

# MEG Energy Recommends that Shareholders Reject the Revised Strathcona Offer; Reaffirms Support for the Cenovus Transaction

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- MEG's Board of Directors unanimously recommends that MEG Shareholders vote FOR the Cenovus Transaction
- Revised Strathcona Offer exposes MEG Shareholders to inferior assets, an unproven track record, an overvalued Strathcona share price, significant overhang risk, and governance risk
- The Special Distribution described in the Revised Strathcona Offer results in a weaker balance sheet and increased financial risk for the combined company compared to the Initial Strathcona Offer
- Cenovus Transaction accelerates value realization from MEG's standalone plan, provides shareholders with substantial cash and highly liquid share consideration with lower risk and upside participation in long-term value creation potential

[MEG Energy Corp.](#) (TSX: MEG) ("MEG", or the "Company") announced today that its Board of Directors (the "MEG Board") has reaffirmed its unanimous recommendation to the holders ("MEG Shareholders") of MEG common shares ("MEG Shares") to vote FOR the Cenovus Transaction (as defined below) and recommends that MEG Shareholders REJECT the revised unsolicited [Strathcona Resources Ltd.](#) ("Strathcona") offer (the "Revised Strathcona Offer").

On August 22, 2025, MEG announced it had entered into an arrangement agreement (the "Arrangement Agreement") with [Cenovus Energy Inc.](#) (TSX: CVE) (NYSE: CVE) ("Cenovus") under which Cenovus will acquire all of the issued and outstanding MEG Shares in a transaction that values MEG at \$28.18 per share on a fully prorated basis at Cenovus's closing share price on September 12, 2025, representing an enterprise value of approximately \$8.2 billion, including assumed debt (the "Cenovus Transaction").

The Cenovus Transaction provides MEG Shareholders with choice to elect their preferred form of consideration and is to be completed by way of a plan of arrangement under the Business Corporations Act (Alberta) where each MEG Shareholder will be entitled to elect to receive:

- i. \$27.25 in cash per MEG Share; or
- ii. 1.325 Cenovus common shares (each whole share, a "Cenovus Share") per MEG share; or
- iii. a combination thereof,

in all cases, subject to rounding and proration based on the maximum amount of cash and the maximum amount of Cenovus Shares to be provided to MEG Shareholders, as set out in the Arrangement Agreement.

On a fully pro-rated basis, consideration per MEG Share represents approximately \$20.44 in cash and 0.33125 of a Cenovus Share.

On September 10, 2025, Strathcona filed a Notice of Variation, Change and Extension in connection with its Revised Strathcona Offer, offering MEG Shareholders 0.80 of a Strathcona common share (each whole share, a "Strathcona Share") per MEG Share. As part of the proposal, Strathcona indicated that if the Revised Strathcona Offer is successful, MEG Shareholders would be eligible to receive a proportionate share of the potential "Special Distribution" by Strathcona totaling \$2.142 billion, the payment of which

remains subject to various conditions and approvals. The Special Distribution would equate to approximately \$4.18 per MEG Share at the offered 0.80 exchange ratio. The Special Distribution, if completed, does not deliver incremental consideration to MEG Shareholders as it would significantly increase the leverage of the combined company and reduce its equity value by \$2.142 billion, thereby negatively impacting the price of Strathcona Shares that MEG Shareholders would receive under the Revised Strathcona Offer.

"The Revised Strathcona Offer remains fundamentally unattractive for MEG shareholders because it fails to address or adequately compensate for the significant risks embedded in Strathcona Shares," said James McFarland, Chair of the MEG Board. "MEG shareholders would be exposed to inferior assets, an unproven track record, an overvalued Strathcona share price, significant overhang risk, and governance risk."

McFarland continued: "In contrast, the Cenovus Transaction delivers an attractive price, upside potential, substantial cash, and value certainty that MEG Shareholders deserve. The Board unanimously recommends that MEG Shareholders vote FOR the Cenovus Transaction."

"Through our engagement with MEG Shareholders, we have heard overwhelming acknowledgement of the industrial logic of the Cenovus Transaction," said Darlene Gates, President and CEO of MEG. "We have also heard the majority of MEG institutional shareholders express concerns around acceptance of Strathcona share consideration and the resultant impacts on the trading of the combined company's shares, with recognition of Strathcona's inferior asset quality, unproven track record, inflated share price, and the risks associated with WEF ownership."

#### Reasons to REJECT the Revised Strathcona Offer

The Revised Strathcona Offer consists of unattractive all-share consideration. The MEG Board recommends that MEG Shareholders REJECT the Revised Strathcona Offer for the following key reasons:

- **Inferior Assets and Unproven Track Record.** MEG's Christina Lake is a best-in-class SAGD project with top quartile low steam-oil ratio ("SOR"), cost structure, and significant resource portfolio depth. Strathcona, on the other hand, owns a portfolio of much smaller, geographically dispersed assets with a higher cost structure and oil sands assets that operate at SORs approximately 60% higher than those at Christina Lake. Strathcona has built its asset portfolio through acquisitions and has only demonstrated organic production growth in its now-divested Montney segment, noting that production from its heavy oil segment has decreased by 16% from the levels observed when its acquisitions occurred.
- **Overvalued Strathcona Shares.** Strathcona Shares lack trading liquidity, making the quoted market price an unreliable indicator of value and the current quoted price suggests an overvaluation of Strathcona Shares. Third party research notes that Strathcona is "trading at a ~30% premium to its NAV, versus the median E&P in our coverage trades at a discount"<sup>1</sup> and, as of September 12, 2025, the median target price of Strathcona Shares among equity research analysts covering Strathcona was below the market-observed trading price of Strathcona Shares.
- **Higher Leverage.** Payment of the \$2.142 billion Special Distribution described in the Revised Strathcona Offer would significantly increase Strathcona's financial leverage compared to the initial unsolicited offer and the Cenovus Transaction. With consideration now entirely in Strathcona Shares, MEG Shareholders would be fully exposed to a riskier, more highly leveraged combined company.
- **Significant Overhang Risk.** Waterous Energy Fund ("WEF") has a large, concentrated ownership position which creates material risk of share price decline for the combined company. Having been invested as early as 2016, WEF will soon need to return capital to its limited partner investors and has stated that it intends to do so by distributing Strathcona Shares, which could be subsequently sold, depressing their value.

"We're going to have to return all of the capital to our investors roughly over the next three years."

- WEF's Managing Partner and CEO, Strathcona's November 2024 Investor Day

While Strathcona referenced possible lock-up agreements, it has provided no meaningful detail, including on

scope, such as whether distributions to WEF's limited partner investors would be restricted, duration, and the parties to such lock-up agreements, and MEG cannot determine whether the lock-up mitigates or merely delays the risks to MEG Shareholders. This overhang risk remains significant and unresolved.

- **Governance Risk.** WEF would control 48% of the combined company, giving it unique incentives and outsized influence. WEF's obligations to its limited partner investors present a significant conflict of interest and could result in strategic decisions for the combined company that may not reflect the best interests of minority shareholders, including current MEG Shareholders.

1. Third party equity research report published on September 9, 2025.

#### Reasons to Vote FOR the Cenovus Transaction

The MEG Board's reasons for reaffirming its recommendation to vote FOR the resolution approving the Cenovus Transaction include:

- **Preferred Strategic Alternative After Comprehensive Review of All Alternatives.** The Cenovus Transaction was determined to be the preferred strategic alternative to MEG Shareholders following a comprehensive review process. This included assessing a broad range of potential alternatives, including the "Initial Strathcona Offer", against MEG's standalone business plan.

The process involved outreach to over 15 parties, including oil and gas industry participants and financial sponsors in Canada, the U.S., and internationally, and the publicly announced process gave other parties the opportunity to express interest. MEG received three non-binding proposals, including one from Cenovus. Through rigorous negotiations, MEG secured an increase in the Cenovus offer from \$25.00 to \$27.25 per MEG Share (at announcement) and increased the equity component from 20% to 25%.

- **Participation in Realization of Synergies.** The Arrangement Agreement provides MEG Shareholders continued ownership in a prominent SAGD oil sands company and the ability to participate in future upside through ownership in Cenovus, an industry-leading producer with significant scale and growth potential. The combined company will benefit from greater efficiencies and significant corporate, commercial, operational and developmental synergies due to the strong asset fit in the Athabasca region. Cenovus expects to realize approximately \$150 million in near-term annual synergies, increasing to over \$400 million per year in 2028 and beyond.
- **Superior Upside Potential in Cenovus Shares.** Based on median equity research analyst target prices, Cenovus Shares offer a 24% upside to their trading price as of September 12, 2025, compared to the 3% downside price target for Strathcona Shares, representing a difference of 27%. Moreover, 100% of equity research analysts covering Cenovus rate Cenovus Shares with a "buy" recommendation, compared to just 20% for Strathcona Shares. Unlike the Revised Strathcona Offer, the Cenovus Transaction offers MEG Shareholders either the combination of cash and shares, or the option to choose their preferred form of consideration.
- **Accelerates MEG's Standalone Value.** The Arrangement Agreement brings forward substantial value from MEG's standalone business plan, including the expansion project at Christina Lake. Cenovus plans to spend an incremental ~\$400 million of capital between 2026-2028 to accelerate value and deliver production capacity of 150,000 bpd at Christina Lake by 2028, 15,000 bpd above what is expected of the standalone MEG business plan.
- **Certainty of Value and Robust Liquidity :** The Cenovus Transaction offers a high degree of value certainty, with 73% of the value of total consideration in cash and 27% in highly liquid Cenovus Shares, as of September 12, 2025. Cenovus Shares will be freely tradeable immediately upon closing. Cenovus Shares have averaged over \$450 million in daily trading value year-to-date in 2025, ensuring MEG Shareholders benefit from immediate and reliable liquidity.

Additional information can be found in the Investor Presentation, which is available at [www.megenergy.com/offer-update](http://www.megenergy.com/offer-update).

#### Recommendation of the MEG Board

The MEG Board's determination to REJECT the Revised Strathcona Offer followed careful consideration,

including advice from its external financial and legal advisors, the unanimous recommendation of the Special Committee of the MEG Board (the "Special Committee"), and have heard feedback from the majority of MEG institutional shareholders expressing strong aversion to receiving Strathcona Shares. After considering such advice, the MEG Board has unanimously reaffirmed its recommendation that MEG Shareholders vote FOR the resolution approving the Cenovus Transaction at the Meeting (as defined herein) and REJECT the Revised Strathcona Offer.

To REJECT the Revised Strathcona Offer, simply take NO ACTION. If you have tendered your MEG Shares to the Revised Strathcona Offer and wish to withdraw, ask your broker or contact Morrow Sodali (Canada) Ltd. ("Sodali & Co."), the information agent retained by MEG, to assist you with that process. You can reach Sodali & Co. by toll-free phone call in North America to 1-888-999-2785, or to 1-289-695-3075 for banks, brokers, and callers outside North America or by e-mail at [assistance@investor.sodali.com](mailto:assistance@investor.sodali.com).

#### Cenovus Transaction Meeting and Voting Details

MEG Shareholders will vote on the Cenovus Transaction at a special meeting (the "Meeting") that will be held on October 9, 2025, at 9:00 a.m. (Calgary Time), in person at Brookfield Place, 225 - 6<sup>th</sup> Avenue S.W., Suite 1400, Calgary, Alberta or through a live audio webcast accessible at <https://meetings.lumiconnect.com/400-560-917-636>.

MEG filed an information circular ("Circular") on September 12, 2025, providing further details on the Meeting and the Cenovus Transaction, including voting instructions, and MEG Shareholders are encouraged to review the Circular. MEG Shareholders are urged to vote well in advance of the Meeting.

Accompanying the Circular is a letter of transmittal and election form containing instructions on how MEG Shareholders can elect their consideration and deposit their MEG Shares. Failure to complete a letter of transmittal and election form prior to the election deadline, being 4:30 p.m. (Calgary Time) on October 7, 2025 (or if the Meeting is adjourned or postponed, no later than 4:30 p.m. (Calgary Time) on the business day that is two business days prior to the date on which the Meeting is reconvened or held, as the case may be) will result in a deemed election by such MEG Shareholder to receive: (i) \$27.25 in cash per MEG Share for 75% of the MEG Shares held by such MEG Shareholder; and (ii) 1.325 Cenovus Shares per MEG Share for 25% of the MEG Shares held by such MEG Shareholder, subject to rounding and pro-rata based on the maximum amount of cash and Cenovus Shares set out in the Arrangement Agreement and as described in the Circular.

The information provided herein is supplemental to the information contained in the Circular filed on September 12, 2025 and is being disseminated to MEG Shareholders in accordance with the terms of the Interim Order granted by the Court of King's Bench on September 9, 2025, a copy of which is appended to the Circular as Appendix C.

#### Advisors

BMO Capital Markets and Burnet, Duckworth & Palmer LLP are acting as financial advisor and legal counsel, respectively, to the Company. RBC Capital Markets and Norton Rose Fulbright Canada LLP are acting as financial advisor and legal counsel, respectively, to MEG's Special Committee.

#### Forward-Looking Information

Certain statements contained in this news release may contain forward-looking statements and forward-looking information (collectively, "forward-looking information") within the meaning of applicable Canadian securities laws. All statements other than statements of historical fact may be forward-looking statements. Forward-looking information is frequently characterized by words such as "estimate", "will", "would", "believe", "plan", "expected", "potential", and other similar words or statements that certain events or conditions "likely", "may", "should", "would", "might" or "could" occur. Forward-looking information is often, but not always, identified by such words. Forward-looking information involves 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, many of which are beyond MEG's control. MEG believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that

these expectations will prove to be correct and such forward-looking information included in this news release should not be unduly relied upon. Specific forward-looking information contained in this news release includes, among other, statement pertaining to the following: the anticipated results of and risks associated with accepting the Revised Strathcona Offer, including exposing MEG Shareholders to inferior assets, an overvalued Strathcona Share price, exposure to a more highly leveraged combined company, governance risks and overhang risks; the Special Distribution including the eligibility of MEG Shareholders to receive the Special Distribution, the anticipated amount per Strathcona Share and per MEG Share of the Special Distribution, the anticipated effects of the Special Distribution on the combined company and the Strathcona Share price if the Revised Strathcona Offer is accepted and the anticipated increase in Strathcona's financial leverage compared to the Initial Strathcona Offer; the benefits of MEG's Christina Lake assets; WEF's anticipated ownership percentage in the combined company if the Revised Strathcona Offer is accepted; the expectation that WEF will soon need to return capital to its limited partner investors and that it will do so by distributing Strathcona Shares and the effects thereof; expectations with respect to the Cenovus Transaction; the anticipated benefits of the Cenovus Transaction, including that the combined company will benefit from greater efficiencies and corporate, commercial, operational and developmental synergies and the anticipated value and timing thereof; equity research analyst price targets and the projected upside of the Cenovus Shares; Cenovus's plans to spend incremental capital between 2026-2028 and to deliver production capacity of 150,000 bpd at Christina Lake, the timing thereof and the anticipated increase to the expected production capacity from MEG's standalone business plan; that the Cenovus Shares will be freely tradeable upon closing and that such Cenovus Shares will provide access to reliable liquidity; expectations regarding the Notice of Change; the timing and location of the Meeting; results of failing to meet the deadline to submit a letter of transmittal and election form; and other similar statements.

Forward-looking information is based on, among other things, MEG's expectations regarding its future, growth, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, plans for and results of drilling activity, environmental matters, business prospects and opportunities. Such forward-looking information reflects MEG's current beliefs and assumptions and is based on information currently available to it.

With respect to forward-looking information contained in this news release, assumptions have been made regarding, among other things: the Special Distribution, including the necessary conditions and approvals; Strathcona's and WEF's intentions if the Revised Strathcona Offer is accepted; the satisfaction of the conditions the Cenovus Transaction is subject to; the approval of the Cenovus Transaction at the Meeting and the completion of the Cenovus Transaction on anticipated terms and timing, or at all; MEG's standalone plan; the future Cenovus Share price and the liquidity of the Cenovus Shares; the Strathcona Share price and the future trading liquidity of the Strathcona Shares; future crude oil, bitumen blend, natural gas, electricity, condensate and other diluent prices; that tariffs currently in effect will remain the same; the combined company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner; foreign exchange rates and interest rates; the applicability of technologies for the recovery and production of reserves and contingent resources; the recoverability of reserves and contingent resources; the ability to produce and market production of bitumen blend successfully to customers; MEG's ability to maintain its dividend and capital programs; future production levels and SOR; future capital and other expenditures; operating costs; anticipated sources of funding for operations and capital investments; the regulatory framework governing royalties, land use, taxes and environmental matters, including federal and provincial climate change policies, in the jurisdictions in which MEG and Cenovus conduct and will conduct their business; future debt levels; geological and engineering estimates in respect of reserves and contingent resources; the geography of the areas in which MEG is conducting exploration and development activities; the impact of increasing competition; the ability to obtain financing on acceptable terms; and business prospects and opportunities. Many of the foregoing assumptions are subject to change and are beyond MEG's control.

Some of the risks that could affect MEG's future results and could cause actual results to differ materially from those expressed in the forward-looking information include: the risk that the Cenovus Transaction may be varied, accelerated or terminated in certain circumstances; risks relating to the outcome of the Cenovus Transaction, including the risks associated with approval at the Meeting; the risk that the conditions to the Cenovus Transaction may not be satisfied, or to the extent permitted, waived, including the risk that required regulatory approvals may not be received in a timely manner or at all; the risk that operating results will differ from what is currently anticipated; MEG's status and stage of development; the concentration of MEG's production in a single project; the majority of MEG's total reserves and contingent resources are non-producing and/or undeveloped; the uncertainty of reserve and resource estimates; long-term reliance on third parties; the effect or outcome of litigation; the effect of any diluent supply constraints and increases in the cost thereof; the potential delays of and costs of overruns on projects and future expansions of MEG's assets; operational hazards; competition for, among other things, capital, the acquisition of reserves and resources, pipeline capacity and skilled personnel; risks inherent in the bitumen recovery process; changes

to royalty regimes; the failure of MEG to meet specific requirements in respect of its oil sands leases; claims made by Indigenous peoples; unforeseen title defects and changes to the mineral tenure framework; risks arising from future acquisition activities; sufficiency of funds; fluctuations in market prices for crude oil, natural gas, electricity and bitumen blend; future sources of insurance for MEG's property and operations; public health crises, similar to the COVID-19 pandemic, including weakness and volatility of crude oil and other petroleum products prices from decreased global demand resulting from public health crises; risk of war (including the conflicts between Russia and Ukraine and Israel, Hamas and Iran); general economic, market and business conditions; volatility of commodity inputs; variations in foreign exchange rates and interest rates; hedging strategies; national or global financial crisis; environmental risks and hazards, including natural hazards such as regional wildfires, and the cost of compliance with environmental legislation and regulations, including greenhouse gas regulations, potential climate change legislation and potential land use regulations; enacted and proposed export and import restrictions, including but not limited to tariffs, export taxes or curtailment on exports; failure to accurately estimate abandonment and reclamation costs; the need to obtain regulatory approvals and maintain compliance with regulatory requirements; the extent of, and cost of compliance with, laws and regulations and the effect of changes in such laws and regulations from time to time including changes which could restrict MEG's ability to access foreign capital; failure to obtain or retain key personnel; potential conflicts of interest; changes to tax laws (including without limitation, a potential United States border adjustment tax) and government incentive programs; the potential for management estimates and assumptions to be inaccurate; risks associated with establishing and maintaining systems of internal controls; risks associated with the tariffs imposed on the import and export of commodities and the possibility that such tariffs may change; political risks and terrorist attacks; risks associated with downgrades in the credit ratings for MEG's securities; cybersecurity errors, omissions or failures; restrictions contained in MEG's credit facilities, other agreements relating to indebtedness and any future indebtedness; any requirement to incur additional indebtedness; MEG defaulting on its obligations under its indebtedness; and the inability of MEG to generate cash to service its indebtedness.

The foregoing list of risks, uncertainties and factors is not exhaustive. The effect of any one risk, uncertainty or factor on particular forward-looking information is not determinable with certainty as these factors are independent, and management's future course of action would depend on an assessment of all available information at that time. Although, based on information available to MEG on the date of this news release, MEG believes that the expectations in and assumptions used in such forward-looking information are reasonable, MEG gives no assurances as to future results, levels of activity or achievements and cannot make assurances that actual results will be consistent with such forward-looking information. 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 and in respect of the Cenovus Transaction can be found under the heading "Risk Factors" in MEG's annual information form dated February 27, 2025 for the year ended December 31, 2024 and under the heading "Forward-Looking Statements" in the Circular, along with MEG's other public disclosure documents which are available through the Company's website at <http://www.megenergy.com/investors> and through the SEDAR+ website at [www.sedarplus.ca](http://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 applicable Canadian securities laws. Due to the risks, uncertainties and assumptions inherent in forward-looking information, readers should not place undue reliance on this forward-looking information.

For further information:

Shareholder Questions:

MEG Investor Relations, 403.767.0515, [invest@megenergy.com](mailto:invest@megenergy.com)

Sodali & Co., 1.888.999.2785 or 1.289.695.3075 for banks, brokers, and callers outside North America, [assistance@investor.sodali.com](mailto:assistance@investor.sodali.com)

Media Questions:

MEG Media Relations, 403.775.1131, [media@megenergy.com](mailto:media@megenergy.com)

All amounts in Canadian dollars unless specified.

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