488	730	488	730

(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

Bitumen production averaged 100,139 barrels per day at a SOR of 2.40 compared to 109,112 barrels per day at a SOR of 2.28 for the same period in 2023. The decrease in production and increase in SOR primarily reflect the timing of new well starts and a one-time, unplanned outage during the fourth quarter of 2024.

FFO and adjusted funds flow ("AFF") were $340 million in the fourth quarter of 2024, compared to $358 million in the same period of 2023, mainly reflecting reduced sales volumes, partially offset by lower diluent expense, royalties and interest expense.

On a diluted per-share basis, AFF increased to $1.29 per share in the fourth quarter of 2024 from $1.27 per share in the comparative 2023 period due to the decrease in the number of shares outstanding as a result of share buybacks.

Fourth quarter net earnings were $106 million in 2024, compared to $103 million in 2023, reflecting lower depletion and depreciation expense in 2024 and an onerous contract expense that was recognized in 2023, largely offset by an unrealized foreign exchange loss on long-term debt and higher deferred income tax expense.

The Corporation returned $178 million in capital to shareholders during the quarter, with $151 million allocated for the repurchase of 5.9 million shares and $27 million used for payment of dividends.

Full-Year Financial Results

MEG generated $1,385 million of FFO and AFF in 2024 compared to $1,476 million and $1,402 million,

respectively, in 2023, driven by a lower cash operating netback partially offset by lower interest expense due to debt reduction. The lower 2024 cash operating netback mainly reflects higher royalty expense, partially offset by the benefit of a narrower WTI:AWB differential.

Bitumen realization after net transportation and storage expense increased by 5% to $65.31 per barrel in 2024, primarily driven by narrower WTI:AWB differentials, lower diluent expense and the positive impact of a weaker Canadian dollar, partially offset by a lower average WTI price and lower price realization associated with diverse market access. With respect to WTI:AWB differentials, they averaged about $5.00 per barrel narrower in 2024 versus 2023, reflecting the impact of TMX startup mid-year.

Capital expenditures increased to $548 million in 2024, from $449 million in 2023, reflecting planned investments in the FEP and field development, partially offset by the decreased scope of turnaround activities.

After funding capital expenditures, MEG generated $837 million of 2024 free cash flow, which was used to redeem $351 million (US$258 million) of outstanding 7.125% senior unsecured notes, repurchase and cancel $454 million, or 17.0 million common shares, at a weighted-average price of $26.77 per share, and pay $27 million of base dividends.

Net earnings in 2024 were $507 million, versus $569 million in 2023, reflecting an unrealized foreign exchange loss on long-term debt, increased deferred tax and depletion and depreciation expenses and lower AFF, partially offset by an unrealized gain on risk management and an onerous contract expense recognized in 2023.

Full-Year Production and Operating Results

Average 2024 bitumen production was 102,012 barrels per day at a SOR of 2.39, compared to 101,425 barrels per day in 2023 at a SOR of 2.27. The production increase is due to reduced 2024 turnaround activities, partially offset by cold weather impacts, the timing of new well start-ups and planned facility maintenance. The increase in the SOR primarily reflects planned timing of steam injection in new well starts.

Per barrel non‐energy operating costs were $5.39 in 2024 versus $5.01 per barrel in 2023 primarily reflecting an expected increase in labour costs, treating chemical costs, compliance costs and property taxes.

Energy operating costs net of power revenue were $0.93 per barrel in 2024 compared to $0.95 per barrel in 2023. The benefit associated with a weaker AECO natural gas price was largely offset by lower power revenue.

FEP Progress

On November 25, 2024, MEG announced that the Corporation's Board of Directors had made a positive FID on the FEP, which is expected to add 25,000 barrels per day of production capacity, bringing total production capacity to approximately 135,000 barrels per day in 2027, at an anticipated capital cost of $470 million.

This organic growth project is expected to be entirely self-funded and builds upon the upfront work to delineate the Corporation's reserves. The FEP is expected to deliver significant value for shareholders, with a greater than 50% estimated internal rate of return at US$70 per barrel WTI pricing.

In 2024, the Corporation completed front-end engineering and design and other activities totaling $30 million in capital expenditures. Updates on FEP progress will be provided regularly.

Capital Allocation Strategy

In 2024, the Corporation completed its multi-year debt reduction strategy and initiated a program of

increased capital returns to shareholders with 100% of free cash flow allocated to share buybacks and the initiation of a sustainable common share dividend.

MEG's inaugural cash dividend of $0.10 per share was paid on October 15, 2024. On November 5, 2024, the Corporation's Board of Directors declared a $0.10 per share dividend that was paid on January 15, 2025, to shareholders of record at the close of business on December 16, 2024.

On February 27, 2025, the Corporation's Board of Directors declared a quarterly dividend of $0.10 per share for payment on April 15, 2025, to shareholders of record on March 20, 2025.

All dividends paid by MEG are designated as eligible dividends for Canadian federal income tax purposes. Declaration of dividends is at the discretion of the Board of Directors and will continue to be evaluated on a quarterly basis.

The Company intends to renew its normal course issuer bid for a one-year period upon its expiration on March 10, 2025, which will allow the repurchase of up to an additional 10% of MEG's public float.[2]

2025 Guidance

Summary of 2025 Guidance	
Capital expenditures	$635 million
Bitumen production - annual average	95,000 to 105,000 bbls/d
Non-energy operating costs	$5.30 to $5.80 per bbl

Full-year 2025 production guidance includes the impact of a turnaround in the second quarter, with an estimated annualized production impact of 8,000 barrels per day. The full-year production guidance also reflects the startup of two new well pads in the second half of the year, supporting capacity for future production.

The Corporation's $635 million capital expenditure program for 2025 includes $70 million for planned turnaround activities and $130 million for the multi-year FEP. The remaining $435 million expenditure is attributable to normal course sustaining and maintenance activities.

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[2] As defined by the Toronto Stock Exchange

Adjusted Funds Flow Sensitivity

MEG's production is composed 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	2025 AFF Sensitivity(1)(2) - Cdn$
WCS Differential (US$/bbl)	+/- US$1.00/bbl	+/- C$46mm
WTI (US$/bbl)	+/- US$1.00/bbl	+/- C$32mm
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$5mm

(1) Each sensitivity is independent of changes to other variables.

(2) Assumes mid-point of 2025 production guidance, US$70.00/bbl WTI, ~US$13.00/bbl Edmonton/PADD II WTI:WCS 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 1.3 GJ/bbl of bitumen, 64% of 150 MW of power generation sold externally and a 25.0 heat rate (every $0.50/GJ change in AECO natural gas price changes the power price by C$12.50/MWh).

Pathways Alliance

MEG, along with its Pathways Alliance peers, continues to progress pre-work on the proposed foundational carbon capture and storage project, which will transport CO2 via pipeline from multiple oil sands facilities to be stored permanently underground in the Cold Lake region of Alberta. 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.

Conference Call

A conference call will be held to review MEG's 2024 results on February 28, 2025, at 6:30 a.m. Mountain Time (8:30 a.m. Eastern Time). To participate, please dial the North American toll-free number 1-888-510-2154, or the international call number 1-437-900-0527.

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.

The following table reconciles FFO to AFF to FCF:

	Three months ended December 31		Year ende
($millions)	2024	2023	2024
Funds flow from operating activities	$ 340	$ 358	$ 1,385
Adjustments:			
Impact of cash-settled SBC units subject to equity price risk management	-	-	-
Realized equity price risk management gain	-	-	-
Adjusted funds flow	340	358	1,385
Capital expenditures	(172)	(104)	(548)
Free cash flow	$ 168	$ 254	$ 837

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, 2024	December 31, 2023
Long-term debt	$ 858	$ 1,124
Cash and cash equivalents	(156)	(160)
Net debt - C$	$ 702	$ 964
Net debt - US$	$ 488	$ 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, dividends, 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)	2024	2023	2024	2023
Revenues	$ 1,147	$ 1,444	$ 5,149	$ 5,653
Diluent expense	(411)	(471)	(1,682)	(1,691)
Transportation and storage expense	(177)	(148)	(625)	(600)
Purchased product	(99)	(334)	(958)	(1,400)
Operating expenses	(72)	(82)	(290)	(334)
Realized gain (loss) on commodity risk management	(7)	(9)	(29)	(28)
Cash operating netback	$ 381	$ 400	$ 1,565	$ 1,600

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			
	2024		2023		2024		2023	
($millions, except as indicated)		$/bbl		$/bbl		$/bbl		$/bbl
Revenues	$ 1,147		$ 1,444		$ 5,149		$ 5,653	
Power and transportation revenue	(12)		(19)		(58)		(117)	
Royalties	132		186		591		456	
Petroleum revenue	1,267		1,611		5,682		5,992	
Purchased product	(99)		(334)		(958)		(1,400)	
Blend sales	1,168	$ 89.00	1,277	$ 87.33	4,724	$ 90.02	4,592	$ 87.94
Diluent expense	(411)	(7.42)	(471)	(9.58)	(1,682)	(7.90)	(1,691)	(9.30)
Bitumen realization	$ 757	$ 81.58	$ 806	$ 77.75	$ 3,042	$ 82.12	$ 2,901	$ 78.64

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			
	2024		2023		2024		2023	
($millions, except as indicated)		$/bbl		$/bbl		$/bbl		$/bbl
Transportation and storage expense	$ (177)	$ (19.01)	$ (148)	$ (14.23)	$ (625)	$ (16.86)	$ (600)	$ (16.27)
Power and transportation revenue	$ 12		$ 19		$ 58		$ 117	
Less power revenue	(11)		(19)		(56)		(114)	
Transportation revenue	$ 1	$ 0.05	$ -	$ -	$ 2	$ 0.05	$ 3	$ 0.09
Net transportation and storage expense	$ (176)	$ (18.96)	$ (148)	$ (14.23)	$ (623)	$ (16.81)	$ (597)	$ (16.18)

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			
	2024		2023		2024		2023	
($millions, except as indicated)		$/bbl		$/bbl		$/bbl		$/bbl
Bitumen realization[1]	$ 757	$ 81.58	$ 806	$ 77.75	$ 3,042	$ 82.12	$ 2,901	$ 78.64
Net transportation and storage expense[1]	(176)	(18.96)	(148)	(14.23)	(623)	(16.81)	(597)	(16.18)
Bitumen realization after net transportation and storage expense	$ 581	$ 62.62	$ 658	$ 63.52	$ 2,419	$ 65.31	$ 2,304	$ 62.46

(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			
	2024		2023		2024		2023	
($millions, except as indicated)		$/bbl		$/bbl		$/bbl		$/bbl
Non-energy operating costs	$ (52)	$ (5.61)	$ (48)	$ (4.64)	$ (199)	$ (5.39)	$ (185)	$ (5.01)
Energy operating costs	(20)	(2.18)	(34)	(3.25)	(91)	(2.45)	(149)	(4.03)
Operating expenses	$ (72)	$ (7.79)	$ (82)	$ (7.89)	$ (290)	$ (7.84)	$ (334)	$ (9.04)
Power and transportation revenue	$ 12		$ 19		$ 58		$ 117	
Less transportation revenue	(1)		-		(2)		(3)	
Power revenue	$ 11	$ 1.28	$ 19	$ 1.79	$ 56	$ 1.52	$ 114	$ 3.08
Operating expenses net of power revenue	$ (61)	$ (6.51)	$ (63)	$ (6.10)	$ (234)	$ (6.32)	$ (220)	$ (5.96)
Energy operating costs net of power revenue	$ (9)	$ (0.90)	$ (15)	$ (1.46)	$ (35)	$ (0.93)	$ (35)	$ (0.95)

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 plans regarding the cost, timing and production capacity growth of the FEP; the Corporation's expectation that the FEP will be self-funded; the Corporation's expectation regarding the capital efficiency per barrel and the internal rate of return of the FEP; the Corporation's 2025 operating and capital guidance, including its expectations regarding 2025 annual average production, capital expenditures and non-energy operating costs; the Corporation's expectation of the startup of two new well pads in the second half of 2025, and the impact on production in 2025 from the planned second quarter turnaround; the Corporation's adjusted funds flow sensitivity estimates; and the Corporation's intent to renew its normal course issuer bid.

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; 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; support for protectionism and rising anti-globalization sentiment in the United States and other countries; enacted and proposed export and import restrictions, including but not limited to tariffs, export taxes or curtailment on exports; 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 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).

Learn more at: www.megenergy.com

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