



INTERIM FINANCIAL STATEMENTS

Consolidated Balance Sheet (Unaudited, expressed in millions of Canadian dollars)

| As at | Note | March 31, 2024 | December 31, 2023 |
|---|------|-----------------|-------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 17 | \$ 85 | \$ 160 |
| Accrued revenue and accounts receivable | 3 | 454 | 465 |
| Inventories | 4 | 237 | 235 |
| Risk management | 19 | — | 2 |
| | | 776 | 862 |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 5,611 | 5,683 |
| Exploration and evaluation assets | 6 | 128 | 128 |
| Other assets | 7 | 227 | 225 |
| Total assets | | \$ 6,742 | \$ 6,898 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 8 | \$ 485 | \$ 499 |
| Interest payable | | 12 | 31 |
| Current portion of provisions and other liabilities | 10 | 35 | 30 |
| Risk management | 19 | 18 | 24 |
| | | 550 | 584 |
| Non-current liabilities | | | |
| Long-term debt | 9 | 1,015 | 1,124 |
| Provisions and other liabilities | 10 | 452 | 486 |
| Deferred income tax liability | | 214 | 177 |
| Total liabilities | | 2,231 | 2,371 |
| Shareholders' equity | | | |
| Share capital | 11 | 4,786 | 4,845 |
| Contributed surplus | | 164 | 180 |
| Deficit | | (477) | (531) |
| Accumulated other comprehensive income | | 38 | 33 |
| Total shareholders' equity | | 4,511 | 4,527 |
| Total liabilities and shareholders' equity | | \$ 6,742 | \$ 6,898 |

Commitments and contingencies (Note 21)

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Earnings and Comprehensive Income
(Unaudited, expressed in millions of Canadian dollars, except per share amounts)

| Three Months Ended March 31 | Note | 2024 | 2023 |
|---|------|---------------|----------|
| Revenues | | | |
| Petroleum revenue, net of royalties | 13 | \$ 1,338 | \$ 1,439 |
| Power and transportation revenue | 13 | 26 | 41 |
| Revenues | | 1,364 | 1,480 |
| Expenses | | | |
| Diluent expense | | 456 | 498 |
| Transportation and storage expense | | 130 | 143 |
| Operating expenses | | 86 | 99 |
| Purchased product | | 304 | 414 |
| Depletion and depreciation | 5, 7 | 159 | 143 |
| General and administrative | | 20 | 18 |
| Stock-based compensation | 12 | 18 | 17 |
| Net finance expense | 15 | 35 | 40 |
| Other income | | (4) | (1) |
| Commodity risk management loss (gain), net | 19 | — | (2) |
| Foreign exchange (gain) loss, net | 14 | 23 | 1 |
| Earnings before income taxes | | 137 | 110 |
| Income tax expense | 16 | 39 | 29 |
| Net earnings | | 98 | 81 |
| Other comprehensive income, net of tax | | | |
| Items that may be reclassified to profit or loss: | | | |
| Foreign currency translation adjustment | | 5 | — |
| Comprehensive income | | \$ 103 | \$ 81 |
| Net earnings per common share | | | |
| Basic | 18 | \$ 0.36 | \$ 0.28 |
| Diluted | 18 | \$ 0.36 | \$ 0.28 |

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Changes in Shareholders' Equity
(Unaudited, expressed in millions of Canadian dollars)

| | Share Capital | Contributed Surplus | Deficit | Accumulated Other Comprehensive Income | Total Shareholders' Equity |
|---------------------------------------|------------------|------------------------|-----------------|---|----------------------------------|
| Balance as at December 31, 2023 | \$ 4,845 | \$ 180 | \$ (531) | \$ 33 | \$ 4,527 |
| Stock-based compensation | — | 7 | — | — | 7 |
| Stock options exercised | 1 | — | — | — | 1 |
| RSUs and PSUs vested and released | 23 | (23) | — | — | — |
| Repurchase of shares for cancellation | (83) | — | (44) | — | (127) |
| Comprehensive income | — | — | 98 | 5 | 103 |
| Balance as at March 31, 2024 | \$ 4,786 | \$ 164 | \$ (477) | \$ 38 | \$ 4,511 |
| Balance as at December 31, 2022 | \$ 5,164 | \$ 169 | \$ (988) | \$ 38 | \$ 4,383 |
| Stock-based compensation | — | 8 | — | — | 8 |
| Stock options exercised | 1 | — | — | — | 1 |
| RSUs vested and released | 13 | (13) | — | — | — |
| Repurchase of shares for cancellation | (87) | — | (16) | — | (103) |
| Comprehensive income | — | — | 81 | — | 81 |
| Balance as at March 31, 2023 | \$ 5,091 | \$ 164 | \$ (923) | \$ 38 | \$ 4,370 |

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Cash Flow
(Unaudited, expressed in millions of Canadian dollars)

| Three Months Ended March 31 | Note | 2024 | 2023 |
|--|-------------|--------------|--------------|
| Cash provided by (used in): | | | |
| Operating activities | | | |
| Net earnings | | \$ 98 | \$ 81 |
| Adjustments for: | | | |
| Deferred income tax expense | | 38 | 29 |
| Depletion and depreciation | 5, 7 | 159 | 143 |
| Stock-based compensation | 12 | 7 | 86 |
| Unrealized loss on foreign exchange | 14 | 22 | 1 |
| Unrealized net gain on commodity risk management | 19 | (4) | — |
| Debt extinguishment expense | 15 | 7 | 4 |
| Accretion on provisions | 15 | 3 | 3 |
| Other | | (2) | 1 |
| Decommissioning expenditures | 10 | (2) | — |
| Net change in long-term incentive compensation liability | | 3 | — |
| Funds flow from operating activities | | 329 | 348 |
| Net change in non-cash working capital items | 17 | (12) | (111) |
| Net cash provided by (used in) by operating activities | | 317 | 237 |
| Investing activities | | | |
| Capital expenditures | 5 | (112) | (113) |
| Net change in non-cash working capital items | 17 | (7) | 2 |
| Net cash provided by (used in) investing activities | | (119) | (111) |
| Financing activities | | | |
| Repurchase and redemption of long-term debt | 9 | (142) | (117) |
| Debt redemption premium | 9 | (4) | (3) |
| Repurchase of shares | 11 | (127) | (103) |
| Issue of shares, net of issue costs | | 1 | — |
| Receipts on leased assets | 17 | 1 | — |
| Payments on leased liabilities | 17 | (4) | (4) |
| Net change in non-cash working capital items | 17 | (4) | (5) |
| Net cash provided by (used in) financing activities | | (279) | (232) |
| Effect of exchange rate changes on cash and cash equivalents held in foreign currency | | 6 | (1) |
| Change in cash and cash equivalents | | (75) | (107) |
| Cash and cash equivalents, beginning of year | | 160 | 192 |
| Cash and cash equivalents, end of period | | \$ 85 | \$ 85 |

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period ended March 31, 2024

All amounts are expressed in millions of Canadian dollars unless otherwise noted.

1. CORPORATE INFORMATION

MEG Energy Corp. (the "Corporation") was incorporated under the *Alberta Business Corporations Act* on March 9, 1999. The Corporation's shares trade on the Toronto Stock Exchange under the symbol "MEG". The Corporation owns a 100% interest in over 410 square miles of mineral leases in the southern Athabasca oil region of Alberta, Canada and is primarily engaged in sustainable *in situ* thermal oil production at its Christina Lake Project.

The corporate office is located at 600 – 3rd Avenue SW, Calgary, Alberta, Canada.

2. BASIS OF PRESENTATION

The unaudited interim consolidated financial statements ("interim consolidated financial statements") were prepared using the same accounting policies and methods as those used in the Corporation's audited consolidated financial statements for the year ended December 31, 2023. The interim consolidated financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), has been omitted or condensed. The preparation of interim consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, have been set out in Note 4 of the Corporation's audited consolidated financial statements for the year ended December 31, 2023. These interim consolidated financial statements should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2023.

These interim consolidated financial statements are presented in Canadian dollars (\$ or C\$), which is the Corporation's functional currency and were approved by the Corporation's Audit Committee on May 6, 2024.

3. ACCRUED REVENUE AND ACCOUNTS RECEIVABLE

| As at | March 31, 2024 | December 31, 2023 |
|--|----------------|-------------------|
| Accrued revenue | \$ 424 | \$ 428 |
| Accounts receivable | 10 | 21 |
| Deposits and advances | 18 | 14 |
| Current portion of sublease receivable | 2 | 2 |
| | \$ 454 | \$ 465 |

4. INVENTORIES

| As at | March 31, 2024 | December 31, 2023 |
|-----------------------|----------------|-------------------|
| Bitumen blend | \$ 195 | \$ 196 |
| Diluent | 25 | 23 |
| Material and supplies | 17 | 16 |
| | \$ 237 | \$ 235 |

5. PROPERTY, PLANT AND EQUIPMENT

| | Crude oil | Right-of-use assets | Corporate assets | Total |
|---|------------------|---------------------|------------------|------------------|
| Cost | | | | |
| Balance as at December 31, 2023 | \$ 10,396 | \$ 308 | \$ 79 | \$ 10,783 |
| Additions | 112 | 2 | — | 114 |
| Change in decommissioning provision | (27) | — | — | (27) |
| Balance as at March 31, 2024 | \$ 10,481 | \$ 310 | \$ 79 | \$ 10,870 |
| Accumulated depletion and depreciation | | | | |
| Balance as at December 31, 2023 | \$ 4,954 | \$ 85 | \$ 61 | \$ 5,100 |
| Depletion and depreciation | 153 | 5 | 1 | 159 |
| Balance as at March 31, 2024 | \$ 5,107 | \$ 90 | \$ 62 | \$ 5,259 |
| Carrying amounts | | | | |
| Balance as at December 31, 2023 | \$ 5,442 | \$ 223 | \$ 18 | \$ 5,683 |
| Balance as at March 31, 2024 | \$ 5,374 | \$ 220 | \$ 17 | \$ 5,611 |

At March 31, 2024, PP&E was assessed for indicators of impairment and none were identified. Assets under construction as at March 31, 2024 totaled \$18 million (assets under construction as at December 31, 2023 - \$13 million).

6. EXPLORATION AND EVALUATION ASSETS

As at March 31, 2024, E&E assets consist of \$128 million in exploration projects which are pending the determination of proved or probable bitumen reserves (year ended December 31, 2023 – \$128 million). These assets were assessed for indicators of impairment at March 31, 2024 and none were identified.

7. OTHER ASSETS

| As at | March 31, 2024 | December 31, 2023 |
|---|----------------|-------------------|
| Non-current pipeline linefill ^(a) | \$ 210 | \$ 206 |
| Finance sublease receivables | 9 | 10 |
| Prepaid transportation costs | 7 | 8 |
| Intangible assets | 3 | 3 |
| | 229 | 227 |
| Less current portion, included in accrued revenue and accounts receivable | (2) | (2) |
| | \$ 227 | \$ 225 |

a. Non-current pipeline linefill on third-party owned pipelines is classified as a non-current asset as these transportation contracts expire after April 2025.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| As at | March 31, 2024 | December 31, 2023 |
|---|----------------|-------------------|
| Trade payables and other | \$ 452 | \$ 475 |
| Current liability for cash-settled stock-based compensation | 33 | 24 |
| | \$ 485 | \$ 499 |

9. LONG-TERM DEBT

| As at | March 31, 2024 | December 31, 2023 |
|---|----------------|-------------------|
| Unsecured: | | |
| 7.125% senior unsecured notes (Mar 31, 2024 - US\$153.2 million; due 2027; December 31, 2023 - US\$258.2 million) | \$ 207 | \$ 341 |
| 5.875% senior unsecured notes (Mar 31, 2024 - US\$600 million; due 2029; December 31, 2023 - US\$600 million) | 812 | 792 |
| | 1,019 | 1,133 |
| Unamortized deferred debt discount and debt issue costs | (8) | (9) |
| Debt redemption premium | 4 | — |
| | \$ 1,015 | \$ 1,124 |

The U.S. dollar denominated debt was translated into Canadian dollars at the period end exchange rate of US\$1 = C\$1.3533 (December 31, 2023 – US\$1 = C\$1.3205).

On March 22, 2024, the Corporation redeemed US\$105 million (approximately \$142 million) of the 7.125% senior unsecured notes due February 2027 at a redemption price of 101.8%, plus accrued and unpaid interest, with an associated debt redemption premium of \$3 million. The Corporation now expects to exercise the prepayment option to redeem the remaining US\$153.2 million of 7.125% senior unsecured notes and recognized a \$4 million debt redemption premium associated with the prepayment option. In total, the Corporation recognized debt extinguishment expense of \$7 million for the three months ended March 31, 2024 within net finance expense (Note 15).

10. PROVISIONS AND OTHER LIABILITIES

| As at | March 31, 2024 | December 31, 2023 |
|--|----------------|-------------------|
| Lease liabilities ^(a) | \$ 256 | \$ 259 |
| Decommissioning provision ^(b) | 184 | 210 |
| Onerous contract ^(c) | 45 | 47 |
| Long-term incentive compensation liability | 2 | — |
| Provisions and other liabilities | 487 | 516 |
| Less current portion | (35) | (30) |
| Non-current portion | \$ 452 | \$ 486 |

a. Lease liabilities:

| As at | March 31, 2024 | December 31, 2023 |
|------------------------------|----------------|-------------------|
| Balance, beginning of period | \$ 259 | \$ 244 |
| Modification | — | 33 |
| Payments | (10) | (41) |
| Interest expense | 6 | 24 |
| Foreign exchange impact | 1 | (1) |
| Balance, end of period | 256 | 259 |
| Less current portion | (16) | (15) |
| Non-current portion | \$ 240 | \$ 244 |

The Corporation's minimum lease payments are as follows:

| As at March 31 | 2024 |
|---|--------|
| Within one year | \$ 40 |
| Later than one year but not later than five years | 153 |
| Later than five years | 407 |
| Minimum lease payments | 600 |
| Amounts representing finance charges | (344) |
| Net minimum lease payments | \$ 256 |

b. Decommissioning provision:

The following table presents the decommissioning provision associated with the reclamation and abandonment of the Corporation's PP&E and E&E assets:

| As at | March 31, 2024 | December 31, 2023 |
|---|----------------|-------------------|
| Balance, beginning of period | \$ 210 | \$ 166 |
| Changes in estimated life and estimated future cash flows | (27) | 6 |
| Changes in discount rates | — | 30 |
| Liabilities settled | (2) | (3) |
| Accretion | 3 | 11 |
| Balance, end of period | 184 | 210 |
| Less current portion | (10) | (6) |
| Non-current portion | \$ 174 | \$ 204 |

The decommissioning provision represents the present value of the estimated future costs for the reclamation and abandonment of the Corporation's PP&E and E&E assets. The total undiscounted amount of the estimated future cash flows to settle the decommissioning obligations is \$868 million (December 31, 2023 – \$831 million). At March 31, 2024, the Corporation has estimated the net present value of the decommissioning obligations using a weighted average credit-adjusted risk-free rate of 8.0% (December 31, 2023 – 8.0%) and an inflation rate of 2.1% (December 31, 2023 - 2.1%). The decommissioning provision is estimated to be settled in periods up to the year 2066 (December 31, 2023 - periods up to the year 2066).

c. Onerous contract:

The onerous contract provision relates to an onerous marketing contract with a remaining term of 5 years. The provision represents the present value of the estimated future cash flows. The current portion of this onerous contract provision is \$9 million.

11. SHARE CAPITAL

Common shares are classified as equity. Transaction costs directly attributable to the issuance of shares are recognized as a reduction of shareholders' equity, net of any related income tax. When the Corporation repurchases its own common shares, share capital is reduced by the average carrying value of the shares repurchased. If the average carrying value of the shares exceeds the purchase price, the difference will be recognized as contributed surplus. If the purchase price exceeds the average carrying value of the shares, any previous contributed surplus related to such transactions is reversed. To the extent there is none, the difference is recognized as a reduction to retained earnings.

The Corporation is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares.

Changes in issued common shares and the amount of share capital are as follows:

| | Three months ended March 31, 2024 | | Year ended December 31, 2023 | |
|---|--------------------------------------|----------|------------------------------------|----------|
| | Number of shares (thousands) | Amount | Number of shares (thousands) | Amount |
| Balance, beginning of year | 274,642 | \$ 4,845 | 291,081 | \$ 5,164 |
| Issued upon exercise of stock options | 153 | 1 | 139 | 2 |
| Issued upon vesting and release of equity-settled RSUs and PSUs | 2,311 | 23 | 2,377 | 13 |
| Repurchase of shares for cancellation | (4,730) | (83) | (18,955) | (334) |
| Balance, end of period | 272,376 | \$ 4,786 | 274,642 | \$ 4,845 |

On March 6, 2024, the Toronto Stock Exchange ("TSX") approved the renewal of the Corporation's normal course issuer bid ("NCIB"). Pursuant to the NCIB, MEG will purchase for cancellation, from time to time, as it considers advisable, up to a maximum of 24,007,526 common shares of the Corporation. The NCIB became effective on March 11, 2024 and will terminate on March 10, 2025 or such earlier time as the NCIB is completed or terminated at the option of MEG.

For the three months ended March 31, 2024, the Corporation repurchased for cancellation 4.7 million common shares under its NCIB at a weighted average price of \$26.94 per share for a total cost of \$127 million. Share capital was reduced by \$83 million, reflecting the average carrying value of \$17.63 per share. Retained earnings was reduced by \$44 million for the repurchase price of shares above the carrying value.

During 2024, the Corporation issued approximately 2.3 million common shares upon vesting and release of restricted share units ("RSUs") and performance share units ("PSUs").

12. STOCK-BASED COMPENSATION

| Three months ended March 31 | 2024 | 2023 |
|---|-------|-------|
| Cash-settled expense ⁽ⁱ⁾ | \$ 11 | \$ 18 |
| Equity-settled expense | 7 | 8 |
| Realized equity price risk management (gain) loss ⁽ⁱⁱ⁾ | — | (87) |
| Unrealized equity price risk management (gain) loss ⁽ⁱⁱ⁾ | — | 78 |
| Stock-based compensation | \$ 18 | \$ 17 |

(i) Cash-settled RSUs, PSUs and DSUs are accounted for as liability instruments and are measured at fair value based on the market value of the Corporation's common shares at each period end and certain estimates including a performance multiplier for PSUs. Fluctuations in the fair value are recognized during the period in which they occur.

(ii) Relates to financial equity price risk management contracts entered to manage the Corporation's exposure to cash-settled RSUs and PSUs vesting between 2021 and 2023 granted under the Corporation's stock-based compensation plans. Amounts were unrealized until vesting of the related units occurred. All financial equity price risk management contracts were fully realized as at March 31, 2023. See note 19(d) for further details.

An \$11 million cash-settled expense was recognized during the three months ended March 31, 2024 due to the increase in the Corporation's share price and associated increase in value of cash-settled PSUs and deferred share units ("DSUs") compared to December 31, 2023. As at March 31, 2024, the Corporation recognized a current liability of \$33 million and non-current liability of \$3 million relating to the fair value of cash-settled PSUs and DSUs (December 31, 2023 – \$24 million related to the fair value of cash-settled DSUs).

13. REVENUES

| Three months ended March 31 | 2024 | | 2023 | |
|-------------------------------------|------|-------|------|-------|
| Sales from: | | | | |
| Production | \$ | 1,153 | \$ | 1,043 |
| Purchased product ⁽ⁱ⁾ | | 313 | | 427 |
| Petroleum revenue | \$ | 1,466 | \$ | 1,470 |
| Royalties | | (128) | | (31) |
| Petroleum revenue, net of royalties | \$ | 1,338 | \$ | 1,439 |
| Power revenue | \$ | 25 | \$ | 40 |
| Transportation revenue | | 1 | | 1 |
| Power and transportation revenue | \$ | 26 | \$ | 41 |
| Revenues | \$ | 1,364 | \$ | 1,480 |

(i) The associated third-party purchases are included in the consolidated statement of earnings and comprehensive income under the caption "Purchased product".

a. Disaggregation of revenue from contracts with customers

The Corporation recognized revenue upon delivery of goods and services in the following geographic regions:

| | Three months ended March 31 | | | | | |
|---------------|-----------------------------|-------------|----------|-------------------|-------------|----------|
| | 2024 | | | 2023 | | |
| | Petroleum Revenue | | | Petroleum Revenue | | |
| | Proprietary | Third-party | Total | Proprietary | Third-party | Total |
| Country: | | | | | | |
| Canada | \$ 541 | \$ 43 | \$ 584 | \$ 395 | \$ 95 | \$ 490 |
| United States | 612 | 270 | 882 | 648 | 332 | 980 |
| | \$ 1,153 | \$ 313 | \$ 1,466 | \$ 1,043 | \$ 427 | \$ 1,470 |

For the three months ended March 31, 2024, power and transportation revenue of \$26 million was attributed to Canada (March 31, 2023 – \$41 million attributed to Canada).

b. Revenue-related assets

The Corporation has recognized the following revenue-related assets in accrued revenue and accounts receivable:

| As at | March 31, 2024 | December 31, 2023 |
|----------------------------------|----------------|-------------------|
| Petroleum revenue | \$ 418 | \$ 424 |
| Power and transportation revenue | 6 | 4 |
| Total revenue-related assets | \$ 424 | \$ 428 |

Revenue-related receivables are typically settled within 30 days. At March 31, 2024 and December 31, 2023, there was no material expected credit loss recorded against revenue-related receivables.

14. FOREIGN EXCHANGE (GAIN) LOSS, NET

| Three months ended March 31 | 2024 | 2023 |
|--|--------|--------|
| Unrealized foreign exchange (gain) loss on: | | |
| Long-term debt | \$ 28 | \$ — |
| US\$ denominated cash and cash equivalents | (6) | 1 |
| Unrealized net (gain) loss on foreign exchange | 22 | 1 |
| Realized (gain) loss on foreign exchange | 1 | — |
| Foreign exchange (gain) loss, net | \$ 23 | \$ 1 |
| C\$ equivalent of 1 US\$ | | |
| Beginning of period | 1.3205 | 1.3534 |
| End of period | 1.3533 | 1.3528 |

15. NET FINANCE EXPENSE

| Three months ended March 31 | 2024 | 2023 |
|---------------------------------------|-------|-------|
| Interest expense on long-term debt | \$ 19 | \$ 26 |
| Interest expense on lease liabilities | 6 | 6 |
| Credit facility fees | 3 | 3 |
| Interest income | (3) | (2) |
| Net interest expense | 25 | 33 |
| Debt extinguishment expense | 7 | 4 |
| Accretion on provisions | 3 | 3 |
| Net finance expense | \$ 35 | \$ 40 |

For the three months ended March 31, 2024, debt extinguishment expense of \$7 million was recognized which included \$3 million associated with the redemption of US\$105 million (approximately \$142 million) of the Corporation's 7.125% senior unsecured notes and \$4 million associated with the prepayment option on upcoming note redemptions. Refer to Note 9 for further details.

For the three months ended March 31, 2023, debt extinguishment expense of \$4 million was recognized in association with the US\$86 million (approximately \$117 million) repurchase of the Corporation's 7.125% senior unsecured notes and included a cumulative debt redemption premium of \$3 million and associated amortized deferred debt issue costs of \$1 million.

16. INCOME TAX EXPENSE (RECOVERY)

| Three months ended March 31 | 2024 | 2023 |
|---------------------------------------|-------|-------|
| Current income tax expense (recovery) | \$ 1 | \$ — |
| Deferred income tax expense | 38 | 29 |
| Income tax expense | \$ 39 | \$ 29 |

17. SUPPLEMENTAL CASH FLOW DISCLOSURES

| Three months ended March 31 | 2024 | | 2023 | |
|--|------|------|------|-------|
| Cash provided by (used in): | | | | |
| Accrued revenue and accounts receivable | \$ | 14 | \$ | (100) |
| Inventories | | (1) | | (7) |
| Accounts payable and accrued liabilities | | (17) | | 21 |
| Interest payable | | (19) | | (28) |
| | \$ | (23) | \$ | (114) |
| Changes in non-cash working capital relating to: | | | | |
| Operating | \$ | (12) | \$ | (111) |
| Investing | | (7) | | 2 |
| Financing | | (4) | | (5) |
| | \$ | (23) | \$ | (114) |
| Cash and cash equivalents: ^(a) | | | | |
| Cash | \$ | 85 | \$ | 85 |
| Cash equivalents | | — | | — |
| | \$ | 85 | \$ | 85 |
| Cash interest paid | | | | |
| | \$ | 37 | \$ | 53 |

- a. As at March 31, 2024, \$74 million of the Corporation's total cash and cash equivalents balance was held in U.S. dollars (March 31, 2023 – \$55 million). The U.S. dollar cash and cash equivalents balance has been translated into Canadian dollars at the period end exchange rate of US\$1 = C\$1.3533 (March 31, 2023 – US\$1 = C\$1.3528).

The following table provides a reconciliation of assets and liabilities to cash flows arising from financing activities:

| | Finance sublease receivables | | Lease liabilities | | Long-term debt | |
|---|---------------------------------|----------|----------------------|------------|-------------------|--------------|
| Balance as at December 31, 2023 | \$ | 10 | \$ | 259 | \$ | 1,124 |
| Financing cash flow changes: | | | | | | |
| Receipts on leased assets | | (1) | | — | | — |
| Payments on leased liabilities | | — | | (4) | | — |
| Repayment and redemption of long-term debt | | — | | — | | (142) |
| Debt redemption premium | | — | | — | | (4) |
| Other cash and non-cash changes: | | | | | | |
| Interest payments on lease liabilities | | — | | (6) | | — |
| Interest expense on lease liabilities | | — | | 6 | | — |
| Unrealized (gain) loss on foreign exchange | | — | | 1 | | 28 |
| Debt extinguishment expense | | — | | — | | 7 |
| Amortization of deferred debt discount and debt issue costs | | — | | — | | 2 |
| Balance as at March 31, 2024 | \$ | 9 | \$ | 256 | \$ | 1,015 |

(i) Finance sublease receivables, lease liabilities & long-term debt all include their respective current portion.

18. NET EARNINGS PER COMMON SHARE

| Three months ended March 31 | 2024 | | 2023 | |
|--|------|------|------|------|
| Net earnings | \$ | 98 | \$ | 81 |
| Weighted average common shares outstanding (millions) ^(a) | | 273 | | 289 |
| Dilutive effect of stock options and equity-settled RSUs and PSUs (millions) | | 3 | | 4 |
| Weighted average common shares outstanding – diluted (millions) | | 276 | | 293 |
| Net earnings per share, basic | \$ | 0.36 | \$ | 0.28 |
| Net earnings per share, diluted | \$ | 0.36 | \$ | 0.28 |

- a. Weighted average common shares outstanding for the three months ended March 31, 2024 include 0.4 million PSUs vested but not yet released (three months ended March 31, 2023 - 0.4 million PSUs vested but not yet released).

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The financial instruments recognized on the consolidated balance sheet are comprised of cash and cash equivalents, trade receivables and other, risk management contracts, accounts payable and accrued liabilities, interest payable and long-term debt.

- a. Fair values:

The carrying values of cash and cash equivalents, trade receivables and other, accounts payable and accrued liabilities and interest payable included on the consolidated balance sheet approximate the fair values of the respective assets and liabilities due to the short-term nature of those instruments.

The following fair values are based on Level 2 inputs to fair value measurement:

| As at | March 31, 2024 | | December 31, 2023 | |
|-------------------------------------|-----------------|------------|-------------------|------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Recurring measurements: | | | | |
| Financial assets | | | | |
| Commodity risk management contracts | \$ — | \$ — | \$ 2 | \$ 2 |
| Financial liabilities | | | | |
| Long-term debt (Note 9) | \$ 1,019 | \$ 1,004 | \$ 1,133 | \$ 1,108 |
| Commodity risk management contracts | \$ 18 | \$ 18 | \$ 24 | \$ 24 |

The estimated fair value of long-term debt is derived using quoted prices in an inactive market from a third-party independent broker. The fair value was determined based on estimates at March 31, 2024 and is expected to fluctuate over time.

The fair value of risk management contracts is derived using quoted prices in an active market from a third-party independent broker. Management's assumptions rely on external observable market data including forward prices for commodities and foreign exchange rates. The observable inputs may be adjusted using certain methods, which include extrapolation to the end of the term of the contract.

- b. Risk management:

The Corporation's risk management assets and liabilities consist of condensate swaps, natural gas swaps, and equity swaps. The use of financial risk management contracts is governed by a Risk Management Committee that follows guidelines and limits approved by the Board of Directors. The Corporation does not use financial

derivatives for speculative purposes. Financial risk management contracts are measured at fair value, with gains and losses on re-measurement included in the consolidated statement of earnings and comprehensive income in the period in which they arise.

The Corporation's financial risk management contracts are subject to master agreements that create a legally enforceable right to offset, by counterparty, the related financial assets and financial liabilities on the Corporation's balance sheet in all circumstances.

The following table provides a summary of the Corporation's unrealized offsetting financial risk management positions:

| As at | March 31, 2024 | | | December 31, 2023 | | |
|---------------------|----------------|-----------|---------|-------------------|-----------|---------|
| | Asset | Liability | Net | Asset | Liability | Net |
| Gross amount | \$ — | \$ (18) | \$ (18) | \$ 2 | \$ (24) | \$ (22) |
| Amount offset | — | — | — | — | — | — |
| Net amount | \$ — | \$ (18) | \$ (18) | \$ 2 | \$ (24) | \$ (22) |
| Current portion | \$ — | \$ (18) | \$ (18) | \$ 2 | \$ (24) | \$ (22) |
| Non-current portion | — | — | — | — | — | — |
| Net amount | \$ — | \$ (18) | \$ (18) | \$ 2 | \$ (24) | \$ (22) |

The following table provides a reconciliation of changes in the fair value of the Corporation's financial risk management assets and liabilities from January 1 to March 31:

| As at March 31 | 2024 | 2023 |
|---|---------|---------|
| Risk management assets (liabilities), beginning of year | \$ (22) | \$ 60 |
| Realized risk management (gain) loss on: | | |
| Equity price risk management contracts | — | (87) |
| Commodity risk management contracts | 4 | (2) |
| Change in fair value on: | | |
| Equity price risk management contracts ⁽ⁱ⁾ | — | 9 |
| Commodity risk management contracts ⁽ⁱⁱ⁾ | — | 2 |
| Risk management assets (liabilities), end of period | \$ (18) | \$ (19) |

(i) Represents total equity price risk management (gain) loss recognized within stock-based compensation expense.

(ii) Represents total commodity risk management (gain) loss.

c. Commodity risk management:

The Corporation had the following financial commodity risk management contracts relating to natural gas purchases outstanding at March 31, 2024:

| Natural Gas Purchase Contracts | Volumes (GJ/d) | Term | Average Price (C\$/GJ) |
|--------------------------------|----------------|----------------------------|------------------------|
| AECO Fixed Price | 30,000 | Apr 1, 2024 - Dec 31, 2024 | \$4.11 |

Incremental to these commodity risk management contracts, the Corporation occasionally enters contracts to fix the spread between WTI prices for consecutive months to support marketing asset optimization activities.

The following table summarizes the sensitivity of the earnings (loss) before income tax to the impact of fluctuating commodity prices on the Corporation's open financial commodity risk management positions in place at March 31, 2024:

| Commodity | Sensitivity Range | Increase | Decrease |
|----------------------------|---|----------|----------|
| Natural gas purchase price | ± C\$0.50 per GJ applied to natural gas contracts | \$ 4 | \$ (4) |

The following table summarizes the financial commodity risk management gains and losses:

| Three months ended March 31 | 2024 | 2023 |
|---|------|--------|
| Realized loss (gain) on commodity risk management | \$ 4 | \$ (2) |
| Unrealized loss (gain) on commodity risk management | (4) | — |
| Commodity risk management (gain) loss, net | \$ — | \$ (2) |

d. Equity price risk management:

In 2020, the Corporation entered financial equity price risk management contracts to increase the predictability of the Corporation's cash flow by managing share price volatility related to the Corporation's stock-based compensation program. Equity price risk is the risk that changes in the Corporation's own share price will impact earnings and cash flows. Earnings and funds flow from operating activities are impacted when outstanding cash-settled RSUs and PSUs, issued under the Corporation's stock-based compensation plans, are revalued each period based on the Corporation's share price and the revaluation is recognized in stock-based compensation expense. Net cash provided by (used in) operating activities is impacted when the cash-settled components of these stock-based compensation units are ultimately settled. The Corporation entered into equity price risk management contracts in March 2020 to manage its exposure on cash-settled RSUs and PSUs vesting between April 1, 2021 and March 31, 2023. Equity price risk management (gain) loss is recognized in stock-based compensation expense on the statement of earnings (loss), the unrealized asset (liability) is included in risk management on the balance sheet and any realized asset outstanding at period-end is included in trade receivables and other on the balance sheet.

| Three months ended March 31 | 2024 | 2023 |
|---|------|---------|
| Realized equity price risk management (gain) loss | \$ — | \$ (87) |
| Unrealized equity price risk management (gain) loss | — | 78 |
| Equity price risk management (gain) loss | \$ — | \$ (9) |

e. Credit risk management:

Credit risk arises from the potential that the Corporation may incur a loss if a counterparty fails to meet its obligations in accordance with agreed terms. The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Corporation uses a combination of historical and forward-looking information to determine the appropriate loss allowance provisions. Credit risk exposure is mitigated through credit policies governing the Corporation's credit portfolio and with credit practices that limit transactions according to each counterparty's credit quality. A substantial portion of accounts receivable are with investment grade customers in the energy industry and are subject to normal industry credit risk. The Corporation has experienced no material loss in relation to trade receivables. At March 31, 2024, the Corporation's estimated maximum exposure to credit risk related to trade receivables, deposits and advances was \$452 million. Counterparty default risk associated with the Corporation's commodity risk management activities is also partially mitigated through credit exposure limits, frequent assessment of counterparty credit ratings and netting arrangements.

The Corporation's cash balances are used to repay debt, fund capital expenditures and return capital to shareholders. The cash balances are held in high interest savings accounts or are invested in high grade, liquid, short-term instruments such as bankers' acceptances, commercial paper, money market deposits or similar

instruments. The cash and cash equivalents balance at March 31, 2024 was \$85 million. The Corporation's estimated maximum exposure to credit risk related to its cash and cash equivalents is \$85 million.

f. Liquidity risk management:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. Liquidity risk also includes the risk that the Corporation cannot generate sufficient cash flow from the Christina Lake Project or is unable to raise further capital to meet its obligations under its debt agreements. The lenders are entitled to exercise any and all remedies available under the debt agreements. The Corporation manages its liquidity risk through the active management of cash, debt and revolving credit facilities and by maintaining appropriate access to credit.

Management believes its current capital resources and its ability to manage cash flow and working capital levels will allow the Corporation to meet its current and future obligations, to make scheduled principal and interest payments, and to fund the other needs of the business for at least the next 12 months. Meeting current and future obligations through periods of volatility is supported by the Corporation's financial framework and credit risk management policies which minimize exposure related to customer receivables primarily to investment grade customers in the energy industry. However, no assurance can be given that this will be the case or that future sources of capital will not be necessary.

The US\$153.2 million of 7.125% senior unsecured notes due February 2027 represents the earliest long-term debt maturity. None of the Corporation's outstanding long-term debt contains financial maintenance covenants. Additionally, the Corporation's modified covenant-lite \$600 million revolving credit facility has no financial maintenance covenant unless drawn in excess of 50%, or \$300 million. If drawn in excess of 50%, or \$300 million, the Corporation is required to maintain a quarterly first lien net leverage ratio (first lien net debt to last twelve-month EBITDA) of 3.5 or less. Under the Corporation's credit facility, first lien net debt is calculated as debt under the credit facility plus other debt that is secured on a *pari passu* basis with the credit facility, less cash on hand.

20. CAPITAL MANAGEMENT

The Corporation's capital consists of cash and cash equivalents, debt and shareholders' equity. The Corporation's objective for managing capital is to prioritize balance sheet strength while maintaining flexibility to repay debt, fund capital expenditures, return capital to shareholders or fund future production growth. In the current price environment, management believes its capital resources and its ability to manage cash flow and working capital levels will allow the Corporation to meet its current and future obligations, to make scheduled principal and interest payments, and to fund the other needs of the business for at least the next 12 months. Debt repayment, share repurchases and capital expenditures are anticipated to be funded by the Corporation's adjusted funds flow, cash-on-hand and/or other available liquidity.

On March 6, 2024, the TSX approved the renewal of the Corporation's NCIB. Pursuant to the NCIB, MEG will purchase for cancellation, from time to time, as it considers advisable, up to a maximum of 24,007,526 common shares of the Corporation. The NCIB became effective on March 11, 2024 and will terminate on March 10, 2025 or such earlier time as the NCIB is completed or terminated at the option of MEG.

Currently, 50% of free cash flow is allocated to share repurchases with the remainder applied to debt repayment. This allocation will remain in place until net debt reaches US\$600 million, which is expected to occur in the third quarter of 2024.

The following table summarizes the Corporation's net debt:

| As at | Note | March 31, 2024 | December 31, 2023 |
|---------------------------|------|----------------|-------------------|
| Long-term debt | 9 | \$ 1,015 | \$ 1,124 |
| Cash and cash equivalents | | (85) | (160) |
| Net debt - C\$ | | \$ 930 | \$ 964 |
| Net debt - US\$ | | \$ 687 | \$ 730 |

Net debt is an important measure used by management to analyze leverage and liquidity.

On March 22, 2024, the Corporation redeemed US\$105 million (approximately \$142 million) of the 7.125% senior unsecured notes at a redemption price of 101.8%, plus accrued and unpaid interest.

Beginning in the second quarter of 2022, the Corporation began repurchasing MEG common shares for cancellation under the Corporation's NCIB program. For the three months ended March 31, 2024, the Corporation repurchased for cancellation 4.7 million common shares totaling \$127 million.

The Corporation has \$1.2 billion of available credit, comprised of \$600 million under a revolving credit facility and \$600 million under a letter of credit facility guaranteed by Export Development Canada ("EDC Facility"). Letters of credit under the EDC Facility do not consume capacity of the revolving credit facility. The revolving credit facility and the EDC Facility have maturity dates of October 31, 2026 and are secured by substantially all the assets of the Corporation.

The revolving credit facility has a modified covenant-lite structure, meaning it contains no financial maintenance covenant unless the Corporation is drawn under the revolving credit facility in excess of 50%, or \$300 million. If drawn in excess of 50%, or \$300 million, under the revolving credit facility the Corporation is required to maintain a first lien net debt to last twelve month EBITDA ratio of 3.50 or less. The Corporation continues to have no first lien debt outstanding.

The Corporation's earliest maturing long-term debt is represented by US\$153.2 million of 7.125% senior unsecured notes due February 2027. At March 31, 2024, the Corporation had \$600 million unutilized capacity under the revolving credit facility and with \$296 million of issued letters of credit, had \$304 million of unutilized capacity under the \$600 million EDC Facility.

The following table summarizes the Corporation's funds flow from operating activities, adjusted funds flow and free cash flow:

| Three months ended March 31 | 2024 | 2023 |
|--|---------------|-------------|
| Funds flow from operating activities | \$ 329 | \$ 348 |
| Adjustments: | | |
| Impact of cash-settled SBC units subject to equity price risk management | — | 13 |
| Realized equity price risk management gain | — | (87) |
| Adjusted funds flow | 329 | 274 |
| Capital expenditures | (112) | (113) |
| Free cash flow | \$ 217 | \$ 161 |

Management utilizes funds flow from operating activities, adjusted funds flow and free cash flow as measures to analyze operating performance and cash flow generating ability. Funds flow from operating activities, adjusted funds flow and free cash flow impact the level and extent of debt repayment, funding for capital expenditures and returning capital to shareholders. By excluding non-recurring items from cash flows, the funds flow from operating activities and adjusted funds flow measures provide meaningful metrics for management by establishing a clear link between the Corporation's cash flows and the operating netbacks from the Christina Lake Project. Free cash flow provides a meaningful metric to assist management and investors in analyzing corporate performance as a measure of financial liquidity and the capacity of the business to repay debt and return capital to shareholders. Funds flow from operating activities, adjusted funds flow and free cash flow are not intended to represent net cash provided by (used in) operating activities.

Net debt, adjusted funds flow and free cash flow are not standardized measures and may not be comparable with the calculation of similar measures by other companies.

21. COMMITMENTS AND CONTINGENCIES

a. Commitments

The Corporation's commitments are enforceable and legally binding obligations to make payments in the future for goods and services. These items exclude amounts recorded on the consolidated balance sheet. The Corporation had the following commitments as at March 31, 2024:

| | 2024 | 2025 | 2026 | 2027 | 2028 | Thereafter | Total |
|---|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|
| Transportation and storage ⁽ⁱ⁾ | \$ 366 | \$ 491 | \$ 490 | \$ 493 | \$ 498 | \$ 5,169 | \$ 7,507 |
| Diluent purchases ⁽ⁱⁱ⁾ | 231 | 45 | 5 | — | — | — | 281 |
| Other operating commitments | 14 | 18 | 18 | 9 | 9 | 59 | 127 |
| Variable office lease costs | 3 | 5 | 5 | 4 | 4 | 13 | 34 |
| Capital commitments | 45 | — | — | — | — | — | 45 |
| Commitments | \$ 659 | \$ 559 | \$ 518 | \$ 506 | \$ 511 | \$ 5,241 | \$ 7,994 |

(i) This represents transportation and storage commitments from 2024 to 2048, including the estimated TMX commitment which is not yet in service. Excludes amounts recognized on the consolidated balance sheet (Note 10).

(ii) The associated transportation commitment is included in transportation and storage.

b. Contingencies

The Corporation is involved in various legal claims associated with the normal course of operations. The Corporation believes that any liabilities that may arise pertaining to such matters would not have a material impact on its financial position.