



MEG ENERGY

Sustainable. Innovative. Responsible.

MAY 2020

TSX | MEG



2020 Investment Highlights

MEG has taken definitive action to enhance its strong liquidity and protect its attractive asset base in the face of COVID induced market conditions

Liquidity	<ul style="list-style-type: none"> • \$62 mm cash balance at end of Q1 and C\$800 mm revolver is undrawn; MEG does not expect cash balance to change materially in Q2* • 2020 hedge portfolio valued at \$525 mm*
Long Runway built into Debt Structure	<ul style="list-style-type: none"> • 4 years until first debt maturity • Modified covenant-lite, C\$800 mm revolver has no financial covenant unless drawn >\$400 mm • Remain committed to debt reduction strategy
Low Cost Producer Focused on Continuous Improvement	<ul style="list-style-type: none"> • Leading operating costs and SOR maximizes variable margin • Capital budget reduced \$100 mm, or 40% relative to original budget • Proactive action to reduce cost includes \$20 mm reduction in non-energy opex and \$10 mm reduction in G&A relative to original 2020 budget • Annualized cash savings from debt restructuring to date of approximately \$45 mm • All cost structures subject to on-going review
Flexible Operations	<ul style="list-style-type: none"> • Flexibility to manage production level down to ~30,000 bbls/d when market price does not support positive margin • Ability to produce >80,000 bbls/d post turnaround in H2 2020 • Access to multiple markets and storage capacity to optimize sales revenue
Low Decline, Sustainable Asset	<ul style="list-style-type: none"> • 10-15% annual production decline drives low sustaining capital and mitigates any impact of reduced capital expenditures in 2020 • US\$38 WTI cash cost breakeven, excluding impact of hedges • Continued commitment to environmental performance

Flexible operations, strong cost structure, and unique balance sheet structure

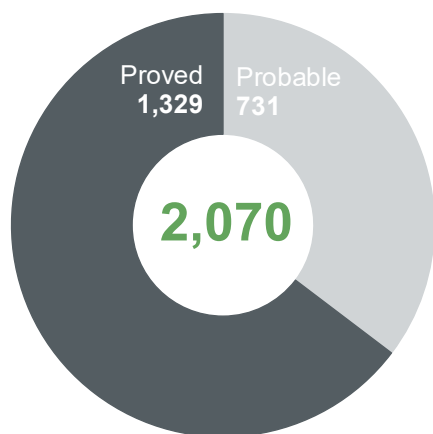
About MEG

MEG is an energy company focused on **sustainable** in situ thermal oil production in the southern Athabasca region of Alberta, Canada. MEG transports and sells its thermal oil production to refiners throughout North America and internationally.

With proven, proprietary **innovative** technologies, we are dramatically reducing our energy and water use, capital and operating costs and greenhouse gas intensity. MEG is actively developing enhanced oil recovery projects that utilize steam-assisted gravity drainage (“SAGD”) extraction methods to improve the economic recovery of oil as well as lower carbon emissions.

MEG is proud to be part of a vital industry promoting **responsible** resources development and fueling our economy.

Proved & Probable Reserves¹ millions of bbls



Christina Lake Production bbls/d

Facility production capacity of
~100,000 bbls/d

@ 100,000 bbls/d, Proved +
Probable Reserve Life of ~60
years

**Expected 2020 post-
turnaround production
capability of > 80,000 bbls/d**

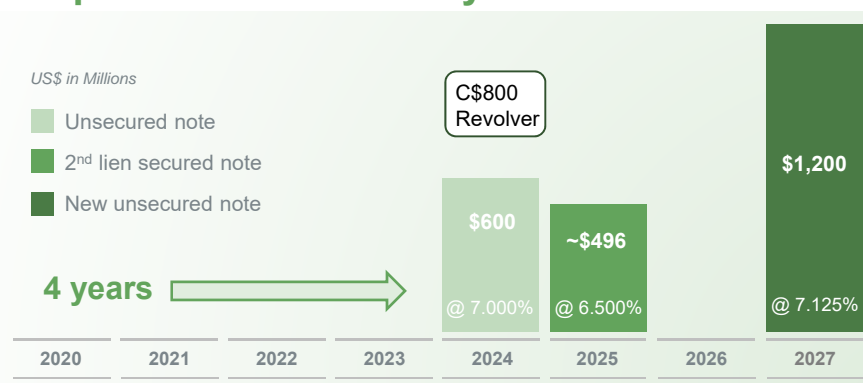
Diverse Marketing Portfolio Enhances netback



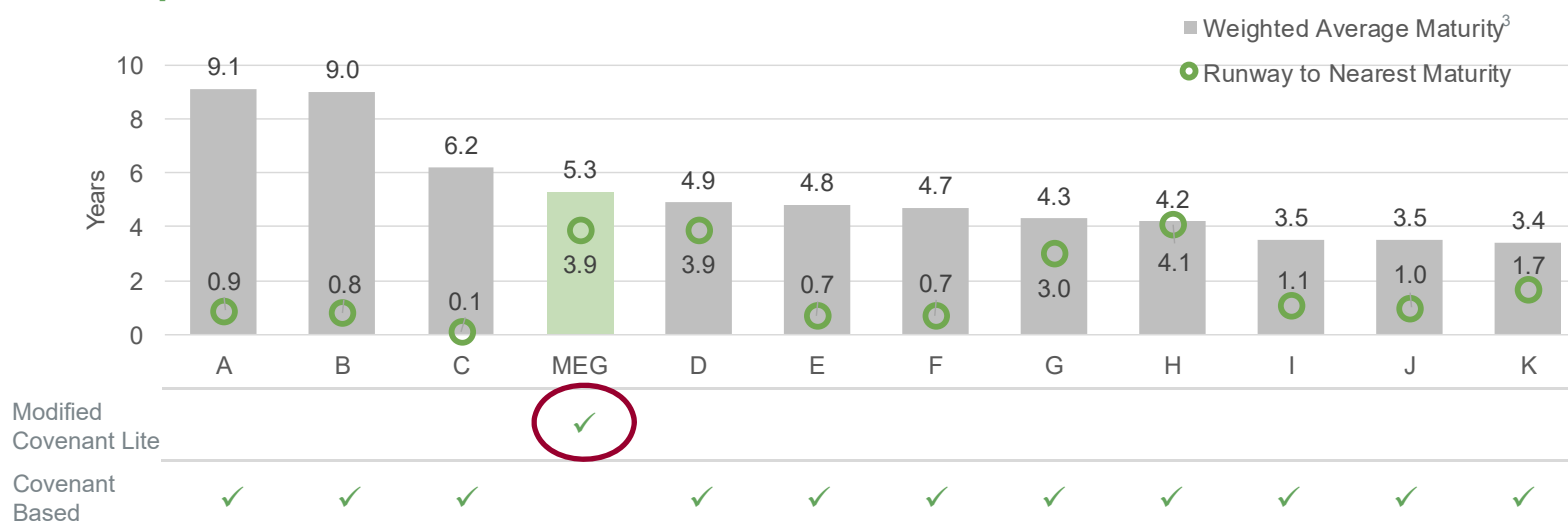
4 Year Runway with No Financial Covenants

Significant access to liquidity provided by undrawn C\$800 mm modified covenant-lite credit facility with 4 years to maturity – no covenant unless drawn > \$400 mm¹

Capital Markets Maturity Structure



Comparable Producer Debt Structures²



Financial flexibility is a MEG hallmark: balance sheet has a unique combination of covenant structure and runway

1. If drawn in excess of \$400 mm, MEG is required to maintain a quarterly first lien net leverage ratio (first lien net debt less cash on hand to last twelve-month EBITDA) of 3.5x or less.

2. Comparison based on oil and gas peers with enterprise value greater than \$1 billion and gas weighting less than 50% including Cenovus, Suncor, Canadian Natural, Baytex, Imperial, Husky, Seven Gen, Enerplus, Whitecap, Vermillion, and Crescent Point.

3. Weighted average maturity calculation assumes revolver is fully drawn; excludes accordion features.

Substantial Value from Commodity Hedging

2020 full year hedge book value of \$525¹ million, including realized gains in Q1
Substantially enhances liquidity and cash flow in volatile commodity price market

As of May 4th, 2020	Q2 2020	Q3 2020	Q4 2020	2020
WTI Hedges				
WTI Fixed Price Hedges				
Volume (bbl/d)	66,103	29,043	16,887	46,233
Weighted average fixed WTI price (US\$/bbl)	\$57.75	\$50.08	\$59.36	\$57.06
Enhanced WTI Fixed Price Hedges with Sold Put Options				
Volume (bbl/d)	-	16,870	24,500	10,342
Weighted average fixed WTI price / Put option strike price ² (US\$/bbl)	n/a	\$59.38 / \$52.00	\$59.11 / \$52.00	\$59.22 / \$52.00
Total WTI Hedge Volume (bbl/d)	66,103	45,913	41,387	56,575
WTI:WCS Differential Hedges				
Volume ³ (bbl/d)	42,448	34,150	41,150	36,974
Weighted average fixed WTI:WCS differential at Edmonton (US\$/bbl)	(\$18.43)	(\$19.48)	(\$19.38)	(\$19.29)
Condensate Hedges				
Volume ⁴ (bbl/d)	21,936	23,208	23,208	21,875
Average % of WTI landed in Edmonton (%)	105%	104%	103%	105%

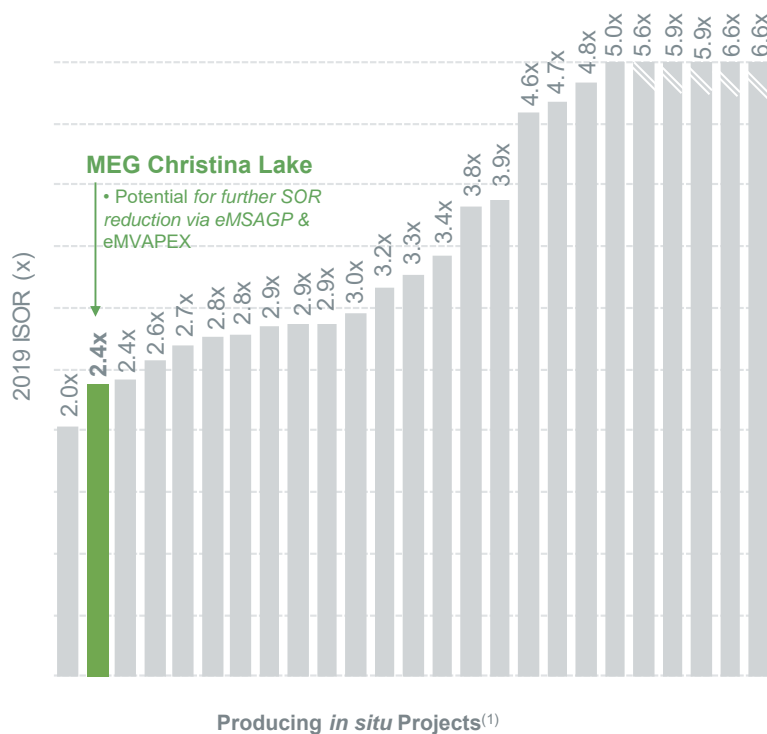
Note: MEG's hedging portfolio also includes certain condensate hedges in 2021 and 2022

- As at May 4, 2020.
- Includes fixed price swaps and sold put options entered into for the second half of 2020. At an average 2H20 WTI price of US\$52.00 per barrel or higher, MEG's effective WTI hedge price for 2H20 is US\$56.21 per barrel. Illustratively, at an average 2H20 WTI price of US\$30.00, MEG's effective WTI hedged price for 2H20 is US\$45.78 per barrel.
- 2020 includes approximately 12,000 bbls/d of physical forward rail blend sales at a fixed WTI:AWB differential.
- 2020 includes approximately 7,200 bbls/d (annual average) of physical forward condensate purchases. Where applicable, the average % of WTI landed in Edmonton includes estimated net transportation costs to Edmonton.

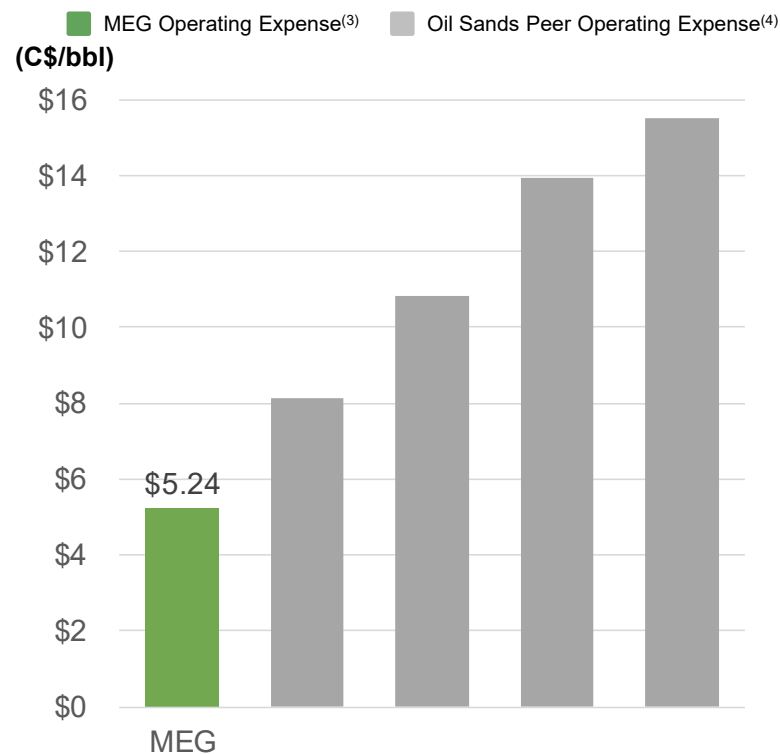
Top Tier Operator in the Sector

MEG's Christina Lake project has a leading steam oil ratio (SOR), highlighting asset quality, advantaged economics and efficiency as an operator

FY 2019 SOR⁽¹⁾



2019 Operating Expense⁽²⁾ (C\$/boe)



1. Average SOR in 2019 per AER.

2. Based on FY 2019 results.

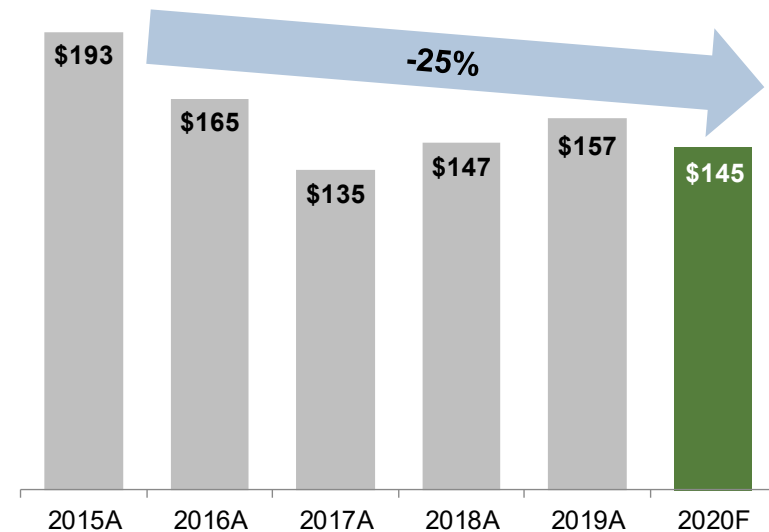
3. Operating expense shown net of power revenue of \$1.75/bbl.

4. Oil sands peers include Athabasca, Baytex, Cenovus and CNRL; does not include Husky, Imperial or Suncor as disclosure varies.

Focus on Cost Reduction and Sustainability

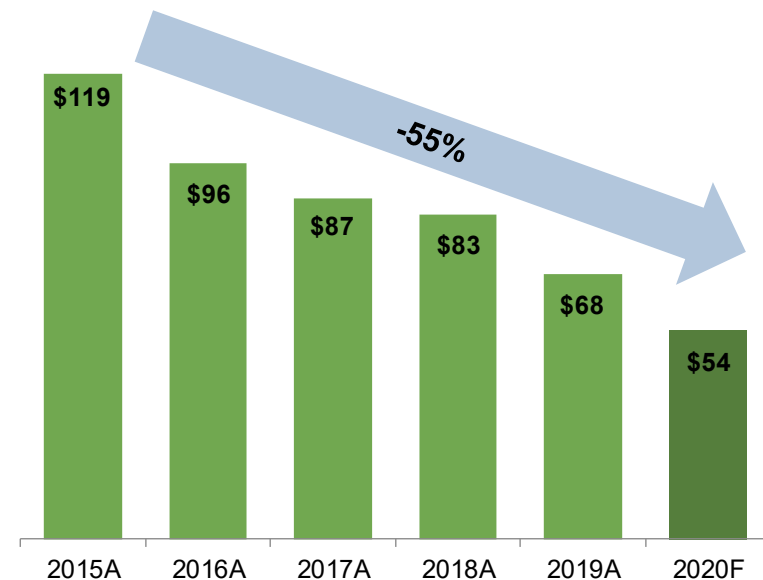
Non-Energy Operating Costs (C\$ mm)

- **Best in class opex per bbl achieved by:**
 - Brownfield growth with low incremental costs
 - Optimization of chemical usage
 - Waste stream reduction
 - Creative, collaborative maintenance and operating team
 - Improved camp and flight utilization



General & Administrative Expense (C\$ mm)

- **G&A expense (in \$mm) more than cut in half since 2015:**
 - Staff reductions to reposition MEG for long-term sustainability
 - Re-contracting of services in lower cost environment
 - Relentless focus on efficiencies



Assets to Access High Value Markets

Strategic marketing assets allow for optimization of realized bitumen price

1.4 mmbbl

Western Canadian Storage

- Manages Enbridge apportionment

Future 20,000 bbl/d on TMX

- Access to tidewater and delivery to growing Asian heavy oil market

40-50% condensate purchases from USGC

- Access over-supplied USGC market
- Reduces exposure to AB market volatility

100 mbbbl/d on Flanagan South/Seaway (2H20)

- Direct access to USGC
- Supply/demand imbalance provides long-term pricing support
- None of capacity is dependent on Line 3 replacement

30,000 bbl/d* rail loading capacity

- Secures apportionment-protected sales
- Sales made FOB at Edmonton, although price exposure to USGC retained on ~50% of 2020 volumes

1.4 mmbbl U.S. storage

- Optimizes Flanagan commitments and exports

Marine export access

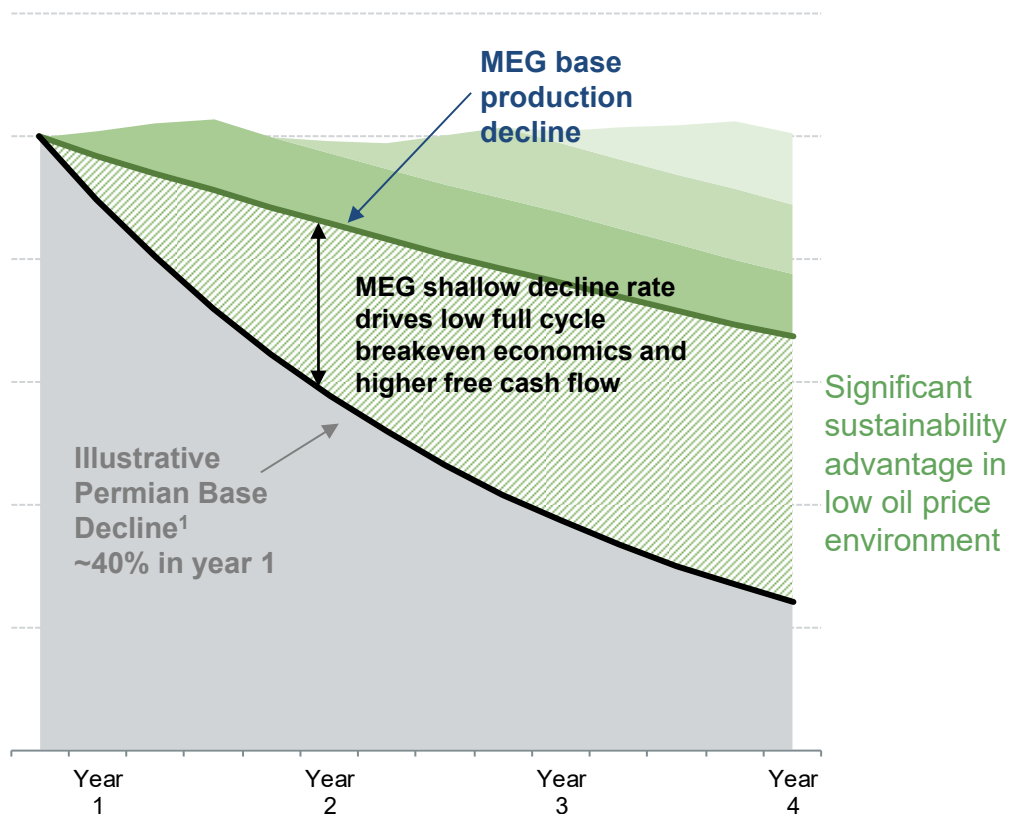
- From MEG assets at Beaumont and St. James

* Based on 100 rail cars per train with 600 bbls / car and 100% efficiency

Low Breakeven Price in Sustainable Asset

High quality, 10-15% decline rate allows for low sustaining capital, enhancing the sustainability of the business and financial flexibility

In situ assets have low decline profile (10 – 15% annually)



- Unique thermal oil decline profile results in low annual sustaining capital
- 2.1 bn bbl of 2P reserves² at Christina Lake allows for production of ~ 60 years from existing, well delineated asset
- Based on low sustaining capital and attractive operating cost profile **MEG's cash cost breakeven is ~US\$38 WTI; in 2020, strong hedging position brings annual average cash cost breakeven to ~US\$30 WTI³**

1. Based on estimated PDP corporate decline for Permian producers as per industry research. Profile is illustrative only and not meant to represent a production forecast for MEG or others. Source: MEG and Barclays.

2. See additional disclosure with respect to MEG's reserves in its AIF; .

3. Assumes production of ~80,000 bbls/d for the year – US\$38 WTI breakeven does not include hedging gains / losses and assumes 30% WTI:WCS differential and FX of approximately 1.4. 2020 breakeven, including impact of hedge portfolio is the calculation of the annual average WTI price, including actual realized prices YTD and is based on 2020 strip price differentials as at May 1.

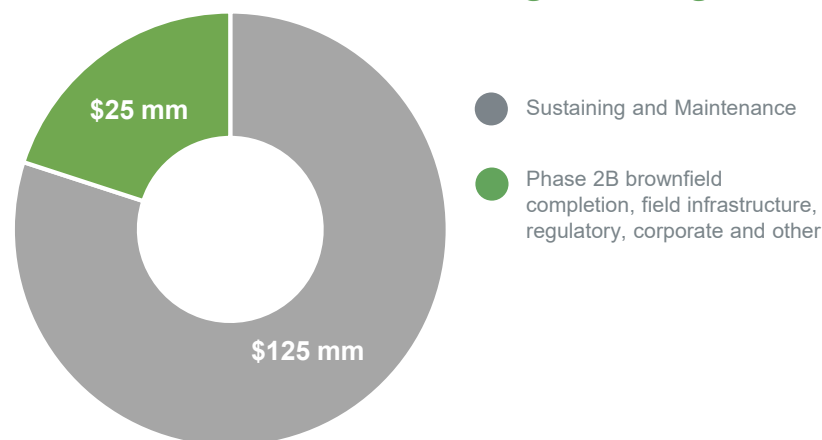
2020 Outlook

Focus on adapting to challenging market conditions via cash cost reduction and flexible operations

- H1 production guidance of 76,000 bbls/d, including impact of turnaround starting in June
- Suspending full year production guidance, with flexibility to produce between 30,000 – 80,000 bbls/d in H2 2020, depending on price environment
- Capital budget focused on sustaining & maintenance and includes advancement or turnaround activities from next year to capitalize on current low oil price
- 2020 cash flow is substantially hedged adding to liquidity
- Cost savings measures, including reduction to salaries and workforce being undertaken

2020 Capital Budget \$150 mm

- \$100 mm reduction from original budget



Operational Guidance

	2020 Guidance	
H1 Production – average (bbls/d)	~76,000 bbls/d	
Non-energy operating costs (\$/bbl)	\$140 - \$150 mm	12% reduction
G&A costs (\$/bbl)	\$52.5 - \$55 mm	14% reduction

COVID-19 Response

Proactive plans to manage risks presented by global pandemic

The Corporation's business activities have been declared an essential service by the Alberta Government and the Corporation remains committed to the health and safety of all personnel and to the safety and continuity of operations. MEG has taken the following actions:

- Establishment of a COVID-19 task force, comprised of senior management and employees as well as third party expert consultants to promptly implement measures to protect the health and safety of the Corporation's work force and the public, as well as to ensure continuity of operations.
- Implementation of mandatory self-quarantine policies, travel restrictions, enhanced cleaning and sanitation measures, and social distancing measures, including directing the vast majority of its office staff and certain non-essential field staff to work from home. Only location essential personnel are currently working at the Corporation's Christina Lake site and Calgary head office.
- Implementation of additional measures to prevent and/or minimize any COVID-19 outbreak at its Christina Lake site, including changes to crew size and shift durations, screening measures prior to allowing employees and contractors on to the Corporation's Christina Lake site (or flights departing to the Christina Lake site), and mandating the use of masks and other measures to work to ensure continued safe and reliable operations.

The Corporation believes that it can maintain safe operations with these pandemic-related procedures and protocols in place.

ESG Priorities

Environment, social and governance considerations are embedded in everything we do – ESG objectives drive key metrics in executive and employee compensation



HEALTH & SAFETY

- MEG's goal is for all workers to return home safely to their families each day; there were no employee lost time incidents at our Christina Lake Facility in 2019



GREENHOUSE GAS EMISSIONS

- Steam-oil ratio and GHG emissions intensity more than 20% below in situ industry averages



WATER

- Zero surface or fresh water used in MEG's thermal operations
- 82% reduction in make-up water withdrawal intensity since 2013



LAND USE

- SAGD developments require ~ 75% fewer wells to sustain long-term production versus a comparable tight oil project, driving down costs and surface disturbance
- MEG has improved well pad land use by more than 50% to date



COMMUNITIES

- Cumulative spend on contracts with indigenous businesses of over \$900 mm

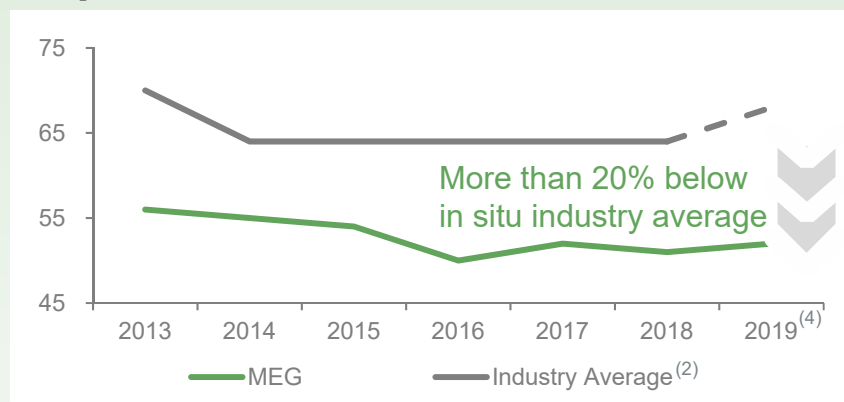
Additional information can be found at www.megenergy.com/sustainability

Canadian energy is among the most responsible in the world – MEG strives to be an industry leader in environmental performance and to provide relevant, transparent disclosure of these initiatives

Environmental Leader

Net GHG Intensity⁽¹⁾

(kg CO₂e/bbl)

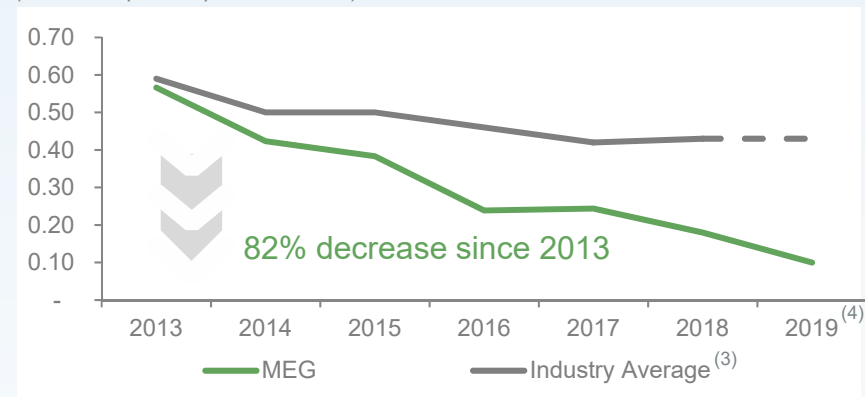


MEG is a leader in lowering Greenhouse Gas (GHG) intensity

- Technological innovation, such as eMSAGP, eMVAPEX and cogeneration have driven MEG's GHG intensity down by 7% since 2013
- MEG has taken measures to achieve one of the lowest GHG emissions intensities in the thermal heavy oil industry
- MEG uses cogeneration at its facilities with excess power being sold into Alberta Power Market – cogeneration results in more efficient use of natural gas and the electricity provided to the power grid had a lower GHG footprint in 2019 than the provincial average, helping to reduce total GHG intensity for provincial consumers

Make-up Water Withdrawal Intensity

(bbl make-up water per bbl bitumen)



MEG does not use any surface water from streams, rivers or lakes in its thermal operations

- In 2019, MEG recycled approximately 90% of water recovered from the reservoir to generate steam with remainder coming from deep non-potable sub-surface reservoirs
- Implementation of eMSAGP and eMVAPEX as well as optimization of water recycling technology enables MEG to reduce its total make-up water withdrawal intensity
- MEG's 2019 make-up water withdrawal intensity was 0.10, which is 77% lower than the industry average

1. Net GHG Intensity includes associated benefits of cogeneration.

2. Based on public disclosure (see MEG's ESG report for additional details)

3. Industry average make-up water intensity obtained from the AER Water Use Report

4. 2019 MEG Net GHG Intensity and make-up water withdrawal intensity are considered preliminary.

APPENDIX

TSX | MEG



Blend Sales by Market

Anticipate growing deliveries to USGC from 1/3 to >50% in H2 2020

Q1 2020 Results US\$/bbl, except as indicated	Edmonton (US\$/bbl)		U.S. Gulf Coast (US\$/bbl)		TOTAL (US\$/bbl)	TOTAL (C\$/bbl) ⁽³⁾
	Pipeline	FOB Rail	Pipeline	Delivered Rail		
WTI	\$ 46.17	\$ 46.17	\$ 46.17	\$ 46.17	\$ 46.17	\$ 62.08
Differential - WTI:AWB at sales point	(23.99)	(21.56)	(4.41)	3.49	(19.05)	\$ (25.61)
Blend sales price	22.18	24.61	41.76	49.66	27.12	36.46
Transportation and storage ⁽¹⁾	(1.82)	(3.45)	(11.01)	(24.73)	(4.39)	\$ (5.90)
Transportation and storage Christina Lake to Edmonton ⁽²⁾	1.82	1.82	1.82	1.82	1.82	\$ 2.45
AWB sales price, net of transportation	\$ 22.18	\$ 22.98	\$ 32.57	\$ 26.75	\$ 24.55	\$ 33.01
Average AWB sales price by location, net of transportation		\$ 22.38		\$ 32.15		
Total blend sales - mbbl/d	83	28	29	2		142
% of total sales	58%	19%	21%	2%		100%

Capacity on pipe to USGC doubles in mid-2020

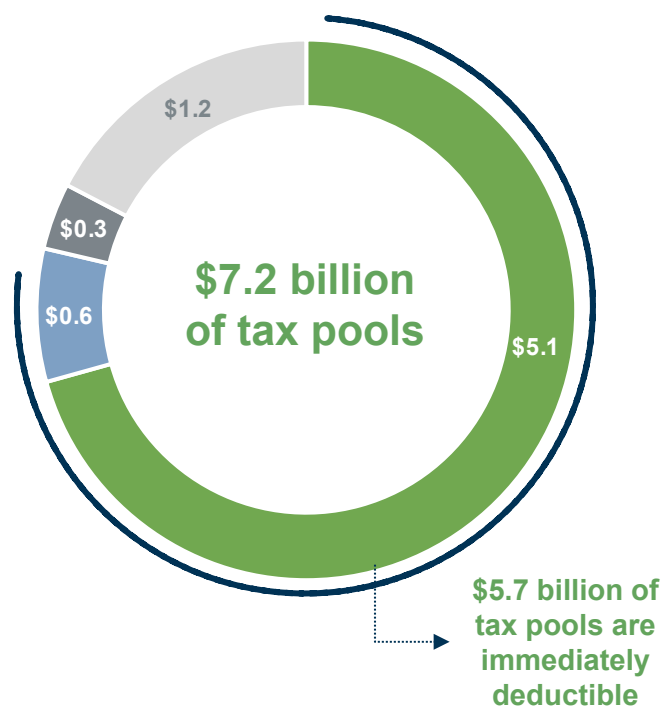
1. Defined as transportation and storage expenses less transportation revenue, per barrel of blend sales volumes. For reference, total transportation and storage costs per barrel, based on bitumen sales volumes, were C\$8.63 per barrel for the three months ended March 31, 2020 compared to C\$11.27 per barrel for the three months ended March 31, 2019.
2. Includes all transportation costs associated with moving barrels of blend from Christina Lake to Edmonton sales point.
3. Results are translated at the average foreign exchange rate of C\$1.3445.

Material Unrecognized Value from Tax Pools

\$5.7 billion of tax pools immediately deductible

Composition of Tax Pools (C\$ billion)

■ Non-Capital Losses
 ■ CDE
 ■ CEE + SR&ED
 ■ Other Pools



Amount of Pools Utilized by Year⁽¹⁾

(C\$ mm)

\$500

\$1,000

\$1,500

\$2,000

Illustrative Value of Tax Pools at 8.0% Discount Rate

(C\$ bn)

\$1.0

\$1.2

\$1.4

\$1.4

(C\$/sh)⁽²⁾

\$3.15

\$4.05

\$4.40

\$4.65

Maximum Theoretical Value⁽³⁾

Total

\$1.8 bn

\$5.80/sh⁽²⁾

Immediately Deductible

\$1.4 bn

\$4.55/sh⁽²⁾

1. Refers to the amount of tax pools utilized while the pools are fully deductible.
2. Tax pool value based on step down in tax rate from 25% to 23% over next three years (tax pools as at December 31, 2019); Value presented per MEG share, using fully diluted shares outstanding as of December 31, 2019.
3. Maximum theoretical value is calculated based on 2020 tax rate of 25.0% applied to MEG's total and immediately deductible tax pools, and using fully diluted shares outstanding as of December 31, 2019.

Disclaimer

This presentation is not, and under no circumstances is to be construed to be a prospectus, offering memorandum, advertisement or public offering of any securities of MEG Energy Corp. ("MEG"). Neither the United States Securities and Exchange Commission (the "SEC") nor any other state securities regulator nor any securities regulatory authority in Canada or elsewhere has assessed the merits of MEG's securities or has reviewed or made any determination as to the truthfulness or completeness of the disclosure in this document. Any representation to the contrary is an offence.

Recipients of this presentation are not to construe the contents of this presentation as legal, tax or investment advice and recipients should consult their own advisors in this regard.

MEG has not registered (and has no current intention to register) its securities under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities or "blue sky" laws and MEG is not registered under the United States Investment Act of 1940, as amended. The securities of MEG may not be offered or sold in the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. Without limiting the foregoing, please be advised that certain financial information relating to MEG contained in this presentation was prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, which differs from generally accepted accounting principles in the United States and elsewhere. Accordingly, financial information included in this document may not be comparable to financial information of United States issuers.

Disclosure Advisories

Forward-Looking Information

Certain statements contained in this presentation 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 presentation contains forward looking statements with respect to our 2020 capital budget, allocation and funding, expected 2020-2023 free cash flow, future production capability, including the impact of a turnaround, target 2020 production, anticipated decline rates, non-energy operating costs, G&A expense, the value of tax pools, our focus and strategy, expected sustaining and maintenance capital and growth capital, the anticipated annualized interest savings from credit facility refinancing and debt repayments, our projections of commodity prices and anticipated results from hedging activities, the expected impact of IMO 2020 on our business, capital efficiencies associated with certain growth projects, anticipated GHG and water withdrawal intensities, market access and diversification plans, and plans to improve overall cost efficiencies.

Forward-looking information contained in this presentation 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, 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; 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 laws and Federal and Provincial climate change policies, and the timing and level of government apportionment easing, 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 include, but are not limited to: risks associated with the oil and gas industry, including the transition to a low carbon environment; the securing of adequate access to markets and transportation infrastructure and to investment capital; 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, environmental laws, and Federal and Provincial climate change policies and curtailment of production policies, and, MEG's ability to implement sales under the Alberta Government's Special Production Allowance ("SPA") program; risks related to increased activism and public opposition to fossil fuel development; assumptions regarding and the volatility of commodity prices, interest rates and foreign exchange rates; risks and uncertainties related to 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; 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 turnarounds, and of future phases, expansions and projects; the operational risks and delays in the development, exploration, production, and the capacities and performance associated with MEG's projects; and uncertainties arising in connection with any future acquisitions and/or dispositions of assets.

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 presentation is expressly qualified in its entirety by the foregoing cautionary statements. Unless otherwise stated, the forward-looking information included in this presentation is made as of the date of this presentation 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 presentation contains future-oriented financial information and financial outlook information (collectively, "FOFI") about MEG's prospective results of operations including, without limitation, cash flow and various components thereof, 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.

Disclosure Advisories

Non-GAAP Measures

This presentation refers to the non-GAAP measure of free cash flow, as well as adjusted funds flow which is defined in Note 19 of the Q1 2020 Financial Statements. These terms may not be comparable to similar measures provided by other companies and are not intended to represent net cash provided by (used in) operating activities. These financial measures should not be considered in isolation or as an alternative to, or more meaningful than, MEG's consolidated statement of cash flow as determined in accordance with IFRS, as an indicator of financial performance.

Free cash flow is presented to assist management and investors in analyzing performance by the Corporation as a measure of the capacity of the business to repay debt, incur discretionary capital or increase returns to shareholders. Free cash flow is calculated as adjusted funds flow less capital expenditures.

(\$mm)	Three months ended March 31	
	2020	2019
Net cash provided by (used in) operating activities	99	(69)
Net change in non-cash operating working capital items	(30)	220
Funds flow from (used in) operations	69	151
Adjustments:		
Contract cancellation	7	-
Decommissioning expenditures	2	-
Adjusted funds flow	78	151
Capital expenditures	(54)	(53)
Free cash flow	24	98

Note: Values are rounded to the nearest million

Investor Relations

Investor Relations

T 403.767.6206

E invest@megenergy.com

Media Relations

T 403.767.1485

E media@megenergy.com

www.megenergy.com/investors



MEG ENERGY