

RELATED PARTY TRANSACTIONS POLICY

Scope & Purpose

MEG Energy Corp. (the “Corporation”) recognizes that Related Party Transactions (as defined below) present a heightened risk of conflicts of interest (or the perception thereof). Accordingly, all Related Party Transactions will be subject to approval or ratification in accordance with the procedures set forth in this policy (the “Policy”).

This Policy supplements the Corporation’s Business Conduct Charter provisions concerning potential conflicts of interests. With respect to persons and transactions described in this Policy, the procedures set forth in this Policy shall apply. With respect to all other potential conflicts of interest, the provisions of the Business Conduct Charter shall apply.

Definitions

For purposes of this policy “Related Party Transaction” is a transaction, arrangement or relationship, other than an Exempt Transaction, in which the Corporation or any of its subsidiaries is a party and the amount of the transaction when aggregated with all similar transactions exceeds \$120,000, and in which a Related Person has a direct or indirect material interest.

For purposes of this policy “Related Person” means:

1. any person who is or at any time since the beginning of the Corporation’s last fiscal year was a member of the Board of Directors or an executive (i.e. Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, a Senior Vice President or a Vice President) of the Corporation;
2. any shareholder who beneficially owns in excess of 10% of the Corporation’s outstanding common shares;
3. a person who is an immediate family member of any Board member or executive (which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, and any person other than a tenant sharing the house of such director or executive); and
4. any firm, corporation, charitable organization or other entity in which any of these persons is employed or an officer, general partner or principal or in a similar position or in which the person and all related parties has beneficial ownership interest of 5% or more.

Approval Process

Prior to entering into the Related Party Transaction, the director or executive who is a Related Person or has an immediate family member who is a Related Person must provide notice to the Corporation’s Corporate Secretary of the facts and circumstances of the proposed Related Party Transaction. The notice should include:

- the Related Person's relationship to the Corporation and the Related Person's in the proposed transaction;
- the material terms of the proposed transaction, including the aggregate value or, in the case of indebtedness, the aggregate principal and interest rate;
- the benefits to the Corporation of the proposed transaction;
- if applicable, the availability of other sources of comparable products or services; and
- an assessment of whether the proposed transaction is on terms that are comparable to the terms available to or from an unrelated third party.

The Corporate Secretary, in consultation with the Corporation's President and Chief Executive Officer and/or Chief Financial Officer, will determine whether the proposed transaction is a Related Party Transaction for purposes of this policy and may meet with the relevant business unit to confirm and supplement the information in the notice. Any proposed transaction determined to be a Related Party Transaction will be submitted to disinterested members of the Governance and Nomination Committee (GNC) of the Corporation's board of directors for consideration.

In evaluating a Related Party Transaction, the GNC shall consider the relevant facts and circumstances of the Related Party Transaction and any of the following factors that are relevant:

- the position or relationship of the Related Person at or with the Corporation;
- the materiality of the transaction to the Related Person and the Corporation, including the dollar value of the transaction;
- the perception of such transaction to Corporation's shareholders;
- the business purpose for and reasonableness of the Related Party Transaction and whether such business purpose is in line with the Corporation's overall strategy and objectives;
- whether the Related Party Transaction is comparable to a transaction that could be available on an arms-length basis;
- the effect of the Related Party Transaction on the Corporation's business and operations, including on the Corporation's internal control over financial reporting and system of disclosure controls or procedures;
- whether the Related Party Transaction would cause the Corporation to be in violation of any regulatory requirements; and
- any additional conditions or controls (that should be applied to such transaction).

The GNC may approve Related Party Transactions that it determines in good faith are not inconsistent with the best interests of the Company and its shareholders.

Ratification

If the Corporation or a Related Person becomes aware that any Related Party Transaction exists that has not been previously approved or ratified under this Policy, it will promptly submit the transaction to the GNC for consideration. The GNC will evaluate the transaction considering the criteria set out in the approval process under this policy and will consider all options, including ratification, amendment or termination of the Related Party Transaction.

Review of Ongoing Transactions

At the GNC's first meeting of each fiscal year, the GNC will evaluate any continuing Related Party Transactions that have remaining amounts receivable of more than \$120,000 to determine if it is in the best interests of the Corporation and its shareholders to continue, modify or terminate the Related Party Transaction.

Review

This Policy will be reviewed by the Governance and Nominating Committee of the Board every three years or, where circumstances warrant, at such shorter interval as necessary, to determine if further additions, deletions or other amendments are required.

Last reviewed and approved by the Governance and Nominating Committee on April 22, 2021.

Adopted by the Board on May 3, 2021.