MANAGEMENT INFORMATION CIRCULAR

in connection with the

Annual and Special Meeting of Shareholders

to be held on May 25, 2017

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MEG ENERGY

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MANAGEMENT INFORMATION CIRCULAR

April 19, 2017

SOLICITATION OF PROXIES

This Management Information Circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of MEG Energy Corp. ("MEG" or the "Corporation") for use at the annual and special meeting (the "Meeting") of the shareholders (the "Shareholders") of the Corporation to be held at 3:00 p.m. MDT on May 25, 2017 at Centennial Place, 3rd Floor, West Tower (Bow Glacier Room), 250 – 5th Street S.W., Calgary, Alberta, for the purposes set forth in the accompanying Notice of Meeting. Unless otherwise indicated, the information set forth herein is effective as of April 19, 2017.

Solicitation of Proxies by Management

As a Shareholder, you are cordially invited to be present at the Meeting. To ensure that you will be represented at the Meeting, in the event you are a *registered Shareholder* and unable to attend personally, you are requested to date, complete and sign the instrument of proxy enclosed herewith (the "Instrument of Proxy") and return the same to Computershare Investor Services Inc. by mail at 8th Floor, 100 University Avenue, Toronto, Ontario, Canada M5J 2Y1 or by fax to facsimile number 1-866-249-7775. Voting can also be completed by phone by calling 1-866-734-VOTE (8683), toll free within North America, or calling 312-588-4290 outside of North America, or via the internet by going to www.investorvote.com. You will need your web voting ID number which is noted on your proxy form. If you are an *unregistered (beneficial) Shareholder* and receive these materials through your broker or another intermediary, please complete and return the form of proxy or voting information form in accordance with the instructions provided therein.

Solicitation of proxies will be primarily by mail, but may also be by personal interview, telephone or other oral or written means of communication by the directors, officers and employees of the Corporation, at no additional compensation. The cost of the solicitation of proxies by management will be borne by the Corporation.

Appointment of Proxyholders

The persons named in the accompanying Instrument of Proxy are directors and/or officers of the Corporation. **Each Shareholder has the right to appoint a person or company to represent the Shareholder at the Meeting (who need not also be a Shareholder) other than the person or persons designated in the Instrument of Proxy furnished by the Corporation.** To exercise this right, the Shareholder must either insert the name of the desired representative in the blank space provided in the accompanying Instrument of Proxy or submit an alternative form of proxy (either of which is a "Proxy").

A Proxy will not be valid unless it is received by Computershare Investor Services Inc. not less than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays) before the time fixed for holding the Meeting or any adjournment thereof.

Signing of Instruments of Proxy

A Proxy must be in writing and must be executed by the Shareholder or the Shareholder's duly appointed attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney of the corporate Shareholder. A Proxy signed by a person acting as attorney or in some other representative capacity should expressly reflect that person's capacity (following his or her signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with Computershare Investor Services Inc. or the Corporation).

Revocation of Proxy

A Shareholder who has submitted a Proxy may revoke it by an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney thereof, and delivered to Computershare Investor Services Inc., by mail at 8th Floor, 100 University Avenue, Toronto, Ontario, Canada M5J 2Y1 or by fax to facsimile number 1-866-249-7775, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof; or to the chair of the Meeting on the day of the Meeting or any adjournment thereof, and upon any such delivery the Proxy shall be revoked. A Proxy may also be revoked: (a) by the registered Shareholder personally attending at the Meeting and voting such Shareholder's shares; or (b) in any other manner permitted by law. Beneficial Shareholders can change or revoke a vote by notifying their broker or intermediary in accordance with the instructions of such broker or intermediary.

Voting of Proxies and Exercise of Discretion by Proxyholders

All common shares of the Corporation (the "Shares" or "Common Shares") represented at the Meeting by properly executed Proxies will be voted, or withheld from voting, on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Shares represented by the Proxy will be voted in accordance with such instructions. On any ballot that may be called for at the Meeting, the management designees named in the accompanying Instrument of Proxy will vote or withhold from voting the Shares in respect of which they are appointed proxy according to the directions of the Shareholder appointing them. If the Shareholder specifies a choice regarding any matter to be acted upon at the Meeting, his, her or its Shares will be voted accordingly. **In the absence of such direction, the Shares will be voted: (i) for the election of each director; (ii) for the approval of the Corporation's amended and restated shareholder rights plan; (iii) in favour of the Corporation's approach to executive compensation (referred to as "Say on Pay"); and (iv) for the appointment of PricewaterhouseCoopers LLP as auditor of the Corporation at such remuneration as the directors of the Corporation may determine.**

The accompanying Instrument of Proxy confers discretionary authority on the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly be brought before the Meeting or any adjournment thereof unless otherwise indicated on such accompanying Instrument of Proxy.

Management of the Corporation knows of no amendments, variations or other matters to come before the Meeting, other than those matters referred to in the Notice of Meeting.

Advice to Beneficial Holders of Shares

The information set forth in this section is of significant importance to some Shareholders as some Shareholders do not hold their Shares in their own name. Shareholders who do not hold their Shares in their own name (referred to in this Circular as "Beneficial Shareholders") should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Shares can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting Common Shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person or that the Common Shares are duly registered in their name.**

Applicable Canadian regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Each broker or other intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. In some cases, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. In Canada, the majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge"). In most cases, Broadridge mails a scannable voting instruction form in lieu of the form of proxy provided by the Corporation and asks Beneficial Shareholders to return the voting instruction form to Broadridge. Alternatively, Beneficial Shareholders can either call Broadridge's toll-free telephone number (1-800-474-7493 (English) or 1-800-474-7501 (French)) to vote their Common Shares, or access Broadridge's dedicated voting web site at www.proxyvotecanada.com to deliver their voting instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form from Broadridge cannot use that form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge or, alternatively, instructions must be received by Broadridge well in advance of the Meeting in order to have such shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his broker (or an agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote the Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Shares as proxyholder for the registered Shareholder, should enter their own names in the blank space on the Instrument of Proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Voting Securities

As at the date hereof, there are 293,282,107 Common Shares and no preferred shares of the Corporation issued and outstanding. Each Common Share carries the right to one vote at meetings of Shareholders.

Record Date

Only persons who are registered Shareholders at the close of business on April 19, 2017 (the "Record Date") are entitled to receive notice of and to vote at the Meeting, except that any person who acquires Shares after that date may vote such Shares at the Meeting if he, she or it: (a) produces properly endorsed certificates evidencing such

Shares or otherwise establishing that he, she or it owns them; and (b) requests, not later than ten (10) days before the Meeting, that his, her or its name be included on the list of Shareholders entitled to vote at the Meeting. Persons who are beneficial holders of Common Shares as of the Record Date will be entitled to vote at the Meeting in accordance with the procedures established pursuant to National Instrument 54-101 - *Communications with Beneficial Owners of Securities of a Reporting Issuer.*

PRINCIPAL SHAREHOLDERS

As at the Record Date, to the knowledge of the Corporation, other than as set forth below, there is no person or company who beneficially owns, or controls or directs, directly or indirectly, 10% or more of the Common Shares outstanding.

Shareholder Name[1]	Type of Ownership	Number and Percentage of Common Shares Owned, Controlled or Directed[2]
WP Lex	Record and Beneficial[3]	21,782,705 (7.4%)[4]
WPX Luxco	Record and Beneficial[3]	15,986,580 (5.5%)[5]

Notes:

(1) "WP Lex" is WP Lexington Private Equity, B.V. and "WPX Luxco" is WP X LuxCo S.a.r.l. To the knowledge of the Corporation, except as described in note (3) below, no principal shareholder named above is an associate or affiliate of any other person or company named as a principal shareholder above.

(2) To the knowledge of the Corporation, none of the Common Shares are held subject to any voting trust or other similar agreement.

(3) The Corporation has been advised that a total of 37,769,285 Common Shares are owned of record and beneficially by WP Lex and WPX Luxco. WP Lex is a company incorporated under the laws of the Netherlands and WPX Luxco is a company incorporated under the laws of Luxembourg. WP Lex is an affiliate of Warburg Pincus Private Equity VIII, L.P., a Delaware limited partnership, and two affiliated partnerships (collectively "WP VIII"), and Warburg Pincus International Partners, L.P., a Delaware limited partnership, and two affiliated partnerships (collectively "WPIP"). WP Luxco is an affiliate of Warburg Pincus Private Equity X, L.P., a Delaware limited partnership, and Warburg Pincus X Partners, L.P., a Delaware limited partnership (collectively "WP X"). Warburg Pincus X, L.P., a Delaware limited partnership ("WP X LP"), is the general partner of WP X. Warburg Pincus X GP L.P., a Delaware limited partnership ("WP X GP"), is the general partner of WP X LP. WPP GP LLC, a Delaware limited liability company ("WPP GP") is the general partner of WP X GP. Warburg Pincus Partners, L.P., a Delaware limited partnership ("WP Partners"), is the general partner of WPIP and WP VIII, and the managing member of WPP GP. Warburg Pincus Partners GP LLC, a Delaware limited liability company ("WPP GP LLC"), is the general partner of WP Partners. Warburg Pincus & Co., a New York general partnership ("WP"), is the managing member of WPP GP LLC. Warburg Pincus LLC, a New York limited liability company ("WP LLC"), manages WP VIII, WPIP and WP X. Charles R. Kaye and Joseph P. Landy are Managing General Partners of WP and Managing Members and Co-Chief Executive Officers of WP LLC and may be deemed to control WP Lex, WPX Luxco, WP VIII, WPIP, WP X, WP X LP, WP X GP, WPP GP, WP Partners, WPP GP LLC, WP X International Holdings (as defined below), WP X International Investments (as defined below), WP International Holdings I (as defined below), WP Luxco II (as defined below), WP Luxco III (as defined below), WP and WP LLC (the "Warburg Pincus entities"). The address of the Warburg Pincus entities is 450 Lexington Avenue, New York, New York, 10017.
WP X holds an indirect interest in the Corporation through its beneficial interests in (i) WP X International Holdings LLC, a Delaware limited liability company ("WP X International Holdings"), which is wholly owned by WP X, (ii) WP X International Investments LLC a Delaware limited liability company ("WP X International Investments"), which is wholly owned by WP X International Holdings, and (iii) WPX Luxco, which is wholly owned by WP X International Investments.
WPIP and WP VIII hold an indirect interest in the Corporation through its beneficial interest in (i) WP International Holdings I LLC, a Delaware limited liability company ("WP International Holdings I"), which is wholly owned by WPIP and WP VIII, (ii) WP LuxCo II S.a.r.l., a company organized under the laws of Luxembourg ("WP Luxco II"), which is wholly owned by WP International Holdings I, (iii) WP LuxCo III S.a.r.l., a company organized under the laws of Luxembourg ("WP Luxco III"), which is wholly owned by WP Luxco II, and (iv) WP Lex, which is wholly owned by WP Luxco III.

(4) To the knowledge of the Corporation, on a fully diluted basis, WP Lex owns 7.2% (of record and beneficially) of the issued and outstanding Common Shares.

(5) To the knowledge of the Corporation, on a fully diluted basis, WPX Luxco owns 5.3% (of record and beneficially) of the issued and outstanding Common Shares.

BUSINESS OF THE ANNUAL AND SPECIAL MEETING

1. Financial Statements and Auditor's Report

The financial statements of the Corporation for the fiscal year ended December 31, 2016, together with the auditor's report thereon, will be presented at the Meeting. No formal action will be taken at the Meeting to approve the Corporation's financial statements. Any questions the Shareholders have regarding the financial statements may be brought forward at the Meeting. Copies of the Corporation's annual and interim financial statements are available on SEDAR at www.sedar.com.

2. Election of Directors

Unless directed otherwise, the management designees named in the accompanying Instrument of Proxy intend to vote in favour of the election of William McCaffrey, David B. Krieger, Boyd Anderson, James D. McFarland, Harvey Doerr, Robert Hodgins, Jeffrey J. McCaig, Diana J. McQueen, William R. Klesse and Timothy Hodgson as directors of the Corporation. Each director elected will hold office from the date on which he or she is elected until the next annual meeting of Shareholders or until his or her successor is duly elected or appointed, unless his or her office is vacated prior to the next meeting.

The board of directors of the Corporation (the "Board") believes that each director should carry the confidence and support of the Corporation's shareholders. The Instrument of Proxy therefore enables a Shareholder to vote in favour of (or to withhold a vote for) each nominee separately. At the Meeting, the chairman of the Meeting will call for a vote and instruct the scrutineers to record with respect to each nominee the number of Common Shares in the nominee's favour and the number of Common Shares withheld from voting.

In addition, the Corporation has adopted a majority voting policy that requires any nominee for director to tender his or her offer of resignation in the event such nominee receives a greater number of "withheld" votes than "for" votes in an election in which the number of nominees for election is equal to the number of directors to be elected as set out in the management information circular for the particular meeting. Upon receipt of such an offer of resignation, the Governance and Nominating Committee of the Board (the "GNC") shall consider the offer of resignation and make a recommendation to the Board. In compliance with the requirements of the Toronto Stock Exchange (the "TSX"), the recommendation of the GNC to the Board would be that the Board should accept such offer of resignation. The Board will then decide whether to accept or reject the offer of resignation and would be expected to follow such recommendation, absent exceptional circumstances. Shareholders should note that, as a result of the majority voting policy, a "withhold" vote is effectively the same as a vote against a director nominee in an uncontested election.

An audit committee was first appointed by the Board on May 18, 2004 (the "Audit Committee"), a compensation committee was first appointed by the Board on December 2, 2004 (the "Compensation Committee"), the GNC was first appointed by the Board on February 23, 2011, an ad hoc review committee (the "Review Committee") was first appointed by the Board on September 17, 2015, and an ad hoc restructuring committee (the "Restructuring Committee") was first appointed by the Board on December 1, 2016.

The following table and the notes thereto set forth the names of management's proposed nominees for election as directors, their municipalities of residence, all other positions and offices with the Corporation now held by them, their principal occupations or employment, the periods during which they have served as directors of the Corporation, and the approximate number of securities of the Corporation they beneficially own, or control or direct, directly or indirectly, as at the date hereof including particulars of securities held by way of grants made under the Corporation's security based compensation arrangements.

Name: Age: Municipality of residence: Offices held: Director since: 2016 Director Election:	William McCaffrey 59 Calgary, Alberta, Canada President, Chief Executive Officer and a Director March 9, 1999 96.10% Votes "For" 3.90% Votes "Withheld"

Mr. McCaffrey has been President, Chief Executive Officer and a director of the Corporation since March of 1999. In just 10 years MEG grew to become one of the largest private oil and gas companies in Canada, focused on sustainable development and production of oil sands projects. Under his leadership, in 2006 MEG received the E&P sector's "Deal of the Year" for the company's innovative institutional debt transaction and in 2010, Oilsands Review Magazine awarded MEG the Producer of the Year award, and MEG's public offering was awarded IPO of the year. In 2011, Mr. McCaffrey was recognized by the Canadian Venture Capital Association as its annual 'Entrepreneur of the Year' and in 2014 was recognized as 'CEO of the Year' by Alberta Oil Magazine and 'Entrepreneur of the Year' by global management consultants Ernst and Young.

Mr. McCaffrey brings 35 years of direct oil sands experience to MEG. Prior to founding the Corporation, Mr. McCaffrey spent 17 years at Amoco Canada in various managerial positions, including Manager of Business Development and Growth for Amoco Canada's oil sands developments. During his time in this position, he was responsible for the growth plans of Amoco Canada's oil sands leases. At Amoco Canada, Mr. McCaffrey also led the team responsible for the initiation and development of the Primrose thermal oil sands project, a 25,000 bbls/d project that was one of the first commercial *in situ* bitumen production sites utilizing horizontal wells and thermal technologies.

Mr. McCaffrey participated in the Western Executive Development Program at the University of Western Ontario in 1995; he received a Civil Engineering degree from the University of Alberta in 1981, a Bachelor of Science degree (Biology/Chemistry) from the University of Alberta in 1978 and received the designation of Professional Engineer in 1983.

Board and committee memberships:	Meeting attendance during 2016:
Board of Directors	14 of 14

Securities held:[1]		Complies with share ownership requirements?
	1,210,883 Common Shares 725,000 Options 120,668 RSUs 202,414 PSUs	Yes

Name: Age: Municipality of residence: Offices held: Director since: 2016 Director Election:	David B. Krieger 43 New York, New York, U.S.A. Director (independent) February 27, 2004 97.24% Votes "For" 2.76% Votes "Withheld"	
Mr. Krieger is currently Managing Director, Warburg Pincus LLC. Mr. Krieger has been with WP LLC since 2000 and works primarily with the firm's investments in the energy sector. He was appointed Managing Director of WP LLC in 2006. Mr. Krieger was a director of EMGS, Inc. from July of 2004 until January of 2010, and has been a director of Kosmos Energy Ltd. since 2004. Mr. Krieger received a Bachelor of Science (Economics) from the University of Pennsylvania in 1994, a Master of Science from the Georgia Institute of Technology in 1995 and a Master of Business Administration from Harvard Business School in 2000.		
Board and committee memberships: Board of Directors Compensation Committee	Meeting attendance during 2016: 14 of 14 7 of 8	
Securities held:[1]	37,769,285 Common Shares[2] 8,389 Common Shares[3] 15,100 Options[3] 13,956 RSUs[3] 17,054 DSUs[3]	Complies with share ownership requirements? Yes

Name: Age: Municipality of residence: Offices held: Director since: 2016 Director Election:	Boyd Anderson 69 Calgary, Alberta, Canada Director (independent) June 14, 2007 99.97% Votes "For" 0.03% Votes "Withheld"	
Mr. Anderson is the former Vice President, Natural Gas Liquids for BP North America Inc. Mr. Anderson was Lead Director of the Corporation from June 2010 to June 2016. He is also a former director of Amoco Canada. Mr. Anderson received a Bachelor of Engineering - Chemical from McGill University in 1968, a Certificate of Post-Graduate Study in Chemical Engineering from the University of Cambridge in 1969, a Master of Business Administration from McMaster University in 1974 and received the designation of Professional Engineer in 1974.		
Board and committee memberships: Board of Directors Audit Committee Governance and Nominating Committee Review Committee	Meeting attendance during 2016: 12 of 14 5 of 5 2 of 4 (ceased to be a member on June 28, 2016) 8 of 8	
Securities held:[1]	20,129 Common Shares 15,100 Options 13,956 RSUs 17,054 DSUs	Complies with share ownership requirements? Yes

Name:	James D. McFarland
Age:	70
Municipality of residence:	Calgary, Alberta, Canada
Offices held:	Director (independent), Chair of Compensation Committee
Director since:	June 9, 2010
2016 Director Election:	99.27% Votes "For" 0.73% Votes "Withheld"

Mr. McFarland is President and C.E.O. of Valeura Energy Inc. He has over 44 years of experience in the oil and gas industry. In April of 2010, he was appointed President, C.E.O. and director of Valeura Energy Inc., which he co-founded. Prior thereto, Mr. McFarland served as President and C.E.O., director and co-founder of Verenex Energy Inc. from 2004 until 2009. From 1999 until 2004, he served as Managing Director of Southern Pacific Petroleum N.L. in Australia. From 1995 until 1998, Mr. McFarland served as President and Chief Operating Officer of Husky Oil Limited. From 1972 until 1995, he held various leadership positions in a 23 year career with Imperial Oil Limited and other Exxon affiliates in Canada, the U.S. and Western Europe. Mr. McFarland has been a director of various public and private entities and is currently a director of Pengrowth Energy Corporation and Valeura Energy Inc. and serves on the Program Committee of the World Petroleum Council. Mr. McFarland received a Bachelor of Science (Honours) (Chemical Engineering) from Queen's University at Kingston in 1970, a Master of Science (Petroleum Engineering) from the University of Alberta in 1974, completed the Executive Development Program at Cornell University in 1981 and the Governor General's Canadian Study Conference in 1987, received the designation of Professional Engineer in 1974 and is a member of the Institute of Corporate Directors.

Board and committee memberships:	Meeting attendance during 2016:
Board of Directors	13 of 14
Compensation Committee	8 of 8
Governance and Nominating Committee	5 of 5
Review Committee	8 of 8

Securities held:[1]		Complies with share ownership requirements?
	15,188 Common Shares 15,100 Options 13,956 RSUs 17,054 DSUs	Yes

Name:	Harvey Doerr
Age:	58
Municipality of residence:	Invermere, British Columbia, Canada
Offices held:	Director (independent), Chair of Governance and Nominating Committee
Director since:	June 9, 2010
2016 Director Election:	99.96% Votes "For" 0.04% Votes "Withheld"

Mr. Doerr is the former Executive Vice President, Downstream and Planning, Murphy Oil Corporation and has been involved in the oil and gas industry since 1981. He held various roles with Murphy Oil Corporation between 1989 and 2009, including Executive Vice President, Downstream and Planning from January of 2007 until August of 2009 and President, Murphy Oil Company Ltd. (Canada) from August 1997 until December 2006. He currently serves as Chairman of Velvet Energy Ltd., a private Canadian oil and gas company, and serves as a director of Newalta Corporation and Seven Generations Energy Ltd. Mr. Doerr received a Bachelor of Science (Mechanical Engineering) from the University of Alberta in 1981, completed the Advanced Management Program at Harvard Business School in 2004 and received the designation of Professional Engineer in 1985. In 2011, Mr. Doerr obtained a certified designation (ICD.D) from the Institute of Corporate Directors.

Board and committee memberships:	Meeting attendance during 2016:
Board of Directors	14 of 14
Governance and Nominating Committee	5 of 5
Audit Committee	3 of 3 (ceased to be a member on June 28, 2016)

Securities held:[1]		Complies with share ownership requirements?
	49,395 Common Shares 15,100 Options 13,956 RSUs 17,054 DSUs	Yes

Name:	Robert Hodgins
Age:	65
Municipality of residence:	Calgary, Alberta, Canada
Offices held:	Director (independent), Chair of Audit Committee
Director since:	September 23, 2010
2016 Director Election:	98.20% Votes "For" 1.80% Votes "Withheld"

Mr. Hodgins is the former Chief Financial Officer, Pengrowth Energy Trust. Mr. Hodgins has over 25 years of experience in senior financial roles with several Canadian corporations. He was Chief Financial Officer of Pengrowth Energy Trust (now Pengrowth Energy Corporation) from 2002 until 2004, Vice President and Treasurer of Canadian Pacific Limited from 1998 until 2002 and Chief Financial Officer of TransCanada Pipelines Limited from 1993 until 1998. Mr. Hodgins is also currently a director of AltaGas Ltd., Enerplus Corporation and Gran Tierra Energy Inc. He holds a Bachelor of Arts in Business from the Richard Ivey School of Business, is a Chartered Professional Accountant, CA and is a member of the Institute of Corporate Directors.

Board and committee memberships:	Meeting attendance during 2016:
Board of Directors	14 of 14
Audit Committee	5 of 5
Compensation Committee	8 of 8

Securities held:[1]		Complies with share ownership requirements?
	10,842 Common Shares 15,100 Options 13,956 RSUs 17,054 DSUs	Yes

Name: Age: Municipality of residence: Offices held: Director since: 2016 Director Election:	Jeffrey J. McCaig 65 Calgary, Alberta, Canada Chairman of the Board and Director (independent) March 1, 2014 99.89% Votes "For" 0.11% Votes "Withheld"

Mr. McCaig is the Chairman of the board of directors of the Trimac Group of Companies (a group of private entities) of which he was CEO until December 31, 2015. Mr. McCaig has been a director of Potash Corporation of Saskatchewan since January 2001 and a director of Bantrel Company (a private company) since 2000, becoming its Chairman in December 2007. Mr. McCaig is also a director and co-owner of the Calgary Flames Hockey Club. Mr. McCaig holds a degree in economics from Harvard University, a law degree from Osgoode Hall Law School, and a Master of Science in Management degree from Stanford University. He also is a member of the Institute of Corporate Directors.

Board and committee memberships:	Meeting attendance during 2016:
Board of Directors	14 of 14
Governance and Nominating Committee	4 of 4 (ceased to be a member on June 28, 2016)
Compensation Committee	4 of 4 (ceased to be a member on June 28, 2016)
Review Committee	8 of 8

Securities held:[1]		Complies with share ownership requirements?
	572,649 Common Shares 20,656 RSUs 22,275 DSUs	Yes

Name: Age: Municipality of residence: Offices held: Director since: 2016 Director Election:	Diana J. McQueen 55 Drayton Valley, Alberta, Canada Director (independent) October 6, 2015 99.92% Votes "For" 0.08% Votes "Withheld"

Ms. McQueen has energy and environmental public policy experience from regional, provincial and international levels, in addition to entrepreneurial experience in operating an independent business. Ms. McQueen held various Alberta provincial cabinet roles during 2011 to 2015, including Minister of Energy, Minister of Environment and Water, and Minister of Municipal Affairs. Ms. McQueen has also served at the municipal level with the Alberta Urban Municipalities Association.

Board and committee memberships:	Meeting attendance during 2016:
Board of Directors	14 of 14
Compensation Committee	4 of 4 (appointed a member on June 28, 2016)

Securities held:[1]		Complies with share ownership requirements?
	3,254 Common Shares 14,897 RSUs 16,901 DSUs	Yes

Name: Age: Municipality of residence: Offices held: Director since: 2016 Director Election:	William R. Klesse 70 San Antonio, Texas, United States Director (independent) June 28, 2016 99.96% Votes "For" 0.04% Votes "Withheld"

Mr. Klesse is the former Chief Executive Officer and former Chairman of the Board of Valero Energy Corporation, an international manufacturer and marketer of transportation fuels, other petrochemical products and power. He joined the Valero board as Vice Chairman in 2005 and served as Chairman of the Board from 2007 to December 2014. From 2006 to May 2014, he served as Chief Executive Officer of Valero and served as President from 2008 to 2013. From 2003 to 2005, Mr. Klesse was Valero's Executive Vice President and Chief Operating Officer. Prior to that, he served as Executive Vice President of Refining and Commercial Operations following Valero's 2001 acquisition of Ultramar Diamond Shamrock Corporation, where he had been Executive Vice President of the company's refining operations. Mr. Klesse began his 45-plus year career in the energy industry at Diamond Shamrock Corporation, which merged with Ultramar Corporation in 1996. He is a trustee of the Texas Biomedical Research Institute and United Way of San Antonio and Bexar County and serves on the Advisory Board of the San Antonio Food Bank. Mr. Klesse holds a bachelor's degree in Chemical Engineering from the University of Dayton and a Master of Business Administration with an emphasis in Finance from West Texas A&M University.

Mr. Klesse brings more than four decades of energy industry executive management experience to MEG's board. As Valero's former Chairman, he led the board's strategic planning and, as Valero's former CEO, he oversaw the daily operations of a major global energy company. Mr. Klesse's experience provides an informed management perspective and insights with respect to global business and energy issues to the board. He also has leadership experience on industry association and non-profit boards.

Board and committee memberships: Board of Directors	Meeting attendance during 2016: 4 of 7[4] (elected a director on June 28, 2016)

Securities held:[1]	100,000 Common Shares 11,227 RSUs 11,227 DSUs	Complies with share ownership requirements? Yes

Name:	Timothy Hodgson
Age:	56
Municipality of residence:	Toronto, Ontario, Canada
Offices held:	Director (independent)
Director since:	June 28, 2016
2016 Director Election:	99.97% Votes "For" 0.03% Votes "Withheld"

Mr. Hodgson is Managing Partner of Alignvest Management Corporation. He was also Chairman of the Board of Alignvest Acquisition Corp. from 2015 to February 2017. Prior to joining Alignvest, Mr. Hodgson was Special Advisor to the Governor of the Bank of Canada from 2010 to 2012, where he led the Bank's market infrastructure initiatives. While serving at the Bank, Mr. Hodgson sat on the Bank's Monetary Policy Review Committee and Financial Stability Committee. Additionally, he represented the Bank on the Heads of Agencies Committee, and on the Heads of Dealers Committee with the heads of the major Canadian investment banks.

From 1990 to 2010, Mr. Hodgson held various positions in New York, London, Silicon Valley and Toronto with Goldman Sachs. His expertise spanned several industry verticals, capital markets products, merger advisory services and merchant banking. In 2005, Mr. Hodgson was tasked with rebuilding Goldman Sachs Canada after the firm had curtailed its Canadian investment banking, fixed income, and equity research operations in 2003. From 2005 to 2010, he served as Chief Executive Officer of Goldman Sachs Canada with overall responsibilities for the firm's operations, client relationships and regulatory matters in the region. Mr. Hodgson has advised Canadian governments, corporations and high net worth individuals. He has also sat on the boards of CW Media, Goldman Sachs' largest merchant banking investment in Canada.

In addition to his positions with Alignvest, Mr. Hodgson currently sits on the boards of The Public Sector Pension Investment Board where he chairs the Investment Committee, KGS-Alpha Capital Markets, The Global Risk Institute, The Ivey School of Business and Next Canada. Mr. Hodgson also served on the board of Bridgepoint Health for eight years until July 2014.

Mr. Hodgson holds a Masters of Business Administration from The Richard Ivey School of Business at Western University and a Bachelor of Commerce from the University of Manitoba. He is a Chartered Professional Accountant, CA and a member of the Institute of Corporate Directors.

Board and committee memberships:	Meeting attendance during 2016:
Board of Directors	5 of 6 (elected a director on June 28, 2016; recused himself for one meeting)
Audit Committee	2 of 2 (appointed a member on June 28, 2016)

Securities held:[1]	8,000 common shares 11,227 RSUs 11,227 DSUs	Complies with share ownership requirements? Yes

Notes:

(1) The information as to the Common Shares beneficially owned, controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
Includes unvested Options, treasury-settled RSUs, PSUs and DSUs, and cash-settled RSUs and PSUs.

(2) A total of 37,769,285 Common Shares are legally and beneficially owned by WP Lex and WPX Luxco. All Common Shares indicated as held by Mr. Krieger are included because of his affiliation with WP LLC and the Warburg Pincus entities described in note 3 of the table under "Principal Shareholders" above. Mr. Krieger disclaims beneficial ownership of all Common Shares owned by WP Lex and WPX Luxco.

(3) The net proceeds from the Common Shares, Options, RSUs and DSUs held by Mr. Krieger in his capacity as a director are for the benefit of WP LLC.

(4) Prior to Mr. Klesse being nominated for election as a director, Mr. Klesse advised management and the other board members that he would be traveling extensively during 2016. Accordingly, it was pre-arranged and agreed that Mr. Klesse would be absent from particular board meetings held during that time.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the knowledge of the Corporation, no proposed nominee for election as a director of the Corporation (nor any personal holding company of any of such persons) is, or has been within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "Order"), and that was issued while the proposed nominee was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the proposed nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

Except as disclosed below, to the knowledge of the Corporation, no proposed nominee for election as a director of the Corporation (nor any personal holding company of any of such persons): (a) is, as of the date of this Circular, or has been within the 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed nominee.

Robert Hodgins was formerly a director of Skope Energy Inc. ("Skope"), a Toronto Stock Exchange listed company, which in November 2012, commenced proceedings in the Court of Queen's Bench of Alberta under the *Companies' Creditors Arrangement Act*, to implement a restructuring which was completed on February 19, 2013. Mr. Hodgins ceased to be a director of Skope on February 19, 2013.

Jeffrey McCaig was a director of Orbus Pharma Inc. ("Orbus"), an NEX listed company, which in May 2010 commenced proposal proceedings pursuant to the *Bankruptcy and Insolvency Act* (Canada) by filing a notice of intention to make a proposal. A proposal was submitted to and approved by the creditors of Orbus in September 2010 and was approved on October 10, 2010.

Penalties or Sanctions

To the knowledge of the Corporation, no proposed nominee for election as a director of the Corporation (nor any personal holding company of any of such persons) has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for such proposed nominee.

3. Approval of Amended and Restated Shareholder Rights Plan

Background

In connection with the initial public offering by the Corporation of its Common Shares in August 2010, the Corporation adopted a shareholder rights plan pursuant to a shareholder rights plan agreement between the Corporation and Olympia Trust Company, as rights agent, made as of August 6, 2010 (the "2010 Rights Plan"). On March 20, 2014, the Board approved certain amendments to the 2010 Rights Plan in the form of an amended and restated shareholder rights plan agreement (the "Existing Rights Plan") and the Existing Rights Plan was ratified and approved by majority vote of the Shareholders on May 1, 2014.

On March 23, 2017, the Board approved certain amendments (the "Amendments") to the Existing Rights Plan in the form of an amended and restated shareholder rights plan agreement (the "Amended and Restated Rights Plan"), subject to the Shareholders approving the continued existence of a shareholder rights plan on the terms and conditions set forth in the Amended and Restated Rights Plan at the Meeting and the Corporation obtaining consent and approval of the TSX. The Amendments will not take effect unless and until they are approved by the TSX and at the Meeting by the Shareholders. Accordingly, at the Meeting, Shareholders will be asked to consider and, if deemed advisable, approve the Amendments in the form of the Amended and Restated Rights Plan and the continued existence of a shareholder rights plan on the terms and conditions set forth in the Amended and Restated Rights Plan. If the resolution is not approved by the Shareholders, the Existing Rights Plan will terminate at the conclusion of the Meeting.

Purpose of the Amended and Restated Rights Plan

The primary objective of the Amended and Restated Rights Plan is to ensure, to the extent possible, that all Shareholders are treated equally and fairly in connection with any take-over bid or similar proposal to acquire the Common Shares.

Take-over bids may be structured in such a way as to be coercive or discriminatory in effect, or may be initiated at a time when it will be difficult for the Board to prepare an adequate response. Such offers may result in Shareholders receiving unequal or unfair treatment, or not realizing the full or maximum value of their investment in the Corporation. The Amended and Restated Rights Plan discourages the making of any such offers by creating the potential for significant dilution to any offeror who does so. This dilution would be implemented through the issuance to all Shareholders of contingent rights to acquire additional Common Shares at a significant discount to the then prevailing market prices, which could, in certain circumstances, become exercisable by all Shareholders other than an offeror and its associates, affiliates and joint actors.

Effective May 9, 2016, the Canadian Securities Administrators amended National Instrument 62-104 – Take-Over Bids and Issuer Bids ("NI 62-104") and National Policy 62-203 – Take-Over Bids and Issuer Bids (together, the "New Take-Over Bid Rules") to, among other amendments, extend the minimum period a take-over bid must remain open for deposits of securities thereunder to 105 days (from 35 days), with the ability of the target issuer to voluntarily reduce the period to not less than 35 days. Consistent with such amendments, the Amended and Restated Rights Plan encourages a potential acquiror to proceed with its bid in accordance with Canadian take-over bid rules, which require that the bid satisfy certain minimum standards intended to promote fairness or have the approval of the Board, by:

- protecting against "creeping bids" (the accumulation of 20% or more of the Common Shares through purchases exempt from Canadian take-over bid rules, such as: (i) purchases from a small group of Shareholders under private agreements at a premium to the market price not available to all Shareholders; (ii) acquiring control through the slow accumulation of Common Shares over a stock exchange without paying a control premium; or (iii) through other transactions outside of Canada not subject to Canadian take-over bid rules), and requiring the bid to be made to all Shareholders; and

- preventing a potential acquiror from entering into lock-up agreements with existing Shareholders prior to launching a take-over bid, except for permitted lock-up agreements as specified in the Amended and Restated Rights Plan.

By encouraging bids in accordance with Canadian take-over bid rules, the Board wants to allow all Shareholders the opportunity to benefit from the acquisition of a control position of 20% or more of the Common Shares, and allow the Board to have sufficient time to explore and develop all options for maximizing shareholder value in the event a person attempts to acquire a control position in the Corporation. Under the Amended and Restated Rights Plan, potential acquirors are prevented from accumulating effective control of the Corporation or a blocking position against other bidders except by way of a Permitted Bid (as defined below).

Proposed Amendments

The primary changes to the Existing Rights Plan reflected by the Amendments ensure that the Corporation's shareholder rights plan remains aligned with the New Take-Over Bid Rules and current market practice. In particular, the Amendments update the Existing Rights Plan by:

- amending the definition of Permitted Bid to require the applicable Take-over Bid to be outstanding for a minimum period of 105 days or such shorter period that a take-over bid must remain open for deposits of securities, in the applicable circumstances, to align with the New Take-Over Bid Rules;

- amending the definition of Exempt Acquisition (as defined below) to: (i) clarify that certain transactions, statutory or otherwise, that are approved by the Shareholders and the Board qualify as an Exempt Acquisition; and (ii) provide that distributions of Common Shares or Convertible Securities (as defined below) by way of a private placement by the Corporation, a securities exchange take-over bid circular or upon the exercise by an individual employee of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to any dividend reinvestment plan or any employee benefit, stock option or similar plan qualify as an Exempt Acquisition provided that all necessary stock exchange approvals are obtained in connection with such distribution and the person acquiring such securities does not become the beneficial owner (within the meaning of the Amended and Restated Rights Plan) of more than 25% of the Voting Shares (as defined below) outstanding immediately prior to the distribution; and

- certain additional non-substantive, technical and administrative amendments, including to align the definition of a Competing Permitted Bid to the minimum number of days as required to align with the New Take-Over Bid Rules and permit book entry form registration of rights.

The Corporation is not proposing the Amendments in response to or in anticipation of any acquisition or take-over bid that is known to the management of the Corporation. The Amended and Restated Rights Plan is not intended to prevent a take-over of the Corporation, to secure continuance of current management or the directors in office, or to deter fair offers for the Common Shares. The Amended and Restated Rights Plan may, however, increase the price paid by a potential offeror to obtain control of the Corporation and may discourage certain transactions.

The Amended and Restated Rights Plan does not affect in any way the Corporation's financial condition. The initial issuance of the rights will not dilute the Common Shares and will not affect reported earnings or cash flow per share until the rights separate from the underlying Common Shares and become exercisable. The Amended and Restated Rights Plan will not lessen or affect the duty of the Board to give due and proper consideration to any offer that is made and to act honestly, in good faith, and in the best interests of the Corporation.

Summary of the Amended and Restated Rights Plan

The following summary of the Amended and Restated Rights Plan is qualified in its entirety by reference to the complete text of the Amended and Restated Rights Plan entered into between the Corporation and Computershare

Trust Company of Canada, as rights agent, which shall, subject to approval by the TSX and at the Meeting by the Shareholders, be dated and take effect on the date of the Meeting. The Amended and Restated Rights Plan shall govern in the event of any conflict between the provisions thereof and this summary. Subject also to its approval by the TSX and by Shareholders at the Meeting, a copy of the Amended and Restated Rights Plan will be available under the Corporation's profile on SEDAR at www.sedar.com.

Definitions

The following are certain definitions as provided for in the Amended and Restated Rights Plan that are relevant for the purposes of this summary of the Amended and Restated Rights Plan.

"Convertible Security" shall mean a security convertible, exercisable or exchangeable into a Voting Share;

"Exempt Acquisition" shall mean an acquisition of securities of the Corporation:

(a) in respect of which the Board has waived the application of Section 3.1 of the Amended and Restated Rights Plan pursuant to the provisions of Subsection 5.1(b), 5.1(c) or 5.1(d) of the Amended and Restated Rights Plan;

(b) pursuant to an amalgamation, merger, arrangement or other similar transaction (statutory or otherwise, but, for greater certainty, excluding a Take-over Bid) which has been approved and/or the issuance of securities of the Corporation pursuant to such amalgamation, merger, arrangement or other similar transaction has been approved by the Board and the holders of Voting Shares by the requisite majority or majorities of the holders of Voting Shares at a meeting duly called and held for such purpose in accordance with the Corporation's by-laws, the Business Corporations Act (Alberta) and any other applicable laws;

(c) which is made as an intermediate step in a series of related transactions in connection with the acquisition by the Corporation or any of its Subsidiaries (as defined in the Amended and Restated Rights Plan) of a Person (as defined in the Amended and Restated Rights Plan) or assets, provided that the acquiror of such Voting Shares distributes or is deemed to distribute such Voting Shares to its security holders within ten Business Days (as defined in the Amended and Restated Rights Plan) of the completion of such acquisition and, following such distribution, no Person has become the beneficial owner (within the meaning of the Amended and Restated Rights Plan) of 20% or more of the Voting Shares of the Corporation then outstanding; or

(d) pursuant to a distribution by the Corporation of Voting Shares or Convertible Securities by way of a private placement by the Corporation or a securities exchange take-over bid circular or upon the exercise by an individual employee of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to any Dividend Reinvestment Plan (as defined in the Amended and Restated Rights Plan) or any employee benefit, stock option or similar plan, provided that (A) all necessary stock exchange approvals for such private placement, take-over bid, Dividend Reinvestment Plan or employee benefit, stock option or similar plan have been obtained and such private placement, take-over bid, Dividend Reinvestment Plan or employee benefit, stock option or similar plan complies with the terms and conditions of such approvals, and (B) such Person does not become the beneficial owner (within the meaning of the Rights Plan Agreement) of more than 25% of the Voting Shares outstanding immediately prior to the distribution, and in making this determination the Voting Shares to be issued to such Person in connection with the distribution shall be deemed to be held by such Person but shall not be included in the aggregate number of outstanding Voting Shares immediately prior to the distribution;

"Independent Shareholders" means holders of Voting Shares (as defined below), other than:

(a) any Acquiring Person (as defined in the Amended and Restated Rights Plan);

(b) any Offeror (as defined below), other than a person referred to in paragraph 1.1(k)(iii)(B) of the Amended and Restated Rights Plan;

(c) any affiliate or associate of such Acquiring Person or Offeror;

(d) any person acting jointly or in concert with such Acquiring Person or Offeror; and

(e) any employee benefit plan, deferred profit sharing plan, stock participation plan and any other similar plan or trust for the benefit of employees of the Corporation or a subsidiary of the Corporation, unless the beneficiaries of the plan or trust direct the manner in which the Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Take-over Bid;

"Offer to Acquire" shall include:

(a) an offer to purchase or a solicitation of an offer to sell or a public announcement of an intention to make such an offer or solicitation; and

(b) an acceptance of an offer to sell, whether or not such offer to sell has been solicited;

or any combination thereof, and the person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the person that made the offer to sell;

"Offeror" shall mean a person who has announced a current intention to make or who is making a Take-over Bid, but only so long as the Take-over Bid so announced or made has not been withdrawn or terminated or has not expired;

"Take-over Bid" shall mean an Offer to Acquire Voting Shares and/or Convertible Securities if, assuming that the Voting Shares and/or the Convertible Securities subject to such Offer to Acquire are acquired and Beneficially Owned by the Offeror at the date of such Offer to Acquire, such Voting Shares (together with the Voting Shares into which such Convertible Securities are convertible) and the Voting Shares Beneficially Owned, as at the date of the Offer to Acquire by the Offeror would constitute in the aggregate 20% or more of the outstanding Voting Shares at the date of the Offer to Acquire; and

"Voting Shares" shall mean the Common Shares and any other securities in the capital of the Corporation entitled to vote generally in the election of the Board.

Term

If the Amended and Restated Rights Plan is approved by Shareholders at the Meeting, it will remain in effect until the "Expiration Time", which is defined as the earlier of:

(a) the time at which the right to exercise Rights shall terminate pursuant to Subsection 5.1(g) or Section 5.15 of the Amended and Restated Rights Plan;

(b) the termination of the third annual meeting of the shareholders of the Corporation occurring after the date of ratification of the Amended and Restated Rights Plan pursuant to Section 5.16 of the Amended and Restated Rights Plan if the continuation of the Amended and Restated Rights Plan is not submitted to holders of Voting Shares for their approval at such meeting or, if so submitted, is not approved by a majority of the votes cast by Independent Shareholders present or represented by proxy; and

(c) the close of the third annual meeting of shareholders of the Corporation occurring after the date of approval of the continuation of the Amended and Restated Rights Plan pursuant to paragraph (b) above or this paragraph (c) if the continuation of the Amended and Restated Rights Plan is not submitted to holders of Voting Shares for their approval at such meeting or, if so submitted, is not approved by a majority of the votes cast by Independent Shareholders present or represented by proxy.

Issue of Rights

On the effective date of the Existing Rights Plan, one right (a "Right") was issued and attached to each Common Share then outstanding and one Right has been, and will be, issued and attach to each Common Share subsequently issued.

Separation Time/Ability to Exercise Rights

The Rights are not exercisable, and are not separable from the Common Shares in connection with which they were issued, until the "Separation Time", being the close of business on the tenth trading day after the earlier of:

(a) the first date of public announcement by the Corporation or an Acquiring Person of facts indicating that a person has become an Acquiring Person (the "Share Acquisition Date");

(b) the date of the commencement of or first public announcement of the intent of any person (other than the Corporation or any subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid); or

(c) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be a Permitted Bid or Competing Permitted Bid;

or such later time as may be determined by the Board.

Acquiring Person

A person will be considered to be an "Acquiring Person" for the purposes of the Amended and Restated Rights Plan if it acquires beneficial ownership (within the meaning of the Amended and Restated Rights Plan) of 20% or more of the outstanding Common Shares with certain exceptions, as set forth in the Amended and Restated Rights Plan.

Consequences of a Flip-in Event

A "Flip-in Event" refers to any transaction pursuant to which a person becomes an Acquiring Person prior to the Expiration Time. Following the occurrence of a Flip-in Event, and subject to certain limitations in the Amended and Restated Rights Plan, as to which the Board has not waived the application of the Amended and Restated Rights Plan, each Right held by:

(a) an Acquiring Person (or any of its associates, affiliates or joint actors) on or after the earlier of the Separation Time or the first date of public announcement that an Acquiring Person has become such, shall become null and void; and

(b) any other shareholder shall entitle the holder thereof to purchase additional Common Shares at a substantial discount to their prevailing market price at the time.

Permitted Bid Requirements

An offeror may make a take-over bid for the Corporation without becoming an Acquiring Person (and therefore subject to the consequences of a Flip-in Event described above) if it makes a take-over bid (a "Permitted Bid") that meets certain requirements, including that the bid must:

(a) be made to all holders of record of Voting Shares;

(b) remain open for acceptance for at least 105 days from the date of the bid or such shorter period that a take-over bid (which is not exempt from the general take-over bid requirements of Applicable Securities Laws (as defined in the Amended and Restated Rights Plan), including, for greater certainty, NI 62-104) must remain open for deposits of securities thereunder, in the applicable circumstances at such time, pursuant to Applicable Securities Laws (as defined in the Amended and Restated Rights Plan);

(c) be subject to a minimum tender condition of more than 50% of the Voting Shares held by Independent Shareholders;

(d) contain a provision that unless the bid is withdrawn, Voting Shares may be deposited pursuant to such bid at any time during the period of time between the date of the bid and the date on which Voting Shares may be taken up and paid for and that any Voting Shares deposited pursuant to the bid may be withdrawn until taken up and paid for;

(e) provide that the bid will be extended for at least 10 days if more than 50% of the Voting Shares held by Independent Shareholders are deposited to the bid (and the Offeror shall make a public announcement of that fact); and

(f) if any holders of Voting Shares are registered on the records of the Corporation as residing in the United or a U.S. Person, then the bid complies with all applicable requirements of the United States Securities Act of 1933, as amended and the United States Securities Exchange Act of 1934, as amended;

provided always that a Permitted Bid will cease to be a Permitted Bid at any time when such bid ceases to meet any of the provisions of the definition of Permitted Bid and provided that, at such time, any acquisition of Voting Shares made pursuant to such Permitted Bid, including any acquisition of Voting Shares theretofore made, will cease to be a Permitted Bid Acquisition.

A competing Take-over Bid that is made while a Permitted Bid is outstanding and satisfies all of the criteria for Permitted Bid status, except that it may expire on the same date as the Permitted Bid that is outstanding (subject to the minimum period of days such Take-over Bid must remain open pursuant to Applicable Securities Laws), will be considered to be a "Competing Permitted Bid" for the purposes of the Amended and Restated Rights Plan, provided that a Competing Permitted Bid will cease to be a Competing Permitted Bid at any time when such bid ceases to meet any of the provisions of the definition of Competing Permitted Bid and provided that, at such time, any acquisition of Common Shares made pursuant to such Competing Permitted Bid, including any acquisitions of Common Shares theretofore made, will cease to be a Permitted Bid Acquisition.

Permitted Lock-Up Agreement

A person will not become an Acquiring Person by reason of entering into an agreement (a "Permitted Lock-Up Agreement") with a Shareholder pursuant to which the Shareholder (the "Locked-Up Person") agrees to deposit or tender its Common Shares to a Take-over Bid (the "Lock-Up Bid") made by that person or their affiliates or associates or any joint actors, provided that the agreement meets certain requirements, including that:

(a) the terms of the agreement are publicly disclosed and a copy is made publicly available;

(b) the Locked-Up Person can terminate its obligation under the agreement in order to tender its Common Shares to another Take-over Bid or transaction where:

(i) the offer price or value of the consideration payable is (A) greater than the price or value of the consideration per Common Share under the Lock-Up Bid or (B) equal to or greater than a specified minimum, which cannot be more than an amount that is 7% greater than the offer price under the Lock-Up Bid; and

(ii) if less than 100% of the number of outstanding Common Shares held by Independent Shareholders are offered to be purchased under the Lock-Up Bid, the number of Common Shares offered to be purchased under the other Take-over Bid or transaction (at an offer price not lower than pursuant to the Lock-Up Bid) is (A) greater than the number offered to be purchased under the Lock-Up Bid or (B) equal to or greater than a specified number, which cannot be more than 7% greater than the number offered to be purchased under the Lock-Up Bid; and

(c) if the Locked-Up Person fails to deposit its Common Shares to the Lock-Up Bid, no "break fees" or other penalties that exceed, in the aggregate, the greater of (A) 2.5% of the price or value of the consideration payable under the Lock-Up Bid to a Locked-Up Person and (B) 50% of the increase in consideration to a Locked-Up Person resulting from another Take-over Bid or transaction, shall be payable by the Locked-Up Person.

Certificates and Transferability

Before the earlier of the Separation Time and the Expiration Time, the Rights have been, and will be evidenced by a legend imprinted on Common Share certificates representing Common Shares issued after the effective date of the Existing Rights Plan. Although Rights attached to Common Shares outstanding on the effective date of the Existing Rights Plan, certificates representing Common Shares issued before the effective date of the Existing Rights Plan do not bear the legend.

From and after the Separation Time, Rights will be evidenced by separate certificates.

Before the Separation Time, Rights will trade together with, and will not be transferable separately from, the Common Shares in connection with which they were issued. From and after the Separation Time, Rights will be transferable separately from the Common Shares in accordance with the Amended and Restated Rights Plan.

Waiver

A potential Offeror that does not wish to make a Permitted Bid can nevertheless negotiate with the Board to make a formal Take-over Bid on terms that the Board considers fair to all Shareholders, in which case the Board may waive the application of the Amended and Restated Rights Plan. Any waiver of the Amended and Restated Rights Plan's application in respect of a particular Take-over Bid will constitute a waiver of the Amended and Restated Rights Plan in respect of any other formal Take-over Bid made while the initial bid is outstanding.

The Board may also waive the application of the Amended and Restated Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered the Flip-in Event thereafter reduces its beneficial holdings below 20% of the outstanding Common Shares within 14 days or such other date as the Board may determine.

With the consent of the Shareholders or of the holders of Rights, as the case may be, the Board may waive the application of the Amended and Restated Rights Plan to any other Flip-in Event prior to its occurrence.

Redemption

Rights are deemed to be redeemed following completion of a Permitted Bid (including a competing Permitted Bid) or any other Take-over Bid in respect of which the Board has waived the Amended and Restated Rights Plan's application.

With shareholder approval, the Board may also, prior to the occurrence of a Flip-in Event, elect to redeem all (but not less than all) of the then outstanding Rights at a nominal redemption price of $0.00001 per Right. In certain circumstances, the approval of holders of Rights may also be required in respect of a redemption.

Exemptions for Investment Advisors, etc.

Investment advisors (for client accounts), trust companies (acting in their capacity as trustees or administrators), statutory bodies whose business includes the management of funds (for employee benefit plans, pension plans, or insurance plans of various public bodies), administrators or trustees of registered pension plans or funds and agents or agencies of the Crown, which acquire more than 20% of the outstanding Common Shares, are effectively exempted (through the definition of "beneficial ownership" under the Amended and Restated Rights Plan) from triggering a Flip-in Event provided that they are not in fact making, either alone or jointly or in concert with any other person, a Take-over Bid.

Directors' Duties

The Amended and Restated Rights Plan does not in any way lessen or affect the duty of the Board to act honestly and in good faith with a view to the best interests of the Corporation. In the event of a Take-over Bid or any other such proposal, the Board will still have the duty to take such actions and make such recommendations to Shareholders as are considered appropriate.

Amendments

The Board is authorized to make amendments to the Amended and Restated Rights Plan to correct any clerical or typographical error, or to maintain the validity of the Amended and Restated Rights Plan as a result of changes in law or regulation. Other amendments or supplements to the Amended and Restated Rights Plan may be made with the prior approval of Shareholders.

Approval Requirements

The resolution approving the Amended and Restated Rights Plan must be approved by a simple majority of not less than a simple majority of the votes cast by: (i) the Shareholders; and (ii) if applicable, the Independent Shareholders (as such term is defined in the Amended and Restated Rights Plan) present in person or by proxy at the Meeting. The Corporation is not currently aware of any Shareholders whose votes will be ineligible to be counted towards the ordinary resolution to approve the Amended and Restated Rights Plan or any Shareholders which would not qualify as Independent Shareholders.

At the Meeting, Shareholders will be asked to approve the following ordinary resolution approving the Amended and Restated Rights Plan:

"**BE IT RESOLVED**, as an ordinary resolution, **THAT**:

1. the amendments to the shareholder rights plan of MEG Energy Corp. (the "Corporation") made as of August 6, 2010 and amended and restated on May 1, 2014, which amendments were approved by the board of directors of the Corporation on March 23, 2017 in the form of an amended and restated shareholder rights plan agreement (the "Amended and Restated Rights Plan") on terms substantially similar to those described in the management information circular dated April 19, 2017, and the continued existence of a shareholder rights plan on the terms and conditions set forth in the Amended and Restated Rights Plan are hereby ratified, confirmed and approved;

2. the making on or prior to the date hereof of any revisions to the Amended and Restated Rights Plan as may be required by the Toronto Stock Exchange or by professional commentators on shareholder rights plans in order to give effect to the foregoing revisions or to conform the Amended and Restated Rights Plan to versions of shareholder rights plans then prevalent for public reporting issuers in Canada, as may be approved by any two of the Chief Executive Officer, Chief Financial Officer, General Counsel or a director, is hereby approved;

3. any director or officer of the Corporation is hereby authorized to execute and deliver, whether under corporate seal or otherwise, the Amended and Restated Rights Plan and any other agreements, instruments, notices, consents, acknowledgements, certificates and other documents (including any documents required under applicable laws or regulatory policies), and to perform and do all such other acts and things, as any such director or officer in his or her discretion may consider to be necessary or advisable from time to time in order to give effect to this resolution; and

4. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

The Board recommends that you vote FOR the ordinary resolution to ratify, confirm and approve the Amended and Restated Rights Plan. It is the intention of management to vote proxies FOR approval of the ordinary resolution above, unless otherwise directed.

4. Say on Pay

The Corporation's compensation policies and procedures are centered on a "pay for performance" philosophy and aligned with the long-term interests of Shareholders, as more particularly described throughout this Circular.

The Corporation's compensation programs are designed to:

- reward creation of long-term shareholder value;
- reflect short, medium and long term corporate performance;
- maintain an appropriate balance between base salary and short-term and long-term incentive opportunities;
- be competitive, so as to attract and retain talented individuals;
- strike an appropriate balance between risk and reward; and
- assure that perquisites are modest and support the Corporation's business objectives.

Management believes that the Corporation's compensation programs, with their balance of base salary, bonus amounts and long-term incentives comprised of RSUs, PSUs and stock options, reward sustained performance that is aligned with long-term shareholder interests.

The Board and management of the Corporation wish to also provide Shareholders with a non-binding advisory vote ("Say on Pay") at the Meeting. This Say on Pay vote on executive compensation will provide Shareholders with the opportunity to vote FOR or AGAINST the Corporation's approach to executive compensation through the following resolution:

> "**BE IT RESOLVED THAT**, on an advisory basis and not to diminish the role and responsibilities of the Board, the shareholders accept the approach to executive compensation disclosed in the "Statement of Executive Compensation" section of the Management Information Circular of the Corporation dated April 19, 2017 and delivered in advance of the 2017 Annual and Special Meeting of Shareholders."

As this is an advisory vote, the results will not be binding upon the Board. However, the Board will consider the outcome of the vote as part of its ongoing review of executive compensation. The Board believes that it is essential for Shareholders to be well informed of the Corporation's approach to executive compensation and considers this advisory vote to be an important part of the ongoing process of engagement between Shareholders and the Board. The Corporation will disclose the results of the Shareholder advisory vote as part of its report on voting results for the Meeting.

In the event that the advisory resolution is not approved by a majority of the votes cast at the meeting, the Board will consult with Shareholders (particularly those who are known to have voted against it) to understand their concerns and will review the Board's approach to compensation in the context of those concerns. Results from the Board's review, if necessary, will be discussed in the Corporation's management information circular for the annual meeting of shareholders of the Corporation to be held in 2018.

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders present in person or by proxy at the Meeting. **The Board recommends that you vote FOR the foregoing resolution. It is the intention of management to vote proxies "FOR" approval of the ordinary resolution above, unless otherwise directed.**

5. Appointment of Auditor

Unless directed otherwise, the management designees named in the accompanying Instrument of Proxy intend to vote in favour of the appointment of PricewaterhouseCoopers LLP to serve as the auditor of the Corporation until the next annual meeting of Shareholders, at a remuneration to be determined by the directors of the Corporation. PricewaterhouseCoopers LLP was first appointed as the auditor of the Corporation on December 2, 2004.

6. Other Business

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters identified in the Notice of Meeting. However, if any other matter properly comes before the Meeting or any adjournment thereof, the Common Shares subject to the Instrument of Proxy solicited hereunder will be voted on such matter in the discretion of and according to the best judgment of the proxyholder unless otherwise indicated on such Instrument of Proxy.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

2016 continued to be a challenging year for both the oil industry globally and the oil sands industry in Alberta. Oil prices reached historic 15-year lows at the beginning of 2016 before recovering slowly and modestly over the course of the year. Organizations focused on oil sands production in Alberta also continued to face challenges related to market access, changes in the geopolitical landscape and price differentials. Because MEG is one of the few "pure play" oil sands companies traded on the TSX, most others being privately held, its share price was disproportionally impacted by these macroeconomic factors. This stands in sharp contrast to MEG's operational performance, which continued to meet and exceed targets despite significant reductions in capital spending.

Operationally, MEG's performance in 2016 continued to surpass historic milestones and achieve new high-water marks. The Corporation achieved record annual production of 81,245 barrels per day, within the range of guidance despite capital spending for the year being nearly 60% below budgeted 2016 capital spending. MEG also achieved record low per barrel net operating costs and non-energy operating costs. From a health and safety standpoint, 2016 was MEG's best year on record for at least the past decade.

The disconnect between MEG's share price and its operational performance made decisions about executive compensation in 2016 especially challenging for the Compensation Committee and the Board. In order to strike a balance between recognizing MEG's ability to excel in operational areas within its control, the need to maintain a motivated, high performing organization that can continue to deliver these results and to reflect the share price experience of its shareholders, the following workforce and compensation actions were taken in 2016 and early 2017:

- **Continued Workforce Reductions.** The organization was further streamlined in 2016 and early 2017, resulting in overall workforce reductions of nearly 45% since 2014, when oil prices began to fall.

- **Continued Base Salary Freezes.** The Board elected to continue the base salary freeze for MEG's named executive officers ("NEOs"). Salaries in 2017 remain unchanged from 2015 levels.

- **Further Reduced the Value of Annual Incentives.** Bonus payments to NEOs were reduced again in 2016 by an average of 56% from 2015 levels following a 35% year-over-year reduction the year prior. Once again the Board exercised discretion to weigh share price performance more heavily than other operational measures in the Corporate Performance Scorecard. This difficult decision was made in spite of the fact that share price performance was generally driven by macroeconomic factors beyond the control of management.

- **Granted CEO's Request for a Zero Bonus.** MEG's CEO Bill McCaffrey requested, and the Board subsequently approved, a zero bonus for himself in 2016. Mr. McCaffrey made this request in spite of MEG's record operational and safety performance in 2016 to recognize the drop in shareholder returns that resulted from the continued decline in oil prices and other macroeconomic factors over the period.

- **Increased Weighting on PSUs and Relative Total Shareholder Return.** Beginning with the June 2016 awards, MEG increased the weighting on PSUs to 50% of the total LTI mix for NEOs and other executives. The previous LTI mix of 50% stock options, 35% PSUs and 15% RSUs had been in place since 2013. MEG also increased the weighting of relative total shareholder return in the performance measures under its PSU program from 40% to 60%.

- **Received Shareholder Support for amended LTI plans.** MEG received 94% shareholder support for its amended stock option plan and 89% support for its amended treasury-settled restricted share unit plan at the annual and special meeting of Shareholders held in 2016. The revised plans incorporate a number of improved features, including:

    - ✓ *Prohibition of stock option re-pricing for all plan participants*
    - ✓ *Prohibition of stock option term extensions for all plan participants*
    - ✓ *Modification of non-employee director participation limits for RSU plan*
    - ✓ *Making non-employee directors ineligible for stock option awards*
    - ✓ *Reduction of share reserve from 10% to 6%*

- **Introduced a Clawback Policy.** MEG adopted a clawback policy for its officers and executives that provides for the recoupment of both cash and equity-based incentive compensation where fraud or intentional illegal misconduct results in a material restatement of financial results.

- **Introduced a "Say-on-Pay" vote.** MEG held its first say-on-pay vote at its annual and special meeting of Shareholders held in 2016 and received 96% shareholder support for its approach to executive compensation.

MEG is also pleased to have been recognized by the Governance Professionals of Canada with the 2016 "Best Practices in Pay for Performance" award at their 2016 Excellence in Governance Awards ceremony in Toronto.

MEG continues to believe that its success is dependent on its ability to attract, retain and motivate a dedicated group of high performing employees, top management and quality directors. Accordingly, MEG's compensation programs are designed to be competitive within the marketplace, to reward employees and management for achievements and duration of service to the Corporation and to promote alignment of interests between the directors, officers and employees of the Corporation and the shareholders of the Corporation. The features of MEG's compensation programs have been designed to foster decisions and actions that result in the Corporation's growth and in the creation of both near-term and long-term shareholder value.

Compensation Methodology

The Board makes decisions regarding salaries, annual bonuses and equity incentive compensation for the executive officers (including the CEO) and approves corporate goals and objectives relevant to their respective compensation. With respect to the compensation of executive officers other than the CEO, the Board solicits input from the CEO and the Compensation Committee regarding the performance of such executive officers. With respect to the compensation of the CEO, the Board solicits input from the Compensation Committee alone.

As part of the compensation review process, the Compensation Committee relies on input from management and market information provided by Mercer (Canada) Limited ("Mercer Consulting") in the Mercer Total Compensation Survey for the Energy Industry (the "Mercer Survey") as well as publicly-disclosed compensation data in management information circulars. The Corporation's goal is to target total direct compensation, including base salary, cash bonuses and long-term incentives, at the median of the peer group for the executive roles within the Corporation. Notwithstanding the foregoing, some key positions are adjusted from the applicable median due to the experience, scope, demand for and contribution of the particular individual.

As part of the Corporation's process of determining executive compensation, each position in the Corporation is benchmarked or matched to a corresponding role in the Mercer Survey. Each NEO position at MEG is also matched to a corresponding NEO role in management information circulars of the Corporation's peer group. The compensation data for these matches is used to provide guidance on base salary, annual bonus and LTI grants. Management then makes recommendations to the Compensation Committee, based largely on performance and contribution of the NEO. The Compensation Committee then reviews the recommendations and if appropriate makes a recommendation to the Board for approval. In the case of the CEO, the Compensation Committee reviews the relevant industry and peer group data and also assesses the overall performance of the Corporation prior to determining its recommendation to the Board related to CEO compensation.

Compensation Risk Mitigation

Each year, the Compensation Committee reviews the Corporation's compensation policies and practices, taking into consideration any risks associated therewith, as well as each compensation component (base salary, short-term incentives (annual bonuses), and long-term incentives. The Compensation Committee has identified several existing practices that assist in the management of compensation risk, including the following:

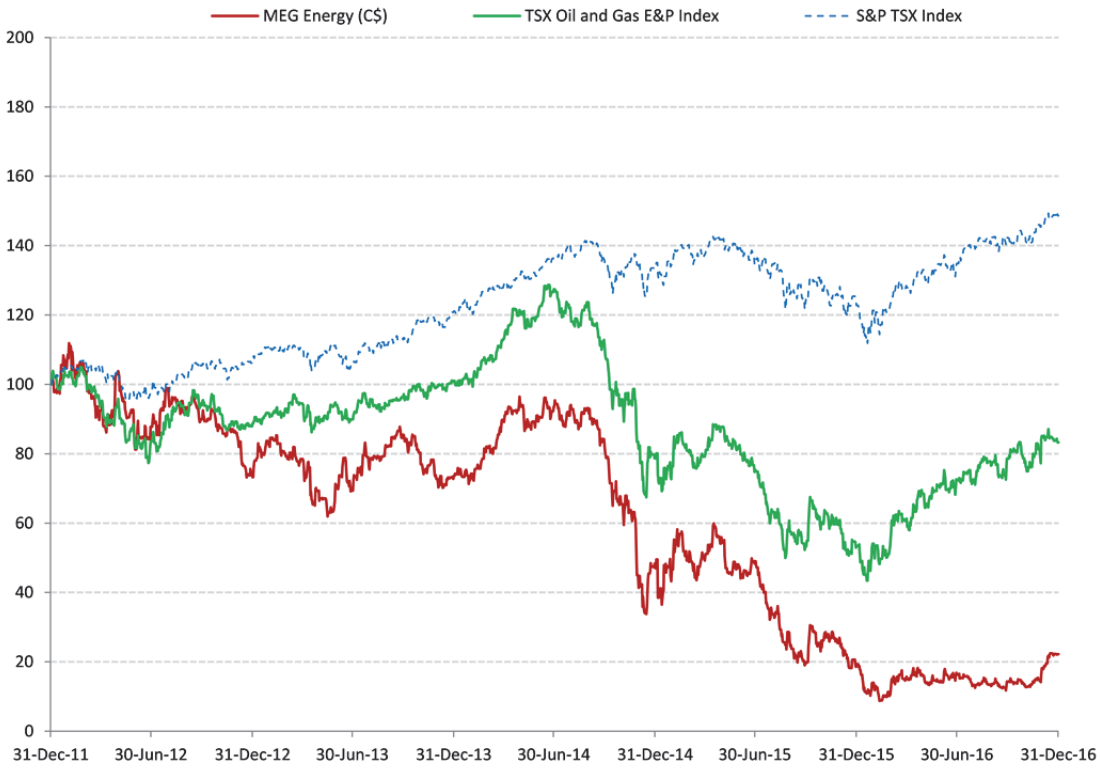
- Mixture of short-term and long-term variable incentive programs;
- Inclusion of compensation criteria that are based on non-financial measures, such as operational performance and health and safety performance;
- Anti-hedging policies that prohibit NEOs and directors from purchasing financial instruments designed to hedge or offset a decrease in market value of equity securities granted as compensation, or held, directly or indirectly, by any NEO or director; and
- Adoption of a clawback policy that provides for the recoupment from officers and executives of both cash and equity-based incentive compensation where fraud or intentional illegal misconduct results in a material restatement of financial results.

During its annual review, the Compensation Committee did not identify any risks associated with the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

Performance Graph

The following graph compares the cumulative total shareholder return ("TSR") for the Corporation on the TSX, of $100.00 invested in Common Shares over the five year period beginning January 1, 2012 and ending December 31, 2016, with $100.00 invested in each of the TSX Oil and Gas E&P Index ("Energy Index") and the S&P/TSX Composite Index ("Composite Index") over the same period.

Total Shareholder Return



Date	MEG (TSX)	S&P/TSX Index	TSX Oil and Gas E&P Index
January 1, 2012	$100.00	$100.00	$100.00
December 31, 2012	$73.23	$107.19	$88.73
December 31, 2013	$73.66	$121.11	$100.99
December 31, 2014	$47.03	$133.90	$78.64
December 31, 2015	$19.29	$122.76	$53.40
December 31, 2016	$22.20	$148.64	$83.26

TSR for the Composite Index outperformed both the Common Shares and the Energy Index over the five-year period. The Common Shares outperformed the Energy Index for most of 2012, but that performance was reversed in 2013. During 2014 and 2015, the Common Shares trended in line with the performance of the Energy Index. In 2016, the Energy Index recovered more quickly than the Common Shares.

Total compensation of the NEOs, as reported in the Summary Compensation Table, generally increased between 2012 and 2013 and decreased from 2013 to 2016. As a result of three consecutive years of NEO compensation reductions, 2016 NEO total compensation levels are now generally below 2012 levels.

Components of Compensation

The compensation package for all executive officers is comprised of base salary, annual short-term incentives, participation in the Corporation's LTI plans, participation in benefit plans and other nominal perquisites. All salaries, salary increases, cash bonuses and stock-based compensation for the NEOs and other executive officers, as applicable, have been reviewed, considered and recommended by the Compensation Committee and, in turn,

approved by the Board. The review process includes an analysis relative to the Corporation's peer group, to match peer group data for similar job descriptions, with the goal of aligning compensation to the median of the peer group in order to attract and retain qualified and experienced personnel. Further adjustments to compensation are made based on individual and corporate performance.

Peer Group

MEG has established a peer group (the "Peer Group") to assess the competitiveness of its compensation programs and policies, establish target incentives, determine total compensation (base salary, annual short-term incentives and LTI) for each of the executive officers, and measure the Corporation's relative TSR performance to evaluate performance under the performance share unit ("PSU") program. See "Long-Term Equity Incentives" below. The Compensation Committee, in conjunction with the Board, reviews the Peer Group annually.

Companies are selected for inclusion in the Corporation's peer group primarily on the basis of who MEG competes with for talent, being those companies which MEG hires its executives from as well as those which are most likely to seek out and hire MEG's executives. Keeping compensation competitive with these organizations improves MEG's ability to attract and retain its executive workforce. The following criteria have generally been considered in determining appropriate executive compensation peers:

- **Competition for Talent** – Historical Source of Executive Talent
- **Oil versus Gas Weighting** – Strong Oil Weighting (with preference given to those with oil sands/in situ operations)
- **Ownership Type** – Publicly Traded on the TSX
- **Industry Sector** – Upstream Oil & Gas
- **Location of Headquarters/Operations** – Alberta/Western Canada
- **Corporate Characteristics** – Revenue, Production, Market Capitalization and/or Enterprise Value

Organizations rarely meet all of the selection criteria, but alignment on most criteria usually indicates that the organization competes with MEG for executive talent and is appropriate for compensation benchmarking. In 2016, the Corporation selected 10 companies to include in the Peer Group.

For the Corporation's NEOs, compensation data disclosed in management information circulars such as this one are the most accurate and transparent source of compensation data available. However, for Canadian subsidiaries of international companies, such information is often not available through public sources. As a result, MEG omits international subsidiaries from its analysis of pay for NEOs. Because MEG competes for executive talent with these international subsidiaries and because they are participants in the compensation surveys MEG uses to benchmark executive compensation below the Senior Vice President level, these subsidiaries are considered when benchmarking pay for executives who are not NEOs.

In 2016, the Peer Group included:

Company	Market Capitalization[1]	Revenue[2]	% of Production Oil Sands[3]
ARC Resources Ltd.	$8,161	$1,191	0
Baytex Energy Corp.	$1,531	$723	0
Cenovus Energy Inc.	$16,914	$12,333	58
Crescent Point Energy Corp.	$9,887	$2,729	0
Encana Corporation	$15,334	$4,145	0
Enerplus Corporation	$3,064	$850	0
Pengrowth Energy Corporation	$1,057	$927	28
Penn West Petroleum Ltd.	$1,192	$878	0
Suncor Energy Inc.	$73,583	$26,807	80
Vermilion Energy Inc.	$6,665	$886	0
50th Percentile	**$7,413**	**$1,059**	**-**
MEG	$2,090	$1,867	100

The following three international subsidiaries are also included for the purpose of benchmarking base pay for executives who are not NEOs:	
BP Energy	No NEO data available for Canadian subsidiaries
ConocoPhillips Canada	No NEO data available for Canadian subsidiaries
Devon Canada Corporation	No NEO data available for Canadian subsidiaries

Notes:
(1) Market capitalization in Cdn. $ million as at December 31, 2016.
(2) Trailing 12 month revenue in Cdn. $ million as of Q4 2016.
(3) Percentage of production in oil sands for the nine months ended September 30, 2016, as available in the respective public filings of such companies.

The 50th percentile revenue of the Peer Group is comparable to MEG. Note that Canadian Oil Sands was removed from the Peer Group in 2016 following its acquisition by Suncor. Otherwise, the Peer Group remained unchanged from 2015.

Base Salary

The base salary of each executive officer, including NEOs, reflects numerous factors relevant to the discharge of the executive officer's duties including the complexity of their respective roles, the amount of applicable industry experience, and the function their respective roles play in MEG's corporate development.

Salaries are reviewed and compared to the Peer Group through publicly available information and the Mercer Survey on at least an annual basis. Consideration is given to the development objectives of the Corporation and the need to attract, retain and motivate talented individuals. The base salaries of MEG executives are compared to the base salaries of incumbents in the Peer Group who hold similar positions, targeted at the midpoint salary of the applicable sample, and then adjusted for individual contribution and performance. The base salary of the CEO is determined solely by the Board based on recommendations received from the Compensation Committee.

The Board has elected to freeze the salaries of the NEOs at 2015 levels for both 2016 and 2017. Management's analysis suggests that NEO salaries remain competitive within the Peer Group and continue to satisfy the objectives of the program.

Annual Short-Term Incentive Compensation

The annual short-term incentive compensation program provides for cash awards, which are intended to motivate and reward executive officers, including NEOs, for achieving and surpassing annual corporate and individual goals. The

amount of the cash award or "bonus" is determined by reference to a target percentage of base salary (benchmarked to the Peer Group), which is then adjusted for individual and corporate performance.

In 2016, corporate performance was measured using targets related to various health and safety, financial, operational, pace of project development and marketing achievements (the "Corporate Performance Scorecard"). In assessing the degree to which the targets were achieved, the Compensation Committee considered that in 2016 the Corporation:

1.	Established record annual production of 81,245 barrels per day, within the range of guidance despite capital spending for the year being nearly 60% below budgeted 2016 capital spending. This achievement reflects ongoing efficiency gains associated with MEG's patented eMSAGP reservoir technology.	Outperformed
2.	Recorded record low annual non-energy operating costs[(1)] of $5.62 per barrel, which were well below the bottom end of the Corporation's revised guidance and 14% lower than in 2015.	Outperformed
3.	Recorded its best health and safety year on record for at least the past decade, achieving lost time incident frequency and reportable incident frequency for both employees and contractors at levels that exceeded MEG's internal targets.	Outperformed
4.	Did not exceed the performance of the S&P/TSX Energy Index.	Underperformed
5.	Achieved the Corporation's project development milestones with respect to infill wells, and the positioning of growth properties for execution.	Achieved
6.	Achieved the capability to export AWB on tidewater to international markets, with an ocean tanker shipment in October 2016.	Achieved

Note:
(1) Non-energy operating costs ("NEOC") represent production operating activities excluding energy operating costs.

Notwithstanding management's solid performance, the Board once again exercised discretion to weigh share price performance more heavily than the other operational measures included in the Corporate Performance Scorecard. As a result, bonus payments to NEOs were further reduced in 2016 by an average 56% from 2015 levels following a 35% year-over-year reduction the year prior. MEG's CEO Bill McCaffrey also requested, and the Board subsequently approved, a zero bonus for himself in 2016 to recognize the drop in shareholder returns that resulted from the continued decline in oil prices and other macroeconomic factors over the period.

The cash bonus award for each NEO was dependent on overall corporate performance as measured by the above criteria, as well as individual performance. Bonus awards for the NEOs, excluding the CEO, are recommended by the CEO and are reviewed by the Compensation Committee and, if deemed appropriate, are recommended to the Board for approval. Bonus awards for the CEO are determined solely by the Board based on recommendations received from the Compensation Committee. The actual amounts awarded to each NEO are set out below under the heading "Summary Compensation Table – NEOs".

Long-Term Equity Incentives

MEG believes that long-term equity-based awards allow the Corporation to attract and reward executive officers for their sustained contributions to the Corporation, while at the same time ensuring that their interests, and those of shareholders, are aligned. MEG also believes that equity-based awards lead to stronger retention of executives and employees. In 2016, the Corporation's long-term equity incentive program, as it relates to executive officers, was comprised of the following three components: (i) Restricted Share Units ("RSUs"); (ii) Performance Share Units ("PSUs"); and (iii) Stock Options ("Options").

RSUs

MEG awards RSUs to its NEOs in order to align executive and shareholder interests, retain executives over the long-term and allow executives to share in the long-term success of the Corporation. RSU awards made to NEOs in 2016 vest in thirds over three annual periods. As the awards vest, NEOs may realize more or less value than the grant date value reported in the Summary Compensation Table, based on the degree to which MEG's share price has increased or decreased over the vesting period. In this way, realized compensation is directly linked to share price performance and aligns with the shareholder experience over the same period.

The significant terms of MEG's RSU plans are described later in this circular under the heading "Long-Term Equity Incentive Plans."

PSUs

The PSU Program attaches performance vesting conditions to RSUs and is administered under the RSU Plans. The PSU Program was introduced as a means of mitigating the risk of rewarding executives and other management for share performance driven by factors beyond management's control (for example, large increases in the price of oil).

PSUs become eligible to vest in installments over three annual performance periods and upon satisfaction of performance targets which are set for each performance period and measured following the end of each performance period, as opposed to being set once for the entire three year period. One-third of each PSU award, as adjusted by the multiplier referenced below, will become eligible to vest and locked in after each performance year, but vesting and settlement will occur following the end of the third annual performance period applicable to the award. A multiplier, being a factor between zero and two, will be applied to PSUs that become eligible to vest based on achievements of performance targets at the end of each performance period.

PSUs vest and settle only on achievement of specified levels of performance as measured against defined performance targets. For the 2013, 2014 and 2015 performance years, the Board approved the following performance measures and weightings:

Performance Measure	Weighting
Production	30%
NEOC	30%
TSR (relative to Peer Group)	40%

For the 2016 performance year, the Board approved an increase to the weighting on TSR from 40% to 60%. The Board believes that this change further aligns the interests and financial experiences of MEG's NEOs with those of shareholders. For the 2016 performance year, the PSU performance measures and weightings were as follows:

Performance Measure	Weighting
Production	20%
NEOC	20%
TSR (relative to Peer Group)	60%

For each measure, the Board has approved threshold, target and maximum levels of performance that result in a multiplier of zero to two times the number of PSUs granted becoming eligible to vest after the end of each performance period. For 2015, 2016 and 2017, performance inside the range of guidance for the production and non-energy operating costs measures results in a multiplier of 1.0 being applied to PSUs becoming eligible to vest in respect of these measures and performance years, with upside and downside potential for performance outside of the range of guidance. Similarly, relative TSR performance at the median of the Peer Group results in a multiplier of 1.0 being applied to PSUs becoming eligible to vest in respect of the relative TSR measure in the 2015, 2016 and 2017

performance years, with upside and downside potential for better or worse relative performance. PSUs that do not become eligible to vest at the end of an annual performance period will not vest or become eligible to vest in subsequent periods and are canceled.

For the 2015 performance year, the Board elected to apply discretion to reduce the calculated performance factor from 1.11 to 1.0. For the 2016 performance year, the Board approved the calculated performance factor of 0.6.

The table below provides detailed information with respect to PSU performance measures:

Year	Measure	Weighting	Threshold	Target	Maximum	Actual	Evaluation Timing	Unweighted Multiplier	Weighted Multiplier
2015	Production	30%	74,000	78,000-82,000	86,000	80,025	Q1 2016	1	0.3
	NEOC	30%	$10.30	$7.30-$9.30	$6.30	$6.54	Q1 2016	1.76	0.528
	Relative TSR	40%	P0	P50	>P75	P35	Q1 2016	0.7	0.28
									1.11 (Reduced to 1.0)
2016	Production	20%	77,000	80,000-83,000	86,000	81,245	Q1 2017	1.0	0.2
	NEOC	20%	$8.75	$6.75-$7.75	$5.75	5.62	Q1 2017	2.0	0.4
	Relative TSR	60%	P0	P50	>P75	P0	Q1 2017	0.0	0.0
									0.6
2017	Production	20%	77,000	80,000-82,000	85,000	TBD	Q1 2018	TBD	TBD
	NEOC	20%	$7.75	$5.75-$6.75	$4.75	TBD	Q1 2018	TBD	TBD
	Relative TSR	60%	P0	P50	>P75	TBD	Q1 2018	TBD	TBD
									TBD

MEG sets its PSU targets for production and NEOC based on its public guidance figures. This guidance represents the organization's best estimate of actual production and NEOC levels for the upcoming year. MEG's 2017 production guidance of 80-82 mboe/day is comparable to 2016 guidance of 80-83 mboe/day, and takes into account the additional turnaround activities planned at site for 2017 during which production is anticipated to dip. The guidance range for NEOC was reduced from $6.75-$7.75 per bbl in 2016 to $5.75-$6.75 per bbl in 2017. In 2016, MEG was able to achieve reductions in operating costs through efficiency gains and a continued focus on cost management resulting in lower operations staffing and lower materials and services costs. The 2017 target range was set based on the expectation that these efficiency gains will be maintained, while also recognizing the impact of planned turnaround activities on production and associated costs.

Options

MEG awards options to NEOs as a tool for long-term retention, a means of rewarding long-term stock price performance and to foster long-term growth objectives. Options granted to NEOs in 2016 have a seven-year term, which provides for a longer performance time horizon than the 2016 RSU and PSU awards that vest over a three-year period. NEOs realize no value from options unless the price of MEG shares increases over the term of the award. As such, the realized value of options can differ greatly from the value reported in the Summary Compensation Table, the latter reflecting a theoretical grant date value using the Black-Scholes option pricing model.

In order to increase the proportion of executive LTI grants with explicit performance vesting conditions, MEG reduced the weighting on options in the NEO LTI mix beginning with the 2016 LTI awards.

The significant terms of MEG's stock option plan are described later in the Circular under the heading "Long-Term Equity Incentive Plans."

LTI Value and Mix

In determining the recommended total value of LTI to be granted to each NEO, the Compensation Committee takes into consideration several factors, including scope of responsibility, ability to affect shareholder value, the individual's historic and recent performance, the value of equity-based awards granted by the Peer Group to executive officers who have similar positions to those held by the NEOs, as well as the resulting total direct compensation of those NEOs. Previous grants are not generally taken into account when determining the value of grants made in any given year.

The associated value of RSUs, PSUs and Options awarded to each NEO is then determined by multiplying the total LTI value by the targeted executive LTI mix.

Historically, MEG placed a relatively high weighting on options in its targeted LTI mix for NEOs and other executives. Prior to 2013, the targeted mix for NEOs and other executive officers was weighted 65% to options and 35% to RSUs. In 2013, MEG introduced PSUs as a new component of its LTI mix for NEOs and other executives and changed the targeted weighting to 50% options, 35% PSUs and 15% RSUs. This targeted mix remained in effect from 2013 to 2015.

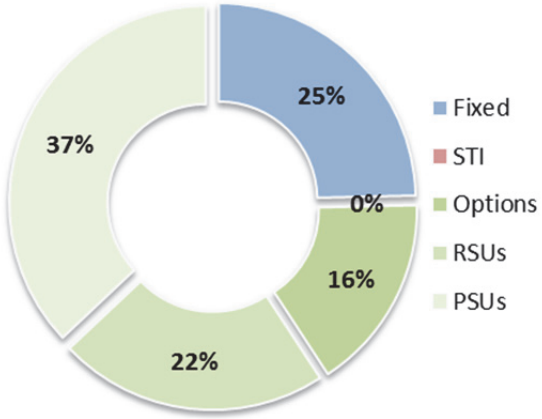
Beginning in 2016, MEG increased the weighting on PSUs to 50% for NEOs and other executives. The weighting on RSUs was also increased to 30% and the weighting on Options reduced to 20%.

The driving factor influencing this change was the desire to increase the proportion of executive LTI grants with explicit performance vesting conditions. The use of performance vesting conditions on LTI awards is increasingly being recognized as a strong corporate governance practice. A higher weighting on PSUs for executives also better aligns MEG with the average LTI mix of companies in the Peer Group.

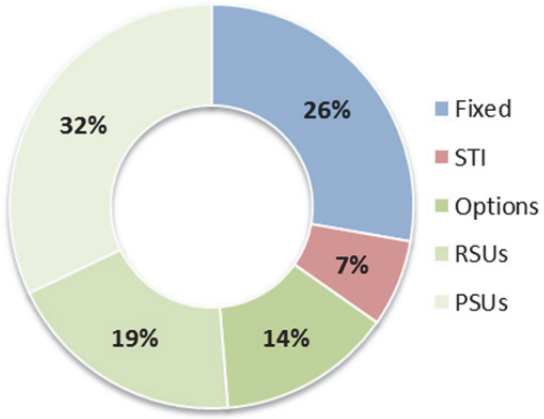
Pay Mix

The following charts illustrate the proportion of 2016 NEO compensation made up of fixed, short-term variable and long-term variable compensation. The Compensation Committee and the Board believe that the heavy weighting on variable (or "at risk") compensation, the use of a balanced set of measures to determine short-term incentive ("STI") payouts, and a mix of LTI vehicles support pay for performance while at the same time discouraging inappropriate risk taking and fostering retention.

CEO



Other NEO Average



Compensation Governance

From January 1st through June 28th of 2016, the Compensation Committee was comprised of four directors: James D. McFarland (Chair); David Krieger; Robert Hodgins; and Jeff McCaig, all of whom are independent directors. In connection with the 2016 AGM, Mr. McCaig was appointed Chairman of the Board and resigned his seat on the Compensation Committee upon accepting that appointment; however, as Board Chair he is an *ex officio* member of all committees. Also in connection with the 2016 AGM, Diana McQueen was appointed as a member of the Compensation Committee. From June 29th through December 31st of 2016, the Compensation Committee was comprised of four directors: James D. McFarland (Chair); David Krieger; Robert Hodgins; and Diana McQueen, all of whom are independent directors.

Members of the Compensation Committee have gained experience in executive compensation matters through their roles as senior executives in industry, public sector leadership, and/or directors of numerous organizations and have direct experience in establishing and operating executive and corporate compensation programs. Further information regarding the skills and experience of each member of the Compensation Committee is set out under "Corporate Governance Practices - Skills Assessment and Nomination."

The Compensation Committee's primary responsibilities are as follows:

(a) review the compensation policies and guidelines for the Corporation and the Corporation's corporate goals and objectives relevant to compensation, and then make recommendations to the Board;

(b) review and recommend for approval by the Board the salaries and compensation of the Corporation's executive officers along with the Corporation's employee benefits and bonus plans;

(c) review and recommend for approval by the Board the grants of all equity-based compensation; and

(d) review and recommend for approval by the Board the compensation arrangements for the directors of the Corporation, the chair of the Board, and the chair and members of each committee of the Board.

The Compensation Committee engaged Mercer Consulting ("Mercer") and Willis Towers Watson ("Towers") in 2016 to provide advice regarding the compensation of MEG's executive officers and directors. Services included commenting on governance matters and advising on the information provided to the Compensation Committee concerning compensation of MEG's executive officers. Mercer also provides compensation data and consulting services to management, as well as other consulting services relating to MEG's benefits programs pertaining to all employees. Mercer was originally retained by the Corporation in 2009, Towers was originally retained in 2016. Neither the Board nor the Compensation Committee pre-approves other services provided to the Corporation at the request of management.

The following table provides information regarding the fees paid to Mercer and Towers with respect to services provided to the Compensation Committee and to management for the years ended December 31, 2016 and 2015.

Consultant	Year	Executive Compensation-Related Fees	All Other Fees[1]
Mercer Consulting	2016	$ 165,244	$ 90,031
Willis Towers Watson Consulting	2016	$ 50,558	-
Mercer Consulting	2015	$ 148,531	$ 93,211

Note:
(1) Includes consulting fees paid for other matters that apply to the Corporation as a whole, such as commissions on group benefit plans.

Compensation of Named Executive Officers

The President and CEO, the Chief Financial Officer ("CFO"), and each of the three most highly compensated executive officers during 2016, other than the CEO and the CFO, are collectively referred to as the NEOs. The NEOs are as follows:

Name	Position
William J. McCaffrey	President and CEO
Eric L. Toews	CFO
Chi-Tak Yee	Senior Vice President, Reservoir & Geosciences
Don Moe	Senior Vice President, Supply & Marketing
Jamey Fitzgibbon[1]	Senior Vice President, Resource Management - Christina Lake & Special Projects

Note:
(1) Mr. Fitzgibbon ceased to be Senior Vice President, Resource Management – Christina Lake & Special Projects on December 1, 2016 but continued to act in a similar capacity through to the end of the 2016 financial year under the terms of a consulting agreement.

Summary Compensation Table – NEOs

The following table sets out the compensation paid by the Corporation to the NEOs during the years ended December 31, 2014, December 31, 2015 and December 31, 2016.

Name and Principal Position	Year	Salary ($)	Share-based awards[1][2] ($)	Option-based awards[3] ($)	Non-equity incentive plan compensation ($)		Pension value[5] ($)	All other compensation[6] ($)	Total compensation ($)
					Annual incentive plans	Long-term incentive plans[4]			
William J. McCaffrey[7]	2016	609,672	1,722,530	469,201	0	0	0	106,626	2,908,029
President and CEO	2015	609,672	913,011	913,336	385,713	0	0	108,919	2,930,651
	2014	586,224	1,014,202	1,014,360	600,000	0	0	106,105	3,320,891
Eric L. Toews.....	2016	412,992	960,752	261,844	125,000	0	0	71,644	1,832,232
CFO	2015	412,992	632,515	632,626	225,000	0	0	72,442	1,975,575
	2014	397,104	655,232	655,345	350,000	0	0	70,536	2,128,217
Chi-Tak Yee.....	2016	407,832	942,914	257,001	116,077	0	0	67,775	1,791,599
Senior Vice President,	2015	407,832	630,109	630,572	208,938	0	0	69,727	1,947,178
Reservoir & Geosciences	2014	384,744	699,753	699,794	325,015	0	0	61,664	2,170,970
Don Moe	2016	345,600	682,914	186,167	101,785	0	0	62,653	1,379,119
Senior Vice President,	2015	345,600	455,358	455,984	183,213	0	0	61,851	1,502,006
Supply & Marketing	2014	332,304	505,149	506,040	285,000	0	0	60,255	1,688,748
Jamey Fitzgibbon[8].....	2016	318,109	682,914	186,167	101,785	0	0	56,631	1,345,606
Senior Vice President,	2015	345,600	455,358	455,984	183,213	0	0	62,134	1,502,289
Resource Management - Christina Lake & Special Projects	2014	332,304	505,149	506,040	285,000	0	0	53,877	1,682,370

Notes:

(1) All share-based awards were granted pursuant to the RSU Plans in the form of RSUs or PSUs. The fair values of the share-based awards shown were calculated by multiplying the total number of units granted to each NEO on the grant date by the volume weighted average price of the Common Shares for the five trading days prior to the grant date. For the purposes of the above table, PSUs were valued at an assumed performance factor of 1.0.

(2) In 2016, the fair values of the share-based awards on the grant date were as follows:

Name	PSUs	RSUs	Total Share-Based Awards
William J. McCaffrey	$1,076,582	$645,948	$1,722,530
Eric L. Toews	$600,469	$360,284	$960,753
Chi-Tak Yee	$589,323	$353,591	$942,914
Don Moe	$426,819	$256,095	$682,914
Jamey Fitzgibbon	$426,819	$256,095	$682,914

(3) All option-based awards are in the form of New Option grants. The fair values of the option-based awards shown were calculated by applying Black Scholes methodology to the total number of New Options (as defined herein) granted to each NEO on each grant date. The key assumptions used in calculating the estimated fair value under the Black Scholes option pricing model are shown in the following table.

Year	Black Scholes Value	Grant Price	Volatility	Expected Life	Interest Rate
2016	$3.0271	$6.52	54.25%	1,825 days	0.620%
2015	$6.8466	$18.65	40.5%	1,825 days	1.086%
2014	$11.3973	$37.89	31%	1,825 days	1.604%

(4) "Long-term incentive plans" or "LTI" compensation means non-equity incentive plan compensation related to a period longer than one year. The Corporation does not provide compensation of this nature.

(5) The Corporation does not currently provide for, or contribute to, either a defined benefit plan or defined contribution plan on behalf of its NEOs.

(6) The aggregate value of perquisites received by NEOs includes parking allowances, vehicle allowances, perquisite allowances, medical benefits and savings plan contributions made by the Corporation on behalf of the NEOs. Savings plan contributions are available to all employees under the same terms as those provided to NEOs. Savings plan contributions for NEOs amounted to

12% of salary. The 2016 savings plan benefit values were as follows: Mr. McCaffrey $73,161, Mr. Toews $49,559, Mr. Yee $48,940, Mr. Moe $41,472, Mr. Fitzgibbon $38,173.

(7) Mr. McCaffrey requested, and the Board subsequently approved, a zero bonus for himself in 2016. Mr. McCaffrey made this request despite MEG's record operational and safety performance in 2016, to recognize the drop in shareholder returns that resulted from the continued decline in oil prices and other macroeconomic factors over the period.

(8) Mr. Fitzgibbon ceased to be Senior Vice President, Resource Management – Christina Lake & Special Projects on December 1, 2016. For transition purposes MEG has entered into a consulting agreement with Mr. Fitzgibbon through which MEG can utilize his services as required.

Outstanding Share-Based and Option-Based Awards - NEOs

The following table sets forth information regarding all Options (as defined below) and RSUs held by each NEO as of December 31, 2016.

	Option-based Awards				Share-based Awards		
Name	Number of Common Shares underlying unexercised Options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money Options[1] ($)	Number of RSUs that have not vested[2] (#)	Market or payout value of RSUs that have not vested[3] ($)	Market or payout value of vested RSUs not paid out or distributed ($)
William McCaffrey President and CEO	78,000 56,200 116,400 97,000 89,000 133,400 155,000	34.07 51.43 35.41 30.78 37.89 18.65 6.52	September 21, 2017 June 7, 2018 June 14, 2019 June 13, 2020 June 12, 2021 June 11, 2022 June 29, 2023	0 0 0 0 0 0 420,050	354,192	3,265,650	0
Eric L. Toews CFO	40,623 57,500 92,400 86,500	33.64 37.89 18.65 6.52	September 3, 2020 June 12, 2021 June 11, 2022 June 29, 2023	0 0 0 234,415	205,410	1,893,880	0
Chi-Tak Yee Senior Vice President, Reservoir & Geosciences	33,500 28,100 63,700 61,000 61,400 92,100 84,900	34.07 51.43 35.41 30.78 37.89 18.65 6.52	September 21, 2017 June 7, 2018 June 14, 2019 June 13, 2020 June 12, 2021 June 11, 2022 June 29, 2023	0 0 0 0 0 0 230,079	203,253	1,873,993	0
Don Moe Senior Vice President, Supply & Marketing	12,950 37,100 47,800 44,400 66,600 61,500	44.34 35.41 30.78 37.89 18.65 6.52	February 13, 2019 June 14, 2019 June 13, 2020 June 12, 2021 June 11, 2022 June 29, 2023	0 0 0 0 0 166,665	147,125	1,356,493	0
Jamey Fitzgibbon Senior Vice President, Resource Management - Christina Lake & Special Projects	19,537 26,800 55,200 48,200 44,400 66,600 61,500	34.07 51.43 35.41 30.78 37.89 18.65 6.52	September 21, 2017 June 7, 2018 June 14, 2019 June 13, 2020 June 12, 2021 June 11, 2022 June 29, 2023	0 0 0 0 0 0 166,665	147,125	1,356,493	0

Notes:

(1) The closing price of the Common Shares on December 31, 2016 was $9.23.

(2) Includes RSUs and PSUs granted under the Cash-Settled RSU Plan (as defined herein) and RSUs and PSUs granted under the Treasury-Settled RSU Plan (as defined herein). PSUs that are not yet eligible to vest are valued at an assumed performance factor of 1.0. PSUs that have become eligible to vest are valued at the relevant performance factor.

(3) The Fair Market Value (as defined in the RSU Plans) of the Common Shares on December 31, 2016 was $9.22 per Common Share.

Incentive Plan Awards – Value Vested or Earned During the Year - NEOs

The following table sets forth information in respect of the value of Options (as defined below) and share-based awards held by the NEOs of the Corporation that vested during the year ending December 31, 2016 and non-equity incentive plan compensation earned by such NEOs during the year ending December 31, 2016.

Name	Option-Based Awards – Value Vested During Year ($)	Share-based Awards – Value Vested During Year ($)	Non-Equity Incentive Plan Compensation – Value Earned During Year ($)
William McCaffrey President and CEO	0	194,459	0
Eric L. Toews CFO	0	69,952	125,000
Chi-Tak Yee Senior Vice President, Reservoir & Geosciences	0	125,025	116,077
Don Moe Senior Vice President, Supply & Marketing	0	96,077	101,785
Jamey Fitzgibbon[(1)] Senior Vice President, Resource Management - Christina Lake & Special Projects	0	96,630	101,785

Note:

(1) Mr. Fitzgibbon ceased to be Senior Vice President, Resource Management – Christina Lake & Special Projects on December 1, 2016.

CEO Share Ownership Guidelines

The Board adopted share ownership guidelines for the CEO (the "CEO Ownership Guidelines") in 2012. The CEO Ownership Guidelines require the CEO to beneficially own voting shares of the Corporation (which may include holdings of RSUs) at least equal in value to three times the CEO's annual base salary, based on the market price of Common Shares. The CEO is required to achieve the CEO Share Ownership Guidelines within a five year period, commencing the first year the CEO is appointed, with a minimum of one-fifth of the ownership requirement being attained by the end of each of the five years.

Compliance with the CEO Ownership Guidelines is measured on the first trading day of each calendar year, using the CEO's annual base salary then in effect and the closing price of the Common Shares on that day. Once the required share ownership has been achieved, or voting shares of the Corporation have been allocated toward compliance, the CEO is deemed to be compliant (partially or fully, as applicable) with the CEO Ownership Guidelines notwithstanding any subsequent decrease in the market price of Common Shares. Such deemed compliance requires, in the case of partial compliance, that the CEO does not dispose of any voting shares and, in the case of full compliance, sale of shares which, using the share price in effect on the date of the sale, would result in non-compliance.

The Corporation's CEO currently owns voting shares or RSUs of the Corporation that exceed the level of ownership established by the CEO Ownership Guidelines.

Long-Term Equity Incentive Plans

Option-Based Plans

Prior to implementation of the Stock Option Plan, the Corporation granted stock options (the "Old Options") pursuant to its stock option plan dated February 27, 2004, as amended October 4, 2007, December 2, 2008, September 21, 2009 and December 1, 2009 (the "Old Option Plan"). New Options (as defined herein) and Old Options are collectively referred to in this Circular as "Options".

Old Option Plan

Historically the Corporation granted Old Options pursuant to the Old Option Plan. The Board ceased granting Old Options under the Old Option Plan in 2010. All Old Options granted under the Old Option Plan have fully vested.

Effective as of June 9, 2010, the Board approved the Stock Option Plan as a replacement for the Old Option Plan, as the Stock Option Plan is more suitable for a public company.

The material terms of the Old Option Plan are summarized below.

Purpose and Administration

The Old Option Plan permitted the granting of Old Options to directors, officers, employees and consultants ("Participants") of the Corporation from time to time. The purpose of the Old Option Plan was to further develop the interests of Participants in the growth and development of the Corporation by providing such persons with the opportunity to acquire an increased proprietary interest in the Corporation and to better enable the Corporation to attract and retain persons of experience and ability. The Corporation has ceased granting any Old Options and any Old Options that were previously granted under the Old Option Plan are administered by the Board.

The Stock Option Plan has replaced the Old Option Plan for all grants by the Corporation of options to acquire Common Shares.

Exercise Price, Vesting and Term

The exercise price, vesting schedule and term of Old Options held under the Old Option Plan were determined by the Board at the time of grant. All Old Options granted under the Old Option Plan have fully vested. The expiry dates of Old Options are in no case later than 10 years from the date of the grant. Upon expiration, unexercised Old Options are of no further force or effect.

Early Termination

Pursuant to the Old Option Plan, if a Participant to whom an Old Option has been granted and is outstanding pursuant to the Old Option Plan ("Optionee"):

- ceases to be at least one of a director, officer, employee or consultant of the Corporation by reason of death or permanent physical or mental disability as a result of which the Optionee is unable to perform all of his or her employment duties and where such disability is expected to continue for a period of at least 12 months, the Optionee or the Optionee's legal representatives may exercise any vested or unvested Old Option at any time up to the expiry date of such Old Option;

- is an employee or consultant of the Corporation and is terminated without cause, the Optionee may exercise any vested or unvested Old Option at any time up to the earlier of the expiry date of such Old Option and the date that is the 120th day after the date of dismissal provided in the notice of such dismissal;

- is an employee or consultant of the Corporation and is terminated for cause alleging gross negligence, fraud, breach of fiduciary duty or other acts of willful malfeasance against the Corporation, the Optionee shall forfeit any and all rights to hold or exercise his or her Old Options;

- is an employee or consultant of the Corporation and is terminated for cause other than as in those circumstances described in the foregoing paragraph, the Optionee may exercise any vested Old Option at any time up to the earlier of the expiry date of such Old Option and the date that is the 45th day after the date of dismissal provided in the notice of such dismissal; or

- ceases to be a Participant for any reason other than one of those listed above, the Optionee's right to exercise a vested Old Option shall terminate at the earlier of the expiry date of such Old Option and the date that is 120 days after the date on which the Optionee ceased to be at least one of a director, officer, employee or consultant of the Corporation.

Transfers

The interest of any Optionee under the Old Option Plan or the applicable option agreement is not transferable or alienable by the Optionee either by assignment or in any other manner and is vested only in the Optionee during his or her lifetime but, subject to the terms of the Old Option Plan and of the applicable option agreement, shall enure to the benefit of and be binding upon his or her legal personal representatives.

Adjustment in Connection with an Alteration of the Common Shares

If and whenever at any time prior to the expiry date of an Old Option the outstanding Common Shares shall be subdivided, redivided or changed into a greater or consolidated into a lesser number of shares or reclassified into different shares, any Optionee who has not exercised his or her Old Option (or any part thereof) prior to the effective date of such subdivision, redivision, change, consolidation or reclassification shall be entitled to receive and shall accept, upon the exercise of such Old Option (or any part thereof) at any time thereafter, in lieu of the number of Common Shares to which the Optionee was theretofore entitled, the aggregate number of shares of the Corporation that such Optionee would have been entitled to receive as a result of such subdivision, redivision, change, consolidation or reclassification as if, on the effective date thereof, the Optionee had been the registered holder of the number of Common Shares to which he or she was theretofore entitled upon such exercise.

Acceleration of Vesting on Change of Control

In the event of a change of control of the Corporation, an Optionee shall be entitled to exercise in full or in part any vested or unvested Old Option on the earlier of the expiry date of such Old Option or an earlier date specified by the Board in contemplation of the transactions constituting the change of control of the Corporation.

A change of control shall be deemed to have occurred if and when: (a) any transaction by which any person (other than WP LLC or its affiliates) becomes the beneficial owner, directly or indirectly, of securities of the Corporation representing 35% or more of the total votes represented by the Corporation's then outstanding voting securities, provided that, as a result of such transaction there is a change in the Chief Executive Officer (or person then holding an equivalent position) or a material change in the job description or duties of such person; (b) the direct or indirect sale or exchange of all or substantially all of the then outstanding voting securities of the Corporation by the holders thereof; (c) an amalgamation, merger, corporate reorganization, consolidation or other transaction involving the Corporation pursuant to which the holders of the voting securities of the Corporation immediately prior to such transaction do not retain, directly or indirectly, at least a majority of the beneficial interest in the voting securities of the Corporation after

such transaction; or (d) any issuance of voting securities from treasury to a single person (other than WP LLC or its affiliates) or entity which results in such person or entity becoming the beneficial owner, directly or indirectly, of securities of the Corporation representing more than 50% of the total votes represented by the Corporation's then outstanding voting securities.

Amendments and Termination

The Old Option Plan specifies that the Board may at any time, but subject always to the receipt of required regulatory approvals, alter, amend or revise the provisions of the Old Option Plan or of any outstanding Old Options, or suspend, discontinue or terminate the Old Option Plan or any portion thereof, all provided that, without the prior written consent of an Optionee, no such action shall adversely affect (except as specifically provided in the Old Option Plan or the applicable option agreement) any Old Options previously granted to such Optionee. Upon the suspension, discontinuance or termination of the Old Option Plan or any portion thereof, any Old Option held prior thereto shall remain exercisable in accordance with its terms as specified in the Old Option Plan and in the applicable option agreement.

Number of Old Options Outstanding

As of December 31, 2016, a total of 44,000 Old Options held under the Old Option Plan remained outstanding (representing less than 0.1% of the outstanding Common Shares). All Old Options granted under the Old Option Plan will have expired by the end of 2017. No additional Old Options will be granted under the Old Option Plan since the Board has approved the Stock Option Plan as a replacement for the Old Option Plan. See "Securities Authorized for Issuance Under Security-Based Compensation Plans" below.

Stock Option Plan

The Stock Option Plan became effective June 9, 2010, was amended effective June 13, 2013, was amended and restated effective May 3, 2016 and was further amended effective December 1, 2016. It authorizes the Board to grant options ("New Options") to officers and employees of, and consultants to, the Corporation and any of its subsidiaries and the Stock Option Plan also governs New Options granted to directors of the Corporation or any of its subsidiaries prior to June 2, 2016 (such officers, employees, consultants and such directors, only in respect of New Options granted prior to June 2, 2016, each individually a "Service Provider" and collectively "Service Providers"). The purpose of the Stock Option Plan is to provide an effective long-term incentive for the Service Providers from time to time.

The material terms of the Stock Option Plan are summarized below. Capitalized terms used in the following summary and not previously defined are as defined in the Stock Option Plan.

Administration

The Stock Option Plan permits the granting of New Options to officers, employees and consultants of the Corporation and its subsidiaries (the "Corporate Group") from time to time. The Stock Option Plan is administered by the Board, any committee of the Board or any other one or more persons to whom the Board delegates any or all of its administrative responsibilities under the Stock Option Plan.

Certain Restrictions

The Stock Option Plan limits the number of Common Shares that may be issued on exercise of New Options to 6% of the number of Common Shares which are issued and outstanding from time to time, less the number of Common Shares issuable pursuant to all other security based compensation arrangements (as such term is referred to in the policies of the TSX) of the Corporate Group. Any Common Shares, the New Options in respect of which have been exercised, or which have expired or terminated for any reason without having been exercised in full, shall be available for grant pursuant to subsequently issued New Options. Pursuant to the TSX rules, shareholder approval with respect

to all unallocated New Options under the Stock Option Plan is required to be sought by the Corporation every three years following the initial adoption of the Stock Option Plan. Such approval was last obtained at the annual and special meeting of Shareholders held in 2016.

The Stock Option Plan contains the following limitations: (a) the aggregate number of Common Shares issuable to any one Service Provider under the Stock Option Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 5% of the issued and outstanding Common Shares; (b) the aggregate number of Common Shares issuable to insiders (as such term is referred to in the policies of the TSX) under the Stock Option Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 6% of the issued and outstanding Common Shares; (c) during any one-year period, the aggregate number of Common Shares issued to insiders under the Stock Option Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 6% of the issued and outstanding Common Shares; and (d) subsequent to June 2, 2016, directors of any member of the Corporate Group who are not employees of any member of the Corporate Group shall not be eligible to receive grants of New Options. The restrictions referred to in (b) through (d) above are referred to as the "Stock Option Plan Insider and Independent Director Participation Restrictions."

Exercise Price

The exercise price of New Options shall not be lower than the volume weighted average trading price of the Common Shares traded through the facilities of the TSX for the five trading days on which the Common Shares traded immediately preceding the grant date (the "Market Price"). In the event the Common Shares are not then listed and posted for trading on the TSX or any other stock exchange in Canada, the Market Price shall be the fair market value of the Common Shares as determined by the Board, in its discretion, acting reasonably and in good faith.

No holder of New Options shall be entitled to, offered or provided by the Corporation any financial assistance of any kind for the purpose of exercising any New Options granted pursuant to the Stock Option Plan.

Term and Vesting

Unless otherwise determined by the Board and subject to any other provisions of the Stock Option Plan which operate to shorten the term within which New Options may be exercised, New Options may be exercised for a term not exceeding 10 years from the date of grant. Upon expiration, unexercised New Options become null and void. The Corporation sets the vesting schedule of New Options at the date of grant. The Corporation's general practice since becoming public has been to grant Options that are scheduled to vest at a rate of one-third on or about each of the first three anniversary dates of the grant and that are scheduled to expire seven years from the date of the grant. The Corporation intends to maintain its current practice and not grant any Options which are scheduled to vest materially less than one year from the date of the grant.

Each grant of a New Option will be set forth in a grant agreement containing the applicable terms or conditions required in the Stock Option Plan and such other terms and conditions as the Corporation may deem appropriate. Without limiting the generality of the foregoing, such additional terms and conditions may include terms or conditions relating to: (a) the market price of the Common Shares; (b) the return to holders of Common Shares, with or without reference to other comparable companies; (c) the financial performance or results of the Corporation or a subsidiary; (d) the achievement of performance criteria relating to the Corporation or a subsidiary; and (e) any other terms and conditions the Board may in its discretion determine with respect to vesting or the acceleration of vesting, each of which shall be set out in a Grant Agreement. The conditions may relate to all or a portion of the New Options in a grant and may be graduated such that different percentages (which may be greater or lesser than 100%) of the New Options in a grant will become vested depending on the extent of satisfaction of one or more such conditions. The Board may, in its discretion, subsequent to the Grant Date of a New Option, waive any such term or condition, other than performance criteria, or determine that it has been satisfied subject to applicable law.

Early Termination

If a holder of New Options ceases to be a Service Provider:

- by reason of death, all outstanding unvested New Options held by such holder will vest and be immediately exercisable. Only the person(s) to whom the holder's rights under the New Options pass by the holder's will, applicable law, will have the right to exercise the holder's outstanding and vested New Options at any time up to and including (but not after) the expiry date of such New Options;

- by reason of retirement, all outstanding unvested New Options held by such holder will be governed by the policies of the Corporation in effect from time to time;

- by reason of termination for cause, all New Options held by such holder will be forfeited and rendered null and void;

- by reason of voluntary resignation, such holder shall have the right to exercise part or all of his or her outstanding vested New Options at any time up to and including (but not after) the earlier of: (i) the date which is 60 days following the date of such holder's resignation; and (ii) the expiry date of the vested New Options; or

- by any reason other than the death, retirement, termination for cause or voluntary resignation, such holder will have the right to exercise part or all of his or her outstanding vested New Options at any time up to and including (but not after) the earlier of: (i) the date which is 120 days following the date that such holder ceased to be a Service Provider; and (ii) the expiry date of the vested New Options.

Transfers and Assignments

New Options may not be transferred or assigned, other than for normal estate settlement purposes. Subject to the requirements of applicable law, a holder may designate in writing an individual as a beneficiary to receive the right, upon the death of such holder, to exercise part or all of the holder's outstanding and vested New Options at any time up to and including (but not after) the expiry date of the New Options. The holder may, subject to applicable laws, alter or revise such designation from time to time. The original designation or any change thereto shall be in the form as the Board may, from time to time, determine.

Adjustment in Connection with an Alteration of the Common Shares

In the event: (a) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; (b) that any rights are granted to all or substantially all shareholders to purchase Common Shares at prices substantially below the Market Price of the Common Shares at the time; or (c) that, as a result of any recapitalization, merger, consolidation or other transaction, the Common Shares are converted into or exchangeable for any other securities or property; then, subject to TSX approval, the Board may make such adjustments to the Stock Option Plan, to any New Options and to any related agreements outstanding under the Stock Option Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to holders of New Options and/or to provide for the holders to receive and accept such other securities or property in lieu of Common Shares, and the holders shall be bound by any such determination. If the Corporation fixes a record date for a distribution to all or substantially all the holders of Common Shares of cash or other assets (other than a dividend in the ordinary course of business), the Board may, in its sole discretion, but for greater certainty shall not be required to, make adjustments to the exercise price of any New Options outstanding on the record date for such distribution, and make such amendments to any option agreements outstanding under the Stock Option Plan to give effect thereto as the Board may, in its sole discretion, consider appropriate in the circumstances.

Adjustment in Connection with Certain Corporate Events

Except in the case of a transaction that is, or if completed in accordance with its terms would result in, a Change of Control (as that term is defined under the heading "*Acceleration of Vesting on Change of Control*" below) of the Corporation, if the Corporation enters into any transaction or series of transactions whereby the Corporation or all or substantially all of the assets of the Corporation would become the property of any other trust, body corporate, partnership or other person (a "Successor"), whether by way of takeover bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, prior to or contemporaneously with the consummation of such transaction the Corporation and the Successor will execute such instruments and do such things as the Board may determine are necessary to establish that upon the consummation of such transaction the Successor will assume the covenants and obligations of the Corporation under the Stock Option Plan and the related option agreements outstanding on consummation of such transaction. Any such Successor will succeed to, and be substituted for, and may exercise every right and power of the Corporation under the Stock Option Plan and the related option agreements with the same effect as though the Successor had been named as the Corporation in the Stock Option Plan and the related option agreements, and thereafter the Corporation will be relieved of all obligations and covenants under the Stock Option Plan and such related option agreements and the obligations of the Corporation to the holders of New Options in respect of the New Options shall terminate and such holders shall cease to have any further rights in respect thereof.

Acceleration of Vesting on Change of Control

In the event of a Change of Control or a determination by the Board that a Change of Control is expected to occur, all outstanding New Options shall vest and be immediately exercisable and, to the extent a Service Provider's termination date has not occurred on or before the Change of Control which results in an earlier expiration of such Service Provider's New Options, each holder shall have the right to exercise such New Options at any time up to and including (but not after) the earlier of: (i) the date which is 90 days following the date of such Change of Control, or such earlier time as may be established by the Board, in its absolute discretion; and (ii) the expiry date of such New Options. A "Change of Control" occurs upon the happening of any of the following: (i) the acceptance by shareholders, representing more than 50% of the issued and outstanding Common Shares, of any offer for any or all of the Common Shares; (ii) the acquisition by whatever means by a person or persons acting jointly or in concert, directly or indirectly, of the beneficial ownership of, or control or direction over, more than 50% of the issued and outstanding Common Shares (other than pursuant to certain bona fide reorganizations); (iii) the passing of a resolution by the shareholders of the Corporation to substantially liquidate the assets or wind-up or significantly rearrange the affairs of the Corporation (other than pursuant to certain bona fide reorganizations); (iv) the sale by the Corporation of all or substantially all of its assets (other than to an affiliate of the Corporation); (v) individuals who were proposed as nominees to become directors of the Corporation immediately prior to a meeting of the shareholders of the Corporation involving a contest for, or an item of business relating to the election of directors of the Corporation, not constituting a majority of the directors of the Corporation following such election; or (vi) any other event which, in the opinion of the Board, reasonably constitutes a change of control of the Corporation.

In the event that the Board passes a resolution approving, or the Corporation enters into an agreement providing for a transaction which, if completed, would constitute a Change of Control, the Board may at its discretion resolve to permit holders of New Options to exercise all unexercised vested and unvested New Options, conditional upon the occurrence of the Change of Control, for the purpose of, as applicable, tendering the underlying Common Shares to the take-over bid or voting such Common Shares in respect of the resolution(s) pertaining to the transaction that would give rise to the Change of Control.

Take-Over of the Corporation

In the event of: (i) the acquisition by any person or group of persons acting jointly or in concert, directly or indirectly, of such number of Common Shares as entitle such person(s) to acquire, pursuant to the compulsory acquisition provisions of the *Business Corporations Act* (Alberta) or such other comparable legislation applicable to the

Corporation at the time, all remaining Common Shares not already acquired by the person(s); or (ii) the receipt of all required shareholder, regulatory and court approvals for an amalgamation, arrangement, consolidation, merger or other business combination pursuant to which such person(s) will, directly or indirectly, upon completion thereof, acquire all of the issued and outstanding Common Shares, the Corporation may at its election, effective on the sending of notice to the remaining holders of New Options, terminate such New Options for their in-the-money value (based upon the consideration offered under the transaction), payable in Common Shares.

Blackout Period

In the event that a New Option expires: (i) during the period within which the holder is prohibited from exercising or trading securities of the Corporation due to trading restrictions imposed by the Corporation on such holder (the "Blackout Period"); or (ii) within three business days after the expiry of the Blackout Period, then the expiry date for that New Option will be the date that is the tenth business day after the expiry of the Blackout Period.

Amendments

The Stock Option Plan specifies that the Board shall have the power and authority to discontinue the Stock Option Plan and to approve amendments to the Stock Option Plan or to New Options, without the approval of Shareholders including, without limitation, for any of the following types of amendments: (i) amendments for the purpose of curing any ambiguity, error or omission in the Stock Option Plan or New Options, or to correct or supplement any provision of the Stock Option Plan that is inconsistent with any other provision of the Stock Option Plan; (ii) amendments necessary to comply with applicable law or the requirements of any stock exchange on which the Common Shares are listed; (iii) amendments respecting administration of the Stock Option Plan; (iv) amendments of a "housekeeping" nature; (v) the addition of any form of financial assistance for holders of New Options; (vi) changes to the terms and conditions on which New Options may be or have been granted pursuant to the Stock Option Plan, including a change to, or acceleration of, the vesting provisions of New Options; (vii) amendments to the treatment of New Options on ceasing to be a Service Provider; and (viii) a change to the termination provisions of New Options or the Stock Option Plan which does not entail an extension beyond the original expiry date.

The Stock Option Plan also specifies amendments that require shareholder approval, including: (i) increasing the maximum number of Common Shares issuable pursuant to the Stock Option Plan; (ii) reducing the exercise price of any New Option or cancelling a New Option and subsequently issuing the holder of such New Option a new New Option in replacement thereof; (iii) extending the term of a New Option; (iv) modifying or amending the Stock Option Plan to permit New Options to be transferable or assignable, other than for normal estate settlement purposes; (v) adding to the categories of eligible Service Providers under the Stock Option Plan; (vi) removing or amending the Stock Option Plan Insider and Independent Director Participation Restrictions; (vii) amending the amendment provisions of the Stock Option Plan; and (viii) any other amendment to the Stock Option Plan where shareholder approval is required by the TSX.

Subject to the above, the Board may add to, delete from, alter or otherwise amend the provisions of the Stock Option Plan or any New Options held thereunder or terminate the Stock Option Plan, provided that: (i) no amendment may, without the written consent of the holder of a New Option, materially and adversely impair, alter or amend any New Option previously granted to such holder; and (ii) a termination of the Stock Option Plan shall not derogate from the rights of holders of New Options held prior to the date of such termination, unless otherwise consented to by such holders.

2016 Amendments

Following an extensive review of stock option plans of MEG's peers, effective December 1, 2016 the Stock Option Plan was amended to reflect the direction from the Board to increase the number of years that New Options held by a retiring employee can continue to vest, following retirement, from one to three and to also increase the number of years, following retirement, that a retiring employee can exercise vested New Options from one to three. In accordance

with the terms of the Stock Option Plan, shareholder approval was not required and the amendments were made with the approval of the Board as they relate to an amendment to the treatment of stock options on ceasing to be a Service Provider.

Number of New Options Outstanding

As of December 31, 2016, a total of 9,237,186 New Options held under the Stock Option Plan remained outstanding (representing approximately 4.1% of the outstanding Common Shares). See "Securities Authorized for Issuance Under Security-Based Compensation Plans" below.

Share-Based Plans

RSU Plan

The Corporation's treasury-settled RSU plan (the "Treasury-Settled RSU Plan") became effective June 9, 2010, was amended effective June 13, 2013, was amended and restated effective May 3, 2016 and was further amended December 1, 2016. On June 2, 2016, the Board approved a cash-settled RSU plan (the "Cash-Settled RSU Plan") having a purpose and features identical to the Treasury-Settled RSU Plan except that it does not permit the settlement of awards through the issuance of new shares from treasury. The Cash-Settled RSU Plan was amended on December 1, 2016 in tandem with the Treasury-Settled RSU Plan (the Treasury-Settled RSU Plan and the Cash-Settled RSU Plan collectively referred to as the "RSU Plans"). The RSU Plans authorize the Board to grant RSUs to directors, officers and employees of, and consultants to, the Corporation and any of its subsidiaries (individually a "Participant" and collectively "Participants"). RSUs also may be granted under the RSU Plans as PSUs, to the extent performance conditions are attached. The purpose of the RSU Plans is to provide Participants with the opportunity to acquire a proprietary interest in the growth and development of the Corporation that will be aligned with the interests of the Shareholders, to enable the creation of incentives for Participants to meet certain performance criteria that are aligned with the long term interests of the Shareholders, to associate a portion of the Participant's compensation with the returns of Shareholders over the medium term, and enhance the Corporation's ability to attract, retain and motivate key personnel and reward Participants for significant performance.

The material terms of the RSU Plan are summarized below. The material terms of the Cash-Settled RSU Plan are the same as those of the Treasury-Settled RSU Plan, except as otherwise noted. Capitalized terms used in the following summary and not otherwise defined have the definitions given to them in the RSU Plans.

Administration

The RSU Plans are administered by the Board, which has the sole and complete authority, in its discretion, to: (a) interpret the RSU Plans and the agreements under which RSUs are granted (the "Grant Agreements") and prescribe, modify and rescind rules and regulations relating to the RSU Plans and the Grant Agreements; (b) correct any defect or supply any omission or reconcile any inconsistency in the RSU Plans in the manner and to the extent it considers necessary or advisable for the implementation and administration of the RSU Plans; (c) exercise rights reserved to the Corporation under the RSU Plans; (d) determine whether and the extent to which any performance criteria or other conditions applicable to the vesting of RSUs have been satisfied; (e) prescribe forms for notices to be prescribed by the Corporation under the RSU Plans; and (f) make all other determinations and take all other actions as it considers necessary or advisable for the implementation and administration of the RSU Plans.

The Board may, to the extent permitted by law, and subject to regulatory approval, delegate any or all of its administrative responsibilities under the RSU Plans to any committee of the Board or any other one or more persons (the "Administrator").

Certain Restrictions

The Treasury-Settled RSU Plan provides that: (a) the number of Common Shares reserved for issuance from treasury pursuant to the RSUs credited under the Treasury-Settled RSU Plan shall, in the aggregate, equal 6% of the number of Common Shares then issued and outstanding, less the number of Common Shares issuable pursuant to all other security based compensation arrangements (as such term is referred to in the policies of the TSX) of the Corporate Group; (b) the aggregate number of Common Shares issuable from treasury to any one Participant under the Treasury-Settled RSU Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 5% of the issued and outstanding Common Shares; (c) the aggregate number of Common Shares issuable from treasury to Insiders under the Treasury-Settled RSU Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 6% of the issued and outstanding Common Shares; (d) during any one-year period, the aggregate number of Common Shares issued from treasury to Insiders under the Treasury-Settled RSU Plan and all other security based compensation arrangements of the Corporate Group shall not exceed 6% of the issued and outstanding Common Shares; (e) the aggregate number of Common Shares issuable to directors of the Corporation who are not employees of the Corporation, together with Common Shares issuable pursuant to any other security based compensation arrangements of the Corporate Group, shall be limited to the lesser of (i) 1% of the issued and outstanding Common Shares, and (ii) maximum annual grants having a value of $100,000; (f) the Corporation's right to elect to satisfy RSUs by the issuance of Common Shares from treasury will be effective only upon receipt, from time to time, of all necessary approvals of the Treasury-Settled RSU Plan, as amended from time to time, as required by the rules, regulations and policies of the TSX and any other stock exchange on which Common Shares are listed or traded; and (g) if any RSU granted under the Treasury-Settled RSU Plan shall expire, terminate or be cancelled for any reason (including, without limitation, the satisfaction of the RSU by means of a cash payment) without being paid out or settled in the form of Common Shares issued from treasury, any unissued Common Shares to which such RSUs relate shall be available for the purposes of the granting of further RSUs under the Treasury-Settled RSU Plan. If any rights to acquire Common Shares held under any other security based compensation arrangements of a member of the Corporate Group shall be exercised, or shall expire or terminate for any reason without having been exercised in full, any unpurchased Common Shares to which such security relates shall be available for the purposes of granting further securities under the RSU Plan.

The restrictions referred to in (c) through (e) above are collectively known as "Treasury-Settled RSU Plan Insider and Independent Director Participation Restrictions."

Pursuant to the TSX rules, the Corporation is required to seek shareholder approval with respect to all unallocated RSUs under the Treasury-Settled RSU Plan every three years following the initial adoption of the Treasury-Settled RSU Plan. Such approval was last obtained at the Annual and Special Meeting of Shareholders held in 2016.

The Cash-Settled RSU Plan provides for the settlement of awards in cash only and does not reserve any shares for issuance from treasury.

Grant of RSUs and Vesting

The Corporation may from time to time grant RSUs to a Participant in such numbers, at such times (the "Grant Date") and on such terms and conditions, consistent with the RSU Plans, as the Board may in its sole discretion determine; provided, however, that no RSUs will be granted after December 15 of a given calendar year. For greater certainty, the Board shall, in its sole discretion, determine any and all conditions to the vesting of any RSUs granted to a Participant, which vesting conditions may be based on either or both of: (a) the Participant's continued employment with, provision of consulting services to, or work as a director of one or more members of the Corporate Group; or (b) such other terms and conditions including, without limitation, performance criteria, as the Board may determine.

Subject to the terms of the RSU Plans, the Board may determine other terms or conditions of any RSUs, and shall specify the material terms thereof in the applicable Grant Agreement, which shall be in such form as prescribed by the Board from time to time. Without limiting the generality of the foregoing, such additional terms and conditions may

include terms or conditions relating to: (a) the market price of the Common Shares; (b) the return to holders of Common Shares, with or without reference to other comparable companies; (c) the financial performance or results of the Corporation or a subsidiary; (d) the achievement of performance criteria relating to the Corporation or a subsidiary; (e) any other terms and conditions the Board may in its discretion determine with respect to vesting or the acceleration of vesting; and (f) the vesting date, each of which shall be set out in a Grant Agreement. The conditions may relate to all or a portion of the RSUs in a grant and may be graduated such that different percentages (which may be greater or lesser than 100%) of the RSUs in a grant will become vested depending on the extent of satisfaction of one or more such conditions. The Board may, in its discretion, subsequent to the Grant Date of an RSU, waive any such term or condition or determine that it has been satisfied subject to applicable law, unless any such RSUs include performance criteria, in which case vesting shall be determined by an evaluation of the satisfaction of such performance criteria as at such time.

Except as otherwise provided in the RSU Plans, the number of RSUs subject to each grant, the Expiry Date (defined below) of each RSU, the vesting dates with respect to each grant of RSUs and other terms and conditions relating to each such RSU shall be determined by the Board. The Board may, in its discretion, subsequent to the time of granting RSUs, permit the vesting of all or any portion of unvested RSUs then outstanding and granted to the Participant under the RSU Plans, in which event all such unvested RSUs then outstanding and granted to the Participant shall be deemed to be immediately vested, unless any such RSUs include performance criteria, in which case vesting shall be determined by an evaluation of the satisfaction of such performance criteria as at such time.

RSUs granted will, unless otherwise determined by the Board at the time of the grant, as specifically set out in a Grant Agreement, vest as to one-third on each of the first and second anniversaries of the Grant Date, and the remaining one-third will vest on the earlier of: (i) the third anniversary of the Grant Date; and (ii) December 15 of the third calendar year following the Service Year in respect of which the RSUs were granted.

Terms of RSUs

The "Expiry Date" means, with respect to any RSU, the date specified in an applicable Grant Agreement, if any, as the date on which the RSU will be terminated and cancelled or, if later or no such date is specified in the Grant Agreement, December 31 of the third calendar year following the end of the applicable Service Year. Unless the Expiry Date is set as described in this paragraph, the Expiry Date of each RSU shall be determined by the Board, in its discretion.

Except as set forth below, "Termination Date" means, in respect of a Participant, the date that the Participant ceases to be any of: (i) a director of a member of the Corporate Group; or (ii) actively employed by, or providing services as a consultant to, any member of the Corporate Group for any reason, without regard to any statutory, contractual or common law notice period that may be required by law following the termination of the Participant's employment or consulting relationship with any one or more members of the Corporate Group. The Board will have sole discretion to determine whether a Participant has ceased to be a director, ceased active employment or ceased status as a Consultant and the effective date on which the Participant ceased to be a director, ceased active employment or ceased status as a Consultant. A Participant that is a director, or an employee or a Consultant of any member of the Corporate Group will be deemed not to have ceased to be a director, an employee or a Consultant of any member of the Corporate Group in the case of a transfer of his or her directorship, employment or consulting relationship between members of the Corporate Group or if the Participant is on a Leave of Absence (as defined in the RSU Plans).

In respect of US Participants, "Termination Date" means the date of Separation from Service, which is defined as "the Participant’s separation from service from the Corporation or any subsidiary within the meaning of Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986. A "US Participant" is a Participant that is (i) a United States citizen or green card holder, or (ii) a United States resident who is subject to United States taxation. If a US Participant is determined to be a "specified employee" (within the meaning of Section 409(A) of the Internal Revenue Code of 1986 and US Department of Treasury regulations and other interpretive guidance issued thereunder "Section 409A") at the time of Separation of Service, no amounts shall be paid to such US Participant pursuant to the RSU Plan during the 6 month period following such Separation from Service if payment of such amounts at the time indicated in the RSU Plan

would be a prohibited distribution under Section 409A. If payment of any such amounts is delayed as a result of the foregoing, then on the first business day following the end of such 6 month period (or the date of the US Participant's death, if earlier, the Corporation shall pay to the US Participant in a lump-sum such amounts as would have otherwise have been payable previously.

Subject to the paragraphs below, and to any express resolution passed by the Board, on a Participant's Termination Date, any RSUs granted to such Participant which have not vested prior to the Participant's Termination Date will terminate and become null and void as of such date.

Where a Participant's Termination Date occurs for any reason other than death, retirement or termination for cause, then such Participant shall have the right to be paid out in respect of his or her outstanding vested RSUs.

Where a Participant's Termination Date occurs by reason of the death of the Participant, then all outstanding RSUs granted to such Participant which are not vested shall become vested RSUs on the date of death and be paid out in accordance with the RSU Plans and any applicable grant agreement. Only a beneficiary of the Participant shall have the right to be paid out under this paragraph and in accordance with the RSU Plans at any time up to and including (but not after) the Expiry Date of the RSU.

Where a Participant's Termination Date occurs as a result of the Participant's retirement, all outstanding RSUs granted to such Participant which are not vested RSUs shall be governed by the policies of the Corporation in effect from time to time.

Where a Participant's Termination Date occurs by reason of the Participant's termination for cause the Participant shall forfeit any and all rights to hold or be paid out in respect of all RSUs and, for greater certainty, all RSUs, whether they be vested RSUs or not, held by such Participant shall be terminated and rendered null and void.

Transfers and Assignments

RSUs may not be transferred or assigned, other than for normal estate settlement purposes. Subject to the requirements of applicable law, a Participant may designate in writing an individual as a beneficiary to receive any benefits that are payable under the RSU Plans upon the death of the Participant. The Participant may, subject to applicable laws, alter or revise such designation from time to time. The original designation or any change thereto shall be in the form as the Board may, from time to time, determine.

Cash Payment or Delivery of Common Shares

The RSU Payment Date, subject to expiry of any Blackout Periods, means, unless the Board selects a different date (which date shall be within the same calendar year that a RSU has vested), the date an RSU has vested, which date shall not, in any event, extend beyond December 15th of the third year following the Service Year for any particular RSU.

As soon as practicable following the RSU Payment Date but in any case prior to December 31 of the third year following the Service Year for any particular RSU and provided a Participant's Termination Date has not first occurred, the Corporation will make to a Participant a cash payment equal to the product of the number of vested RSUs recorded in the Participant's account multiplied by the Fair Market Value applicable on the RSU Payment Date, less any applicable withholding taxes. For the purposes of the RSU Plans, "Fair Market Value" means the volume weighted average trading price of the Common Shares on the TSX for the five trading days on which the Common Shares traded immediately prior to the applicable date. In the event the Common Shares are not then listed and posted for trading on the TSX or any other stock exchange in Canada, the Fair Market Value shall be the market price of the Common Shares as determined by the Board in its discretion, acting reasonably and in good faith.

Alternatively, upon the receipt of all necessary shareholder approvals as required under the rules, regulations and policies of the TSX and any other stock exchange on which Common Shares are listed or traded, the Corporation or its subsidiaries may, in lieu of the cash payment, as soon as practicable after the RSU Payment Date, either issue (or, subject to the consent of the Corporation and the Board which may be withheld in its sole discretion, cause to be issued) to the Participant or, through a broker designated by the Corporation (the "Designated Broker"), acquire on behalf of such Participant, the number of whole Common Shares that is equal to the number of whole vested RSUs recorded in the Participant's account on the RSU Payment Date (less any amounts in respect of any applicable withholding taxes). If the Corporation or subsidiary elects to arrange for the purchase of Common Shares by a Designated Broker on behalf of the Participant, the Corporation or subsidiary will contribute to the Designated Broker an amount of cash sufficient, together with any reasonable brokerage fees or commission fees related thereto, to purchase the whole number of Common Shares to which the Participant is entitled and the Designated Broker shall, as soon as practicable thereafter, purchase those Common Shares, on behalf of such Participant, on the TSX (or any other stock exchange on which the Common Shares are listed or traded).

All amounts payable to, or in respect of, a Participant including, without limitation, the issuance or delivery of Common Shares or cash payment, will be paid or delivered on or before December 31 of the third calendar year commencing immediately following the Service Year in respect of the particular RSU. Upon payment in cash or Common Shares, as the case may be, the particular RSU in respect of which such payment was made will be cancelled.

If the RSU Payment Date occurs during a Blackout Period or within three business days of the expiry of a Blackout Period applicable to the relevant Participant, then the RSU Payment Date shall be the earlier of (i) the 10th business day after the expiry of the Blackout Period and (ii) December 15th of the third year following the Service Year (or December 15th of the calendar year in which the RSU Payment Date occurs in respect of US Participants) for any particular RSU. Where the RSU Payment Date is deemed because of the Blackout Period to be December 15th of the third year following the Service Year for any particular RSU, the Participant shall be entitled to only a cash payment and not the delivery of Common Shares, in accordance with the payment provisions of the Treasury-Settled RSU Plan.

Adjustments in Connection with an Alteration of the Common Shares

In the event of any subdivision, consolidation, stock dividend, capital reorganization, reclassification, exchange, or other change with respect to the Common Shares, or a consolidation, amalgamation, merger, spin-off, sale, lease or exchange of all or substantially all of the property of the Corporation or other distribution of the Corporation's assets to shareholders of the Corporation (other than the payment of ordinary course cash or stock dividends in respect of the Common Shares), the number of Common Shares subject to the Treasury-Settled RSU Plan and the RSUs then outstanding under the RSU Plans shall be adjusted in such manner, if any, as the Corporation may in its discretion deem appropriate to preserve, proportionally, the interests of Participants under the RSU Plans. Adjustments shall be made by the Board, whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. All fractional RSUs shall be rounded down.

Adjustments for Dividends

The Board may, in its sole discretion, elect to credit, as a bonus for services rendered in the calendar year containing the payment date for cash dividends paid on Common Shares (the "Dividend Payment Date"), the account of each Participant with additional RSUs. In such case, the number of such additional RSUs to be credited to the Participant's account will be calculated by dividing the total amount of the dividends that would have been paid to such Participant if the RSUs in the Participant's account, as of the record date for payment of such dividends (the "Dividend Record Date"), were Common Shares, by the Fair Market Value on the Dividend Payment Date. However, no RSUs will be credited to a Participant's account in respect of dividends paid on Common Shares where the Dividend Record Date relating to such dividends falls after such Participant's Termination Date, except where vesting of RSUs beyond a Participant's Termination Date is contemplated pursuant to the RSU Plans as a result of the Participant's retirement, in which case such Participant's account shall be credited in respect of dividends paid on Common Shares where the Dividend Record Date relating to such dividends falls on a date that is on or prior to the date upon which vesting in

respect of the Participant's RSUs ceases. The proportion of RSUs credited to a Participant's account as described in this paragraph relating to vested RSUs shall, unless otherwise determined by the Board in its sole discretion, also be vested RSUs. The proportion of RSUs credited to a Participant's account as described in this paragraph relating to existing RSUs that had not yet vested shall, unless otherwise determined by the Board in its sole discretion, vest in the same manner as the existing unvested RSUs.

Adjustments for Certain Corporate Events

The RSU Plans provide that, for all Participants, the occurrence of an event of a Change of Control (as that term is defined above under "Stock Option Plan – Acceleration of Vesting on Change of Control") or, only for Participants that are not US Participants, the occurrence of a determination by the Board that a Change of Control is expected to occur, will result in the vesting of all outstanding RSUs and, provided that a Participant's Termination Date has not occurred on or before the Change of Control which results in an earlier expiration date of such Participant's RSUs, the payout of all outstanding RSUs upon the occurrence of the Change of Control.

A determination by the Board that a Change of Control is expect to occur will not result in the vesting of any outstanding RSUs held by a US Participant. No event shall constitute a Change of Control in respect of RSUs held by a US Participant unless such event constitutes a "change in control event" within the meaning of Section 409(A) of the Internal Revenue Code of 1986 and US Department of Treasury regulations and other interpretive guidance issued thereunder.

In the event that the Board passes a resolution approving, or the Corporation enters into an agreement providing for, a transaction which, if completed, would constitute a Change of Control, and the Board elects, in connection with the Treasury-Settled RSU Plan, to pay out RSUs through the issuance of shares from treasury or the purchase of shares by a Designated Broker, the Board may, at its discretion, resolve to pay out all unvested RSUs conditional upon the occurrence of the Change of Control, and to permit Participants to tender the underlying shares to the take-over bid or vote such shares in respect of the resolutions pertaining to the transaction that would give rise to the Change of Control. Any such payout of unvested RSUs held by US Participants must occur within the 30 day period prior to the occurrence of the Change of Control and the US Participant shall have no right to designate the taxable year of payment.

The Cash-Settled RSU Plan provides for the settlement of awards in cash and does not permit settlement through shares issued from treasury.

Amendment or Discontinuance of the RSU Plans and RSUs

The RSU Plans may be amended, suspended or terminated at any time by the Board in whole or in part, provided that no amendment shall be made which would cause the RSU Plans, or any RSUs granted, to cease to comply with paragraph (k) of the definition of "salary deferral arrangement" in subsection 248(1) of the *Income Tax Act* (Canada) (the "Tax Act") or any successor provision thereto. Upon termination of the RSU Plan, subject to a resolution of the Board to the contrary, all unvested RSUs shall remain outstanding and in effect and continue to vest and be paid out in accordance with the terms of the relevant RSU Plan existing at the time of its termination and any applicable Grant Agreement, provided that no further RSUs will be credited to the account of any Participant. Each of the Treasury-Settled RSU Plan and the Cash-Settled RSU Plan will terminate on the date upon which no further RSUs granted thereunder remain outstanding.

Subject to the policies, rules and regulations of any lawful authority having jurisdiction over the Corporation (including any exchange on which the Common Shares are then listed and posted for trading), the Board may at any time, without further action by, or approval of, the holders of Common Shares, amend the RSU Plans or any RSU granted under the RSU Plans in such respects as it may consider advisable and, specifically with respect to the Treasury-Settled RSU Plan, it may do so to: (a) ensure that RSUs granted under such RSU Plan will comply with any provisions respecting restricted share units or other security based compensation arrangements in the Tax Act or other laws in force in any

country or jurisdiction of which a Participant to whom an RSU has been granted may from time to time perform services or be resident; (b) cure any ambiguity, error or omission in the Treasury-Settled RSU Plan or RSUs granted thereunder or to correct or supplement any provision of such RSU Plan that is inconsistent with any other provision of such RSU Plan; (c) comply with applicable law or the requirements of any stock exchange on which the shares are listed; (d) amend the provisions of the Treasury-Settled RSU Plan respecting administration or eligibility for participation under such RSU Plan; (e) make amendments of a "housekeeping" nature to the Treasury-Settled RSU Plan; (f) change the terms and conditions on which RSUs may be or have been granted pursuant to the Treasury-Settled RSU Plan, including a change to, or acceleration of, the vesting provisions of such RSUs; (g) amend the treatment of RSUs granted under the Treasury-Settled RSU Plan on ceasing to be a Participant; and (h) change the termination provisions of the Treasury-Settled RSU Plan or RSUs granted thereunder which do not entail an extension beyond the original expiry date. Any such amendments shall, if made, become effective on the date selected by the Board. The Board may not, however, without the consent of the Participants, or as otherwise required by law, alter or impair any of the rights or obligations under any RSUs theretofore granted under the RSU Plans.

Notwithstanding the above paragraph, approval of the holders of Common Shares will be required in order to: (a) increase the maximum number of Common Shares issuable pursuant to the Treasury-Settled RSU Plan; (b) amend the determination of Fair Market Value under the Treasury-Settled RSU Plan in respect of any RSU; (c) extend the Expiry Date of any RSU granted under the Treasury-Settled RSU Plan; (d) modify or amend the provisions of the Treasury-Settled RSU Plan in any manner which would permit RSUs, including those previously granted, to be transferable or assignable, other than for normal estate settlement purposes; (e) add to the categories of eligible Participants under the Treasury-Settled RSU Plan; (f) remove or amend the Treasury-Settled RSU Plan Insider and Independent Director Participation Restrictions; (g) amend the provisions of this paragraph; or (h) make any other amendment to the Treasury-Settled RSU Plan where shareholder approval is required by the TSX.

Notwithstanding the above provisions, should changes be required to the Treasury-Settled RSU Plan by any securities commission, stock exchange or other governmental or regulatory body of any jurisdiction to which the Treasury-Settled RSU Plan or the Corporation now is or hereafter becomes subject, such changes shall be made to the Treasury-Settled RSU Plan as are necessary to conform with such requirements and, if such changes are approved by the Board, the Treasury-Settled RSU Plan, as amended, will be filed with the records of the Corporation and will remain in full force and effect in its amended form as of and from the date of its adoption by the Board.

Corporation Adjustments and the RSU Plan

The existence of any RSUs will not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in its capital structure or business, or to create or issue any bonds, debentures, shares or other securities of the Corporation or to amend or modify the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Corporation, or any amalgamation, combination, merger or consolidation involving the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

2016 Amendments

Following an extensive review of share-based compensation plans of MEG's peers, effective December 1, 2016 the RSU Plans were amended to reflect the direction from the Board to increase the number of years that RSUs held by a retiring employee can continue to vest, following retirement, from one to three. In accordance with the terms of the RSU Plans, shareholder approval was not required and the amendments were made with the approval of the Board as they relate to an amendment to the treatment of RSUs on ceasing to be a Participant.

Number of RSUs Outstanding

As of December 31, 2016, a total of 1,655,606 treasury-settled RSUs were outstanding under the Treasury-Settled RSU Plan (being equal to approximately 0.7% of the outstanding Common Shares) and a total of 6,013,010 cash-

settled RSUs were outstanding under the Cash-Settled RSU Plan (being equal to approximately 2.7% of the outstanding Common Shares). Of the 1,655,606 treasury-settled RSUs outstanding, 400,272 were granted as PSUs and of the 6,013,010 cash-settled RSUs outstanding 1,315,565 were granted as PSUs. See "Securities Authorized for Issuance Under Security-Based Compensation Plans" below.

Deferred Share Unit Plan

In 2013, the Corporation adopted a deferred share unit plan (the "DSU Plan"). The DSU Plan authorizes the Board to grant deferred share units ("DSUs") to directors (individually a "Participant" and collectively "Participants") of the Corporation or any of its affiliates (the "Corporate Group"). The purpose of the DSU Plan is to provide directors with the opportunity to be credited with DSUs thereby allowing them to participate in the long term success of the Corporation and promoting a greater alignment of interests between the directors and shareholders of the Corporation. In addition, the DSU Plan provides a compensation system for directors that, together with the other director compensation mechanisms of the Corporation, are reflective of the responsibility, commitment and risk accompanying Board membership and the performance of the duties required of the various committees of the Board. All outstanding DSUs were granted to non-employee directors.

The material terms of the DSU Plan are summarized below.

Definition of DSU

A DSU is a unit of participation in the DSU Plan, equivalent in value to a Common Share at the time of grant, and credited by means of a bookkeeping entry to a Participant's account, each of which entitles the holder thereof, at the time specified in the DSU Plan, to receive the cash equivalent of one Common Share or, if the Corporation so determines, in its discretion, a Common Share acquired on the open market, subject to the provisions of the Plan.

Administration

The DSU Plan is administered by the Administrator (as defined below) or its designated third-party service provider, which has full authority to: (a) interpret the DSU Plan and establish, amend and rescind any rules and regulations relating to the DSU Plan; and (b) make such determinations as it considers necessary or desirable for the administration of the DSU Plan.

The "Administrator" is, to the extent permitted by law and subject to regulatory approval, the Board, any committee of the Board or any one or more persons to whom the Board delegates any or all of its administrative responsibilities under the DSU Plan.

Grant of DSUs and Redemption

The Board may, subject to the terms of the DSU Plan, grant such number of DSUs to a director as the Board determines to be appropriate in respect of the services the director renders to the Corporation as a member of the Board. The Board shall determine the date on which such DSUs shall be granted and credited to a Participant's account and such date shall be the award date. Unless otherwise specified by the Board, DSUs credited to a Participant's account shall be fully vested at the time awarded.

On the third business day after the date on which a Participant ceases to be a director of a member of the Corporate Group (the "Redemption Date"), the Participant shall become entitled to receive from the Corporation a cash payment equal to the product of the number of DSUs recorded in the Participant's account multiplied by the Market Price on the Redemption Date, less applicable withholding taxes.

Subject to the terms of the DSU Plan and the receipt of all necessary shareholder approvals as required under the rules, regulations and policies of the TSX and any other stock exchange on which the Common Shares are then listed

or traded, the Corporation may, in lieu of the cash payment, elect to acquire, through a broker designated by the Participant who is independent of the Corporation, on behalf of such Participant, the number of whole Common Shares that is equal to the number of whole DSUs recorded in the Participant's account on the Redemption Date, less applicable withholding taxes. In such a case, the Corporation shall contribute to such broker an amount of cash sufficient to purchase the whole number of Common Shares to which the Participant is entitled and the broker shall, as soon as practicable thereafter, purchase those Common Shares, on behalf of such Participant, through the facilities of the TSX (or other stock exchange on which the Common Shares are listed or traded).

All amounts payable to or in respect of a Participant shall be paid or delivered on or before December 31 of the calendar year commencing immediately following the Termination Date of such Participant.

No payment in respect of DSUs credited to a Participant may be made until such Participant's Redemption Date.

Transfers and Assignments

DSUs may not be transferred, assigned, sold, encumbered, pledged or charged except as required by law or as contemplated in the DSU Agreement.

Adjustments in Connection with an Alteration of the Common Shares

In the event of any subdivision, consolidation or distribution of Common Shares to the shareholders of the Corporation (excluding by way of dividend payment in the ordinary course or a distribution of Common Shares under any compensation arrangement of the Corporation or any of its subsidiaries or other affiliates controlled by the Corporation, that contemplates the issuance of Common Shares from treasury), or upon a capital reorganization, reclassification, exchange, or other change with respect to the Common Shares, or a consolidation, amalgamation, arrangement or other form of business combination of the Corporation with another person, or a sale, lease or exchange of all or substantially all of the property of the Corporation or other distribution of the Corporation's assets to shareholders (other than by way of dividend payment in the ordinary course), then the account of each Participant and the DSUs outstanding under the DSU Plan shall be adjusted in such manner, if any, as the Board deems appropriate in order to preserve, proportionally, the interests of Participants under the DSU Plan, provided that the dollar value of DSUs credited to a Participant's account immediately after such an adjustment shall not exceed the dollar value of the DSUs credited to such Participant's account immediately prior thereto and provided further that the value of DSUs shall always depend on the fair market value of shares in the capital stock of the Corporation. All adjustments shall, at all times, be such that the DSU Plan and any DSUs continuously comply with the requirements of paragraph (d) of Regulation 6801 to the Tax Act.

Blackout Periods

If the Redemption Date occurs during a Blackout Period or within three business days of the expiry of a Blackout Period, then the Redemption Date shall be the earlier of: (i) the 10th business day after expiry of the Blackout Period; and (ii) December 15th of the calendar year commencing immediately following the date on which the Participant ceases to be a director of a member of the Corporate Group (the "Termination Date"), provided that, under no circumstances, shall the Redemption Date be later than December 15th of the calendar year commencing immediately following such Termination Date.

Amendment, Suspension or Termination

The Board may amend, suspend or terminate the DSU Plan, or any portion thereof, without shareholder approval, at any time, subject to those provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX, if any), that require the approval of shareholders or any governmental or regulatory body be obtained.

The Board may not, without the consent of any affected holder of a DSU, alter or impair any of the rights or obligations under any DSUs previously granted under the DSU Plan.

Any amendment, suspension or termination of the Plan shall be such that the Plan and the DSUs granted thereunder continuously satisfy the requirements of paragraph (d) of Regulation 6801 to the Tax Act.

The DSU Plan will finally cease to operate for all purposes when the last remaining Participant receives payment in respect of all DSUs recorded in the Participant's account.

Corporation Adjustments and the DSU Plan

The existence of any outstanding DSUs shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, units or other securities of the Corporation or the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

Number of DSUs Outstanding and Issuable

As of December 31, 2016, a total of 163,954 DSUs were outstanding under the DSU Plan. All outstanding DSUs were granted to non-employee directors. DSUs can only be redeemed for cash or Common Shares acquired on the open market. No Common Shares have been reserved for issuance pursuant to the DSU Plan.

Options, RSUs, PSUs and DSUs Granted During the Year

A total of 1,214,300 Options were granted during the year ended December 31, 2016, being equal to approximately 0.5% of the number of Common Shares outstanding as at December 31, 2016. All of the Options granted in 2016 to new employees are scheduled to vest at a rate of one-third on each of the first three anniversary dates of the grant. The annual Options granted in 2016 to existing employees were granted on June 2, 2016, and are all scheduled to vest at a rate of one-third on each of June 1, 2017, June 1, 2018 and June 1, 2019. All Options granted in 2016 are scheduled to expire seven years from the date of the grant.

A total of 6,132,701 RSUs were granted during the year ended December 31, 2016, being equal to approximately 2.7% of the number of Common Shares outstanding as at December 31, 2016.Of the 6,132,701 RSUs granted during the year, a total of 4,806,220 were cash-settled RSUs and 1,326,481 were cash-settled PSUs. None were treasury-settled RSUs or treasury-settled PSUs. All of the RSUs granted in 2016 prior to June 30 (of which 1,326,481 are PSUs) are scheduled to vest at a rate of one-third on each of June 1, 2017, June 1, 2018 and June 1, 2019. Of the 6,132,701 RSUs granted during the year, a total of 32,781 RSUs granted in December 2016 are scheduled to vest at a rate of one-third on each of December 1, 2017, December 1, 2018 and December 1, 2019. All of the remaining RSUs granted in 2016 subsequent to June 30 are scheduled to vest at a rate of one-third on each of September 1, 2017, September 1, 2018 and September 1, 2019.

A total of 116,258 DSUs were granted during the year ended December 31, 2016. All of the DSUs granted in 2016 will be redeemed on the third business day after the Participant's Termination Date pursuant to the terms of the DSU Plan.

Termination and Change of Control Benefits

Except as described below and as described previously under "Long-Term Equity Incentive Plans," the Corporation has not entered into any other contract, agreement, plan or arrangement that provides for payments to an NEO at, following

or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of MEG or a change in an NEO's responsibilities.

Change of Control Agreements

In 2013, MEG entered into change of control agreements with each of its executive officers to be consistent with market practice, assist in retaining key talent and protect from financial hardship caused by a Change of Control (as that term is defined above under "Stock Option Plan – Acceleration of Vesting on Change of Control"). Prior to the execution of the agreements, a review of market practices among MEG's Peer Group was completed using publicly available information from information circular filings. The review included an analysis of the use of employment agreements among MEG's peers, the associated change of control provisions and definitions (i.e. single vs. double trigger), the value of payment as a multiple of earnings, the definition of earnings and the differences in provisions between the CEO, the CFO and other NEOs. The review concluded that the vast majority of MEG's peers provide some form of protection in the event of a change of control for their executives, and that they tend to differentiate between the CEO and other executives in determining the value of payments and benefits. The review also demonstrated that the typical practice of MEG's peers was to provide a 2.5 to 3.0 multiplier for the CEO and a 1.5 to 2.0 multiplier for other executives in the event of a change of control. Based on these findings, the Corporation entered into change of control agreements with its NEOs and other executives, (the "Change of Control Agreements") that provide a 2.5 multiplier for the CEO, a 2.0 multiplier for the other NEOs, and multipliers ranging from 1.5 to 2.0 for the remaining executives.

MEG's Change of Control Agreements require a ‘double trigger’ before payment of benefits is due, which means both a Change of Control and involuntary termination (including by way of constructive dismissal) must occur for any payment of benefits.

Pursuant to the Change of Control Agreements, the Corporation is obligated to pay compensation to an NEO in the event of a Change of Control followed by termination of such NEO's employment with the Corporation in the circumstances set out in the Change of Control Agreements and described below.

Payments and Benefits

The Change of Control Agreements provide that if a Change of Control occurs, and within 180 days immediately following a Change of Control an event or events occur that constitute Good Reason, the NEO shall have the right, for a period of 60 days following the event or events that constitute Good Reason to elect to terminate his or her employment with the Corporation upon providing the Corporation with seven days advance written notice of the termination date.

"Good Reason" is any material adverse change by the Corporation, without the agreement of the applicable NEO, in the annual base salary or in any of the NEO's duties, powers, rights, discretions, title or lines of reporting, such that immediately after such change or series of changes, the responsibilities and status of the NEO, taken as a whole, are not at least substantially equivalent to those assigned to the NEO immediately prior to such change.

If:

(a) the NEO terminates his or her employment with the Corporation following an event or events that constitute Good Reason that occurs within 180 days immediately following a Change of Control; or

(b) the Corporation terminates the NEO's employment with the Corporation other than for just cause within 180 days immediately following a Change of Control;

the Corporation shall pay the NEO, within 15 business days of the termination date, a retiring allowance (the "Retiring Allowance") which, depending on the position held, consists of:

1. the NEO's annual base salary as at the termination date multiplied by either 2.0 (for NEOs other than the CEO) or 2.5 (for the CEO), as applicable; plus

2. an amount equal to the average of the annual bonus payments paid to the NEO in the two full calendar years immediately preceding the termination date, multiplied by either 2.0 (for NEOs other than the CEO) or 2.5 (for the CEO), as applicable; plus

3. an amount equal to 15% of the NEO's annual base salary as at the termination date multiplied by either 2.0 (for NEOs other than the CEO) or 2.5 (for the CEO), as applicable, to compensate the NEO for the loss of benefits; plus

4. an amount equal to 12% of the NEO's annual base salary as at the termination date, multiplied by either 2.0 (for NEOs other than the CEO) or 2.5 (for the CEO), as applicable, to compensate the NEO for the loss of participation in the Corporation's savings plan; plus

5. an amount equal to the annual perquisite allowance of the NEO as at the termination date, multiplied by either 2.0 (for NEOs other than the CEO) or 2.5 (for the CEO), as applicable, to compensate the NEO for the loss of the annual perquisite allowance.

In exchange for payment of the Retiring Allowance, the NEO is required to provide to the Corporation a full and final release, in a form satisfactory to the Corporation.

If the NEO elects to terminate his or her employment with the Corporation within 60 days of an event or events that constitute Good Reason which in turn occurred within 180 days following the occurrence of a Change of Control, the NEO shall, at the request of the Corporation, continue the NEO's employment with the Corporation for a period of up to three months at the NEO's then existing compensation package, including benefits, to assist the Corporation in an orderly transition. The amount paid to the NEO in this regard will not reduce the Retiring Allowance to which the NEO is entitled.

If the NEO becomes entitled to payment of the Retiring Allowance, the applicable Change of Control Agreement will terminate immediately upon payment of the Retiring Allowance. The Retiring Allowance is deemed to constitute liquidated damages and not a penalty, and the NEO will not be required to mitigate his or her damages.

Assuming a Change of Control occurred on December 31, 2016, the incremental payments, payables and benefits to all NEOs under the Change of Control Agreements would amount to an estimated $9.1 million and are detailed by NEO in the following table:

Name	Payment Pursuant to Change of Control Agreement ($)[1]
William McCaffrey President and CEO	3,202,850
Eric L. Toews CFO	1,652,000
Chi-Tak Yee Senior Vice President, Reservoir and Geosciences	1,597,846
Don Moe Senior Vice President, Supply & Marketing	1,374,037
Jamey Fitzgibbon[2] Senior Vice President, Resource Management - Christina Lake & Special Projects	0

Notes:

(1) Values do not include accelerated vesting of LTI that would occur upon Change of Control. Treatment of LTI upon Change of Control is described under "Long-Term Equity Incentive Plans", and the value of the unvested awards is reported in the table "Outstanding Share-Based and Option-Based Awards – NEOs."

(2) Mr. Fitzgibbon ceased to be Senior Vice President, Resource Management – Christina Lake & Special Projects on December 1, 2016.

Compensation of Directors

General

The Board's director compensation policies provide that directors who are not also members of management will be paid an annual retainer of $40,000, with the exception of the Chairman of the Board who will be paid an annual retainer of $135,000. In addition, such directors will be paid: (i) a fee of $1,500 for each Board meeting attended; (ii) a fee of $1,500 for each Board committee meeting attended; (iii) an annual retainer of $20,000 and $7,000 for the chair and members of the Audit Committee, respectively; (iv) an annual retainer of $10,000 and $5,000 for the chair and members of the Compensation Committee, respectively; (v) an annual retainer of $10,000 and $5,000 for the chair and members of the GNC, respectively; and (vi) an annual retainer of $10,000 and $5,000 for the chair and members of the Review Committee, respectively. The Corporation reimburses directors for all reasonable expenses incurred in order to attend meetings. From time to time, the Board, in its discretion, may also compensate directors with fees for their services on Board projects or special committees of the Board.

Board members are also eligible to participate in the RSU Plans, the DSU Plan and other long-term compensation plans adopted by the Corporation from time to time. Although historically non-employee directors have been eligible to participate in the Stock Option Plan, no stock options have been granted to non-employee directors since 2012 and effective June 2, 2016 non-employee directors were no longer eligible to participate in the Stock Option Plan. For LTI awards made to directors in 2013 and 2014, 35% was granted in the form of DSUs and 65% in the form of RSUs. In early 2015, the Compensation Committee conducted an analysis of the LTI vehicle mix for directors among MEG's peer group. As a result of that review, the LTI mix for directors was adjusted to place an equal weighting of 50% on DSUs and RSUs. LTI grants made to directors in 2015 and 2016 reflect this mix.

Summary Compensation Table – Directors

The following table sets out the compensation paid by the Corporation to its directors (other than Mr. McCaffrey) during the year ended December 31, 2016.

Name	Fees earned ($)	Share-based awards[1] ($)	Option-based awards ($)	Non-equity incentive plan compen-sation ($)	Pension value[2] ($)	All other compen-sation ($)	Total ($)
Boyd Anderson[3]	102,500	130,003	0	0	0	0	232,503
Harvey Doerr	86,500	130,003	0	0	0	0	216,503
Robert Hodgins	105,500	130,003	0	0	0	0	235,503
Timothy Hodgson[4]	34,000	130,009	0	0	0	0	164,009
Peter R. Kagan[5]	72,000	130,003	0	0	0	0	202,003
William R. Klesse[6]	26,000	130,009	0	0	0	0	156,009
David B. Krieger[5]	76,500	130,003	0	0	0	0	206,503
Jeffrey J. McCaig[7]	144,000	210,001	0	0	0	0	354,001
James D. McFarland	111,000	130,003	0	0	0	0	241,003
Diana McQueen	69,500	130,003	0	0	0	0	199,503

Notes:

(1) All share-based awards were granted pursuant to the RSU Plans and DSU Plan in the form of either RSUs or DSUs. The fair values of the share-based awards shown were calculated by multiplying the total number of units granted to a director on the grant date by the volume weighted average price of the Common Shares for the five trading days prior to the grant date.

(2) The Corporation does not currently provide for, or contribute to, either a defined benefit plan or defined contribution plan on behalf of its directors.

(3) Mr. Anderson ceased to be Lead Director on June 28, 2016.

(4) Mr. Hodgson was elected a director on June 28, 2016.

(5) The fees and net proceeds from Options, RSUs and DSUs held by Messrs. Kagan and Krieger in their capacities as directors are for the benefit of WP LLC. Mr. Kagan is not standing for re-election as a director.

(6) Mr. Klesse was elected a director on June 28, 2016.

(7) Mr. McCaig was appointed Chairman of the Board on June 28, 2016.

Outstanding Share-Based and Option-Based Awards - Directors

The following table sets forth information regarding all Options, RSUs and DSUs held by each director (other than Mr. McCaffrey) as of December 31, 2016.

	Option-based Awards				Share-based Awards		
Name	Number of Common Shares underlying unexercised Options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money Options[1] ($)	Number of RSUs and DSUs that have not vested or been redeemed (#)	Market or payout value of RSUs and DSUs that have not vested or been redeemed[2] ($)	Market or payout value of vested RSUs or redeemed DSUs not paid out or distributed ($)
Boyd Anderson	5,000 3,600 6,500	34.07 51.43 35.41	September 21, 2017 June 7, 2018 June 14, 2019	0 0 0	31,010	285,912	0
Harvey Doerr	5,000 3,600 6,500	34.07 51.43 35.41	September 21, 2017 June 7, 2018 June 14, 2019	0 0 0	31,010	285,912	0
Robert Hodgins	5,000 3,600 6,500	34.07 51.43 35.41	September 21, 2017 June 7, 2018 June 14, 2019	0 0 0	31,010	285,912	0
Timothy Hodgson[3]	0	N/A	N/A	0	22,454	207,026	0
Peter R. Kagan[4]	5,000 3,600 6,500	34.07 51.43 35.41	September 21, 2017 June 7, 2018 June 14, 2019	0 0 0	31,010	285,912	0
William R. Klesse[5]	0	N/A	N/A	0	22,454	207,026	0
David B. Krieger[4]	5,000 3,600 6,500	34.07 51.43 35.41	September 21, 2017 June 7, 2018 June 14, 2019	0 0 0	31,010	285,912	0
Jeffrey J. McCaig	0	N/A	N/A	0	42,931	395,824	0
James D. McFarland	5,000 3,600 6,500	34.07 51.43 35.41	September 21, 2017 June 7, 2018 June 14, 2019	0 0 0	31,010	285,912	0
Diana McQueen	0	N/A	N/A	0	31,798	293,178	0

Notes:

(1) The closing price of the Common Shares on December 31, 2016 was $9.23.

(2) The Fair Market Value (as defined in the RSU Plans and the DSU Plan) of the Common Shares on December 31, 2016 was $9.22 per Common Share.

(3) Mr. Hodgson was elected a director on June 28, 2016.

(4) The net proceeds from Options, RSUs and DSUs held by Messrs. Kagan and Krieger in their capacities as directors are for the benefit of WP LLC. Mr. Kagan is not standing for re-election as a director.

(5) Mr. Klesse was elected a director on June 28, 2016.

Incentive Plan Awards – Value Vested or Earned During the Year - Directors

The following table sets forth information in respect of the value of Options and share-based awards held by the directors of the Corporation that vested during the year ending December 31, 2016 and non-equity incentive plan compensation earned by such directors during the year ending December 31, 2016.

Name	Option-Based Awards – Value Vested During Year ($)	Share-based Awards – Value Vested During Year ($)	Non-Equity Incentive Plan Compensation – Value Earned During Year ($)
Boyd Anderson	0	16,594	0
Harvey Doerr	0	16,594	0
Robert Hodgins	0	16,594	0
Timothy Hodgson[(1)]	0	0	0
Peter R. Kagan[(2)]	0	16,594	0
William R. Klesse[(3)]	0	0	0
David B. Krieger[(2)]	0	16,594	0
Jeffrey J. McCaig	0	11,208	0
James D. McFarland	0	16,594	0
Diana McQueen	0	15,050	0

Notes:
(1) Mr. Hodgson was elected a director on June 28, 2016.
(2) The net proceeds from Options, RSUs and DSUs held by Messrs. Kagan and Krieger in their capacities as directors are for the benefit of WP LLC. Mr. Kagan is not standing for re-election as a director.
(3) Mr. Klesse was elected a director on June 28, 2016.

Director Share Ownership Guidelines

The Corporation has adopted share ownership guidelines for its independent directors (the "Director Guidelines"). Each independent director, other than those directors who are required to relinquish the benefit of any equity award, is required to beneficially own voting shares of the Corporation (which may include holdings of RSUs and DSUs) at least equal in value to three times the base annual retainer paid to all non-management directors, based on the market price of Common Shares. Each director is required to achieve the Director Guidelines within a five year period, commencing the first year they are elected as a director, with a minimum of one-fifth of the ownership requirement being attained by the end of each of the five years. Compliance with the Director Guidelines is measured on the first trading day of each calendar year, using the director's annual retainer then in effect and the closing price of the Common Shares on that day. Once the required share ownership has been achieved, or voting shares of the Corporation have been allocated toward compliance, a director is deemed to be compliant (partially or fully, as applicable) with the Director Guidelines notwithstanding any subsequent decrease in the market price of Common Shares. Such deemed compliance requires, in the case of partial compliance, that such director does not dispose of any voting shares and, in the case of full compliance, sale of shares which, using the share price in effect on the date of the sale, would result in non-compliance.

As described in the following table, all directors nominated for election at the Meeting are in compliance with the Director Guidelines as at January 3, 2017.

Equity Ownership as at January 3, 2017

Name	Years of Service[1]	Ownership Requirement[2] ($)	Common Shares (#)	RSUs (#)	DSUs (#)	Total Value of Equity Investment as at Jan. 3, 2017[3] ($)	Multiple of Ownership Requirement as at Jan. 3, 2017 (#)	Complies with Guidelines ? (Y/N)
Boyd Anderson[4]	5	120,000	20,129	13,956	17,054	486,843	4.1	Y
Harvey Doerr	5	120,000	49,395	13,956	17,054	765,456	6.4	Y
Robert Hodgins	5	120,000	10,842	13,956	17,054	398,431	3.3	Y
Tim Hodgson[5]	1	24,000	0	11,227	11,227	213,762	8.9	Y
Peter Kagan[6]	5	120,000	8,389	13,956	17,054	375,078	3.1	Y
William Klesse[7]	1	24,000	100,000	11,227	11,227	1,165,762	48.6	Y
David Krieger[6]	5	120,000	8,389	13,956	17,054	375,078	3.1	Y
Jeff McCaig[8]	3	243,000	52,649	20,656	22,275	909,922	3.7	Y
Jim McFarland	5	120,000	15,188	13,956	17,054	439,805	3.7	Y
Diana McQueen	2	48,000	2,004	14,897	16,901	321,795	6.7	Y

Notes:

(1) Represents years of service to a maximum of 5.

(2) Pursuant to the Director Guidelines, the requirement for Jeff McCaig is currently three-fifths of total ownership requirement, the requirement for Diana McQueen is currently two-fifths of total ownership requirement and the requirement for each of William Klesse and Timothy Hodgson is currently one-fifth of total ownership requirement. For every other director, the requirement is currently total ownership requirement.

(3) The closing price of the Common Shares on January 3, 2017 was $9.52.

(4) Mr. Anderson ceased to be Lead Director on June 28, 2016.

(5) Mr. Hodgson was elected a director on June 28, 2016.

(6) The net proceeds from Options, RSUs and DSUs held by Messrs. Kagan and Krieger in their capacities as directors are for the benefit of WP LLC. The Director Guidelines do not apply to directors who are associated with an institutional shareholder and who are required to relinquish the benefit of any equity award to such institutional shareholder. Messrs. Kagan and Krieger are in compliance with the Director Guidelines. Mr. Kagan is not standing for re-election as a director.

(7) Mr. Klesse was elected a director on June 28, 2016.

(8) Mr. McCaig was appointed Chairman of the Board on June 28, 2016.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER SECURITY-BASED COMPENSATION PLANS

The following table provides information with respect to the total number of Common Shares authorized for issuance upon the exercise of outstanding Options and vesting of outstanding Treasury-Settled RSUs as of December 31, 2016. As of December 31, 2016, there were 226,467,107 Common Shares issued and outstanding.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders			
Old Option Plan	44,000	$38.55	0
Stock Option Plan[1]	9,237,186	$27.39	[2]
Treasury-Settled RSU Plan[3]	1,655,606	N/A	[4]
Total	10,936,792	$27.45	2,651,234[5]

Notes:

(1) Effective June 9, 2010, the Board approved the Stock Option Plan as a replacement for the Old Option Plan.

(2) As of December 31, 2016, the number of Common Shares reserved for issuance pursuant to the exercise of options granted under the Stock Option Plan is equal to 6% of the number of Common Shares then issued and outstanding, less the number of Common Shares issuable pursuant to all other security-based compensation plans (which includes the Treasury-Settled RSU Plan and the Old Option Plan).

(3) Includes PSUs issued under the Treasury-Settled RSU Plan.

(4) As of December 31, 2016, the number of Common Shares reserved for issuance pursuant to RSUs granted under the Treasury-Settled RSU Plan is equal to 6% of the number of Common Shares then issued and outstanding, less the number of Common Shares issuable pursuant to all other security-based compensation plans (which includes the Stock Option Plan and the Old Option Plan).

(5) Based on the number of issued and outstanding Common Shares as at December 31, 2016.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The Corporation is not aware of any individuals who are either current or former executive officers, directors or employees of the Corporation and who have indebtedness outstanding as at the date hereof (whether entered into in connection with the purchase of securities of the Corporation or otherwise) that is owing to (i) the Corporation, or (ii) another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

Except for (i) indebtedness that has been entirely repaid on or before the date of this Circular, and (ii) "routine indebtedness" (as defined in Form 51-102F5 to National Instrument 51-102 – *Continuous Disclosure Obligations*), the Corporation is not aware of any individuals who are, or who at any time during 2016 were, a director or executive officer of the Corporation, a proposed nominee for election as a director of the Corporation, or an associate of any of those directors, executive officers, or proposed nominees, who are, or have been at any time since January 1, 2016, indebted to the Corporation, or whose indebtedness to another entity is, or at any time since January 1, 2016 has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There has been no transaction since January 1, 2016 and there is no proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries in respect of which any "informed person" (as defined in National Instrument 51-102 - *Continuous Disclosure Obligations*) of the Corporation, any proposed nominee for director of the Corporation, or any associate or affiliate of any of such persons had a direct or indirect material interest.

CORPORATE GOVERNANCE PRACTICES

Independent Directors and Material Relationships

The following directors, being a majority of the directors of the Corporation, are independent as set out in section 1.2 of National Instrument 58-101 - *Disclosure of Corporate Governance Practices*:

Boyd Anderson	Harvey Doerr
Robert Hodgins	Timothy Hodgson
Peter R. Kagan	William R. Klesse
David B. Krieger	Jeffrey J. McCaig
James D. McFarland	Diana McQueen

Mr. Kagan is not standing for re-election as a director.

For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationship with the Corporation. Examples of such a material relationship could include being a partner, shareholder or officer of an organization that has a material relationship with the Corporation, such as a supplier, customer or contractual counterparty.

On an annual basis, the GNC asks directors and executive officers of the Corporation to inform the Board as to their relationships with the Corporation. Pursuant to the *Business Corporations Act* (Alberta), directors of the Corporation are also required in certain circumstances to declare when they are party to, or have an interest in, material contracts or material transactions involving the Corporation.

The Board reviews any relationships, and their materiality to the Corporation, under applicable director independence standards. In its review, the Board considers and analyzes the existence, materiality and effect of all relationships of our directors with the Corporation including business, familial and other relationships, in reaching a conclusion as to such director's independence under applicable requirements.

William McCaffrey is not independent due to his material relationships with the Corporation. William McCaffrey is the President and CEO of the Corporation.

The Chairman of the Board, Jeff McCaig, is an independent director. The primary responsibility of the Chairman is to provide independent leadership to the Board to ensure the Board functions independently of management of the Corporation.

At each Board meeting there is an *in camera* session at which non-independent directors and members of management are not in attendance. The *in camera* sessions are chaired by the Chairman of the Board. The chairmen of the Compensation Committee, the Audit Committee and the GNC are all independent directors and at each respective committee meeting an *in camera* session is held.

In connection with the GNC's ongoing review of the corporate governance practices of the Corporation's peers, and of corporate governance "best practices" as outlined by advisory organizations such as the CCGG, the roles of Chairman

and Chief Executive Officer were separated. Mr. Jeff McCaig, an independent director, was appointed Chairman of the Board effective June 28, 2016 and the position of Lead Director was eliminated.

Related Directors and Other Directorships

None of the Corporation's current directors mutually serve on boards of other companies, with the exception of Peter Kagan and David Krieger, who are both Managing Directors of WP LLC as disclosed previously, and Harvey Doerr and David Krieger who are both directors of Velvet Energy Ltd, a privately-held company. Peter Kagan, David Krieger and Robert Hodgins are all directors of Canbriam Energy Inc., a privately-held company. The following directors are directors of the reporting issuers (or the equivalent) set out beside their respective names below:

Director	Reporting Issuer (or equivalent)
Harvey Doerr	Newalta Corporation Seven Generations Energy Ltd.
Robert Hodgins	AltaGas Ltd. Enerplus Corporation GranTierra Energy Inc.
Timothy Hodgson	Alignvest Acquisition Corp.
Peter R. Kagan[(1)]	Antero Resources Corporation Laredo Petroleum Holdings, Inc.
William R. Klesse	Occidental Petroleum Corporation
David B. Krieger	Kosmos Energy Ltd.
Jeffrey J. McCaig	Potash Corporation of Saskatchewan Inc.
James D. McFarland	Pengrowth Energy Corporation Valeura Energy Inc

Note:
(1) Mr. Kagan is not standing for re-election as a director.

Other Board Committees

In September 2015 the Board appointed the Review Committee as an ad hoc committee of the Board, the chairman of which is an independent director. The function of the Review Committee is to work together with management and the Corporation's advisors to examine and provide the Board with various alternatives available for financial deleveraging, while maintaining alignment with the Corporation's overall long-term strategy.

In December 2016 the Board appointed the Restructuring Committee as an ad hoc committee of the Board, the chairman of which is an independent director. The function of the Restructuring Committee is to oversee the Corporation's recapitalization alternatives.

Meeting Attendance

The attendance record of each director for all Board and Committee meetings held since the beginning of the Corporation's most recently completed financial year is set out below:

Director	Board Meetings	Audit Committee Meetings	Compensation Committee Meetings	Governance and Nominating Committee Meetings	Review Committee Meetings	Restruc-turing Committee Meetings
Boyd Anderson[(1)]	12 of 14	5 of 5	N/A	2 of 4	8 of 8	N/A
Harvey Doerr[(2)]	14 of 14	3 of 3	N/A	5 of 5	N/A	N/A
Robert Hodgins	14 of 14	5 of 5	8 of 8	N/A	N/A	4 of 4
Timothy Hodgson[(3)]	5 of 6	2 of 2	N/A	N/A	N/A	4 of 4
Peter Kagan[(4)]	14 of 14	N/A	N/A	4 of 5	N/A	N/A
William Klesse[(5)]	4 of 7	N/A	N/A	N/A	N/A	N/A
David Krieger	14 of 14	N/A	7 of 8	N/A	N/A	4 of 4
William McCaffrey	14 of 14	N/A	N/A	N/A	N/A	N/A
Jeff McCaig[(6)]	14 of 14	N/A	4 of 4	4 of 4	8 of 8	N/A
James McFarland	13 of 14	N/A	8 of 8	5 of 5	8 of 8	N/A
Diana McQueen[(7)]	14 of 14	N/A	4 of 4	N/A	N/A	N/A

Notes:

(1) Mr. Anderson ceased to be a member of the Governance and Nominating Committee on June 28, 2016.

(2) Mr. Doerr ceased to be a member of the Audit Committee on June 28, 2016.

(3) Mr. Hodgson was elected a director on June 28, 2016 and was appointed a member of the Audit Committee effective June 28, 2016. Mr. Hodgson recused himself from one board meeting.

(4) Mr. Kagan is not standing for re-election as a director.

(5) Mr. Klesse was elected a director on June 28, 2016. Prior to Mr. Klesse being nominated for election as a director, Mr. Klesse advised management and the other board members that he would be traveling extensively during 2016. Accordingly, it was pre-arranged and agreed that Mr. Klesse would be absent from particular board meetings held during that time.

(6) Mr. McCaig ceased to be a member of each of the Compensation Committee and the Governance and Nominating Committee on June 28, 2016. However, as Chairman of the Board, Mr. McCaig is an *ex officio* member of all Board committees.

(7) Ms. McQueen was appointed a member of the Compensation Committee effective June 28, 2016.

Board and Committee Mandates

The mandate of the Board is attached to this Circular as Appendix "A." All of the committees of the Board have written mandates. Each of the Board and its committees develop annual workplans based on their mandates, which are reviewed by the Chairman and which guide the discharge of their respective responsibilities.

Position Descriptions

The Board has approved written position descriptions for the Chairman of the Board and the Chairman of each standing Board committee. The Board and the CEO have approved a written position description for the CEO.

Skills Assessment and Nomination

The GNC, which is composed entirely of independent directors, is responsible for ensuring that the composition of the Board and its committees meets the requirements of the Corporation. The GNC annually reviews the skills and expertise which it determines are required in order for the Board to provide effective governance, and prior to making its recommendations to the Board assesses how those needs are met by the nominees. The table below summarizes information from the GNC's most recent review which was used to develop the recommendations for 2016, and also includes the skills and expertise of the proposed nominees for election as directors:

Skill	B. Anderson	H. Doerr	B. Hodgins	T. Hodgson	P. Kagan[(1)]	B. Klesse	D. Krieger	B. McCaffrey	J. McCaig	J. McFarland	D. McQueen	Total (out of 11)
Business Experience/ Knowledge												
Financial literacy	√	√	√	√	√	√	√	√	√	√	√	11
Strategy, managing or leading growth	√	√	√	√	√	√	√	√	√	√	√	11
Sectors outside of oil and gas			√	√	√		√		√		√	6
Executive experience in a large company	√	√	√	√	√	√	√	√	√	√		10
Canadian corporate governance	√	√	√	√	√		√	√	√	√	√	10
Political, Public and Regulatory	√	√	√	√		√		√	√	√	√	9
Oil and Gas Technical Experience												
Upstream Operations		√				√		√		√		4
Midstream/downstream operations	√	√				√		√		√		5

Note:
(1) Mr. Kagan is not standing for re-election as a director.

The GNC is also responsible for identifying and assessing new candidates for appointment or nomination to the Board and for considering succession issues as they relate to the members of the Board and committees. Where a vacancy exists or the need for a new candidate has been identified, the GNC will seek candidates who best match the identified needs of the Board and its committees, and will evaluate them taking into account their past performance, independence, competencies, skills, financial literacy, the Corporation's Diversity Policy (as defined below) and such other factors as are necessary to ensure the promotion of effective governance and regulatory compliance.

Gender Diversity

MEG recognizes the benefits of diversity with respect to nominations to the Board, and the promotion or hiring of individuals into executive officer and other management positions (each and all of which are "Leadership Roles"). The Board has adopted a formal policy that encourages gender (and other forms of) diversity in Leadership Roles (the "Diversity Policy").

MEG believes that the Corporation's needs are best served by first identifying and screening all fully qualified candidates for Leadership Roles, in the context of the skills, expertise, and experience which the Board and MEG, as applicable, requires for an individual to be effective in that Leadership Role. However, gender and other forms of diversity are important and valuable considerations in selecting from amongst qualified candidates. MEG's approach to diversity is intended to encourage respect for and appreciation of, diversity in a broad sense, in all Leadership Roles.

Since it is difficult to predict the timing of future hiring and the ability to identify candidates who offer diversity while meeting or exceeding the requirements of specific positions, formal diversity percentage targets and specific dates by which it is intended that MEG satisfy those targets, have not been established in the Diversity Policy or by the Corporation. MEG believes that the Diversity Policy however, introduces a process which is likely to achieve higher levels of diversity within MEG's Leadership Roles in an appropriate timeframe. The Corporation intends to measure the effectiveness of the Diversity Policy from time to time.

The Diversity Policy requires MEG to conduct "open" searches internally (and externally where appropriate), to fill Leadership Positions. The Diversity Policy also requires that, during any hiring process for a Leadership Role, the persons conducting the search will identify the most qualified candidate, and if such candidate does not enhance diversity, they will also identify the most qualified candidate who offers diversity, and prior to final selection, will review the decision carefully to ensure that the decision reflects that balance appropriately.

Internally MEG also provides comprehensive training and personal development opportunities to help all employees acquire the necessary skills to perform their role in the Company, and also to align their personal career goals with the needs of the Company. Please see "Succession Planning" below.

A summary of the Corporation's current gender distribution, number and percentage, is as follows:

Title	Number	%
Internal Director[(1)]	6	46.0
Executive	0	0.0
Board Director[(2)]	1	9.1

Notes:
(1) An internal "director" is a senior management level position within the Corporation's organization which falls immediately below the position of Vice President.
(2) Member of the Board.

Orientation and Continuing Education

The GNC is responsible for the orientation and continuing education of directors. New directors meet with the Chairman and certain other independent directors, and also attend meetings at which they receive briefings on various aspects of the nature and operation of the Corporation's business from senior officers of the Corporation. New directors are also provided with an overview of the Board portal, a secure online site that contains, among other things, the Corporation's articles and by-laws, the Board and committee mandates and workplans, corporate policies, recent disclosure documents and information regarding the Corporation's operations. The GNC is responsible for ensuring that proper new director orientation and education occurs.

Directors are encouraged to attend and participate in seminars and other continuing education programs, with the cost of such programs being reimbursed by the Corporation. During 2016, directors' participation in continuing education activities included the following:

- In March, directors of the Corporation received a management presentation regarding its review of various corporate governance issues, including its disclosure controls and procedures and processes for the

disclosure of material information, related policies such as its Insider Trading and Disclosure Policy, and the employee and director annual acknowledgement process related to its Business Conduct Charter. All of the directors attended the presentation.

- Also in March, June, September and December, directors of the Corporation received presentations from management relating to markets and prices for bitumen, crude oil and diluent.

- In June, July, October and December, the directors of the Corporation received presentations by external financial advisors regarding the status of equity and debt markets, and potential financial deleveraging alternatives for the Corporation.

- In September, the directors of the Corporation received a presentation from management regarding financial risk management (hedging) programs.

- In mid-2016, a new director onboarding process was completed for each of Mr. Klesse and Mr. Hodgson.

- In December, directors of the Corporation received a presentation from GLJ Petroleum Consultants regarding its reserve evaluation and data integrity processes and received presentations from management regarding the Corporation's production growth strategy, the Corporation's emissions management program and the Corporation's market diversification strategy. All directors of the Corporation attended the presentations.

- Since September 2015, Mr. Doerr has been a member of the Calgary Chapter Executive of the Institute of Corporate Directors and participates in the planning and delivery of various chapter education events. During 2016, Mr. Doerr, Mr. McCaig and Ms. McQueen each attended relevant seminars or programs provided by the Institute of Corporate Directors.

The Corporation ensures that there are frequent informal opportunities for directors to meet with senior members of the organization which offers the opportunity for individual Board members to ask questions to enhance their knowledge and clarify their understanding of various issues, and gain additional exposure to help evaluate the knowledge, capability and conduct of the senior team.

Governance

The GNC regularly reviews new developments in corporate governance and makes recommendations to the Board on processes or policies which would enhance the overall effectiveness of the Board and its committees and the performance of the Corporation. In 2016, the GNC completed a review of Canadian governance practices, reviewed the mandate of the Board, the charters of the Board's committees and the position descriptions for each of the Chair of the Board, the CEO and the chairs of each of the Board's committees, and recommended certain changes which have been approved by the Board. The GNC reviews and approves any reports required or recommended on corporate governance for inclusion in public disclosure documents.

Majority Voting Policy

The Corporation has adopted a Majority Voting Policy that applies in respect of director elections at any meeting of the Corporation's shareholders where an "uncontested election" of directors is held, and, which fully complies with TSX rules. Pursuant to this Policy, the forms of proxy circulated in connection with a meeting of the Corporation's shareholders at which an uncontested election of directors is to be conducted shall provide the Corporation's shareholders with the ability to vote in favour of, or to withhold from voting for, each director nominee. If the number of votes withheld for a particular director nominee is greater than the number of votes in favour of such nominee, the director nominee shall be required to immediately tender an offer of his or her resignation to the Chairman of the Board of Directors following the applicable meeting of the Corporation's shareholders.

The Majority Voting Policy provides that following receipt of an offer of resignation tendered pursuant to this Policy, the GNC shall consider whether or not to accept the offer of resignation and shall recommend to the Board of Directors whether or not to accept it. In accordance with the TSX rules, the GNC would be expected to recommend that the Board of Directors accept an offer of resignation, and, the Board of Directors would be expected to accept an offer of resignation, "absent exceptional circumstances."

Promptly following the decision of the Board of Directors to accept, or not to accept, an offer of resignation pursuant to this Policy, the Corporation shall issue a news release with the Board of Director's decision, a copy of which news release must be provided to the TSX. If the Board of Directors determines not to accept an offer of resignation, the news release shall fully state the reasons for that decision.

Board, Committee and Director Assessments and Retirement Policy

On an annual basis, the Chair of the GNC (the "GNC Chair") facilitates the completion by each director of a confidential effectiveness survey for the Board and each committee to which that director is assigned. The Board survey includes assessments of the Board's responsibilities and operations, assessment of the Chairman of the Board and individual director self-assessment. The committee surveys include an assessment of each committee's responsibilities and operations, an assessment of each committee chair and a self-assessment of the individual members. The GNC also considers the composition of the Board's committees to ensure they possess an appropriate balance of the skills necessary for such committees to discharge their roles.

The Chairman of the Board is responsible for reviewing the responses provided in each survey, in confidence, and liaising with the chairs of the committees and management to utilize the responses to improve the effectiveness of the Board and its committees. At the first Board meeting following completion and review of the assessments, the Chairman of the Board reports to the Board outlining the responses and conclusions of the assessments. Board members then identify areas of improvement and communicate with management prior to implementation. The format and focus of the assessment process is continually under review by the GNC to ensure its effectiveness. The Board considers its rigorous assessment process to be the most appropriate mechanism to ensure that each director remains effective and, as a result, has not adopted a formal retirement policy.

Board Renewal/Term Limits

On an ongoing basis, the GNC and the Board as a whole consider potential director candidates with a view to identifying individuals to fill any potential vacancy that arises. Although the GNC and the Board recognize that regular course Board renewal may offer the benefit of new perspectives and ideas, the GNC and the Board also recognize that a director's experience and knowledge of MEG's business is a valuable asset. Accordingly, the Board believes that the Corporation is better served by the regular assessment of the effectiveness of the Board, rather than by adopting arbitrary age and term limits. Accordingly, the Board has not adopted a formal term limit for directors.

Succession Planning

The Board is responsible for succession planning of the Corporation's senior management. The Board meets with the CEO at least annually to review the performances of senior management in their current roles and discuss future capabilities and development plans for these individuals.

The Corporation has adopted a Talent Management Process in order to develop a robust talent pool that can deliver on current and future business objectives, manage knowledge within the organization, actively manage retention and engagement of high performing, high potential employees, and mitigate the risks associated with transition and vacancy of critical roles in terms of emergency short term coverage and long term succession planning.

The Talent Management Process consists of the following four steps:

1. **Identify Critical Roles:** Identify key roles that are critical to the current and/or future success of the Corporation.

2. **Talent Assessment and Identification:** Conduct internal talent assessment to identify leadership candidates.

3. **Build Talent Management Map**: For all critical roles, identify candidates who are ready for or can develop into each role.

4. **Develop Leadership Candidates:** Actively develop leadership candidates towards future roles.

The Talent Management Process was first implemented by the Corporation in 2011 and is continuing to advance.

Ethical Business Conduct

The Board has adopted a Business Conduct Charter (the "Charter") that applies to all directors, officers, and employees of the Corporation. The Charter addresses issues such as conflicts of interest, fair dealing, insider trading and disclosure of material information. Copies of the Charter may be obtained upon request from the General Counsel of the Corporation (403-770-0446) and are available electronically on SEDAR at www.sedar.com.

A copy of the Charter has been provided to each current director, officer, and employee of the Corporation and each such person is required to acknowledge annually that he or she has read the Charter and also has disclosed any transactions or matters of potential conflict. A copy of the Charter will be provided to each new director, officer and employee of the Corporation and each such person will be required to acknowledge that he or she has read the Charter before commencing activities as a director, officer or employee.

No material change reports have been filed by the Corporation relating to a director's or executive officer's departure from the Charter. There has been no conduct of a director or executive officer that has constituted a departure from the Charter, and no waivers of the Charter have ever been granted to any director, officer or employee of the Corporation.

Directors who have, or may be reasonably perceived to have, a personal interest in a transaction or agreement being contemplated by the Corporation are required to declare such interest at any meeting at which the matter is being considered and, when appropriate, will leave the meeting during discussion and abstain from voting on such matter.

The Board encourages and promotes a culture of ethical business conduct by requiring that each director, officer and employee act in a manner that exemplifies ethical business conduct. The GNC is responsible for ensuring the Corporation implements good corporate governance practices.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available electronically on SEDAR at www.sedar.com. Financial information is provided in the Corporation's financial statements and management's discussion and analysis ("MD&A") for the Corporation's most recently completed financial year. Additional information relating to the Corporation is contained in the Corporation's Annual Information Form. Copies of the financial statements, MD&A and the Annual Information Form of the Corporation may be obtained from the Corporation at 8th Floor, 520 – 3rd Avenue S.W., Calgary, Alberta, T2P 0R3.

APPENDIX "A"

MEG ENERGY CORP.

BOARD OF DIRECTORS
MANDATE

1. STEWARDSHIP

The board of directors (the "Board") of MEG Energy Corp. (the "Corporation") is responsible for the overall stewardship of the Corporation and for overseeing the conduct of the business of the Corporation and the activities of management, who are responsible for the day-to-day conduct of the business.

2. COMPOSITION AND OPERATION

The Board operates by reserving certain powers to itself and delegating certain of its authorities to management. The Board retains responsibility for managing its own affairs, including selecting its chair, planning its composition and size, nominating candidates for election to the Board, determining independence of Board members (as defined in Section 2.1 of Canadian Securities Administrators National Policy 58-201 "Corporate Governance Guidelines"), constituting committees of the Board, determining director compensation, discussing matters of interest separate from and independent of any influence from management at each meeting of the Board, and assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities. Subject to the articles and by-laws of the Corporation and the *Business Corporations Act* (Alberta) (the "ABCA"), the Board may constitute committees of the Board and seek the advice of, and delegate powers, duties and responsibilities to, its committees and management.

3. RESPONSIBILITIES

The Board's primary responsibilities are to preserve and enhance long-term shareholder value and to ensure that the Corporation meets its obligations on an on-going basis and operates in a reliable and safe manner. In performing its duties, the Board should also consider the legitimate interests that other stakeholders, such as employees, customers and communities, may have in the Corporation. In broad terms, the stewardship of the Corporation involves the Board in strategic planning, risk management and mitigation, senior management determination and monitoring, communication planning, compensation policies and guidelines, and internal control integrity. More specifically, the Board is responsible for

(a) to the extent feasible, satisfying itself as to the integrity of the chief executive officer (the "CEO") and other officers and that the CEO and other officers create a culture of integrity throughout the Corporation,

(b) adopting a strategic planning process and approving, on an annual basis, a business plan for the Corporation that takes into account, among other things, the opportunities and risks of the business,

(c) identifying the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks,

(d) succession planning, including appointing, training and monitoring senior management,

(e) adopting a communication policy for the Corporation,

(f) monitoring the integrity of the Corporation's internal control and management information systems,

(g) developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation,

(h) developing the Corporation's compensation policies and guidelines and the Corporation's goals and objectives relevant to compensation, and

(i) on an individual basis, attending Board meetings, reviewing meeting materials in advance of meetings, and complying with the other expectations and responsibilities of directors of the Corporation established by the Board.

In discharging these responsibilities and the specific duties set out below, the Board will utilize and direct management of the Corporation to the extent the Board considers to be appropriate.

4. SPECIFIC DUTIES

The Board's specific duties, obligations and responsibilities fall into the following categories.

4.1 Legal Obligations

(a) The Board has oversight responsibility for the Corporation's satisfaction of its legal obligations and for the preparation and maintenance of the Corporation's documents and records.

(b) The Board has the statutory obligation to

  (i) manage or supervise the management of the business and affairs of the Corporation, and

  (ii) act in accordance with the provisions of the ABCA and the regulations thereunder, the Corporation's articles and by-laws, and other relevant legislation and regulations.

(c) Each director of the Corporation in exercising the director's powers and discharging the director's duties has the statutory obligation to

  (i) act honestly and in good faith with a view to the best interests of the Corporation, and

  (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(d) The Board has the statutory obligation to consider the following matters as a board of directors and may not delegate to management or to a committee of the Board any authority with respect to these matters:

  (i) submit to the shareholders any question or matter requiring the approval of the shareholders,

  (ii) fill a vacancy among the directors or in the office of auditor,

  (iii) appoint additional directors,

  (iv) issue securities except in the manner and on the terms authorized by the Board,

  (v) declare dividends,

(vi) purchase, redeem or otherwise acquire shares issued by the Corporation, except in the manner and on the terms authorized by the Board,

(vii) pay a commission to any person in consideration of the person's purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for shares of the Corporation,

(viii) approve a management proxy circular relating to a solicitation of proxies by or on behalf of the management of the Corporation,

(ix) approve any annual financial statements of the Corporation and any interim financial statements that are required to be placed before the shareholders at an annual meeting held more than six months after the first day of a financial year, and

(x) adopt, amend or repeal by-laws.

4.2 Reserves

(a) The Board or a committee of the Board is responsible for the preparation and presentation of reserves data and other information associated with oil and gas activities and shall review, with reasonable frequency, the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities, including its procedures for complying with the disclosure requirements and restrictions contained in National Instrument 51-101 ("NI 51-101").

(b) The Board or a committee of the Board is responsible for reviewing, with reasonable frequency, the Corporation's procedures for providing information to the qualified reserves evaluator or auditor who reports on reserves data.

(c) Before approving the filing of reserves data and the report of a qualified reserves evaluator or auditor thereon, the Board or a committee of the Board shall meet with management and the qualified reserves evaluator or auditor to

(i) determine whether any restrictions affect the ability of the qualified reserves evaluator or auditor to report on reserves data without reservation, and

(ii) review the reserves data and the report of the qualified reserves evaluator or auditor.

(d) As required by applicable law, the Board shall review and approve

(i) the content and filing of the Corporation's statements of reserves data and other oil and gas information on Form 51-101F1,

(ii) the filing of reports on reserves data by qualified reserves evaluators or auditors on Form 51-101F2, and

(iii) the content and filing of reports of management and directors on oil and gas activities on Form 51-101F3.

4.3 Strategic Planning

The Board is responsible for ensuring that there are long-term goals and a strategic planning process in place for the Corporation and participating with management directly or through its committees in approving the strategic plans by which the Corporation proposes to achieve its goals.

4.4 Risk Management

The Board is responsible for understanding the principal risks of the business in which the Corporation is engaged, achieving a proper balance between risks incurred and the potential return to shareholders, and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Corporation.

4.5 Appointment, Training and Monitoring of Senior Management

The Board is responsible for

(a) appointing the CEO, monitoring and assessing the CEO's performance, determining the CEO's compensation, and providing advice and counsel to the CEO in the execution of the CEO's duties,

(b) approving the appointment and compensation of all other officers of the Corporation, and

(c) confirming that adequate provision has been made for the training and development of management and for the orderly succession of management.

4.6 Reporting and Communication

The Board is responsible for

(a) verifying that the Corporation has in place policies and programs to enable the Corporation to communicate effectively with its shareholders, other stakeholders and the public generally,

(b) verifying that the financial performance of the Corporation is adequately reported to shareholders, other security holders, regulators and the public on a timely and regular basis,

(c) verifying that the Corporation's financial results are prepared and reported fairly and in accordance with generally accepted accounting principles,

(d) verifying the timely reporting of any other developments that have a material effect on the Corporation, and

(e) reporting annually to shareholders on the Board's stewardship of the affairs of the Corporation for the preceding year.

The Board assigns to the chair of the Board, the CEO, and the lead director responsibility for bringing to the attention of the Board feedback received by them from shareholders and other stakeholders of the Corporation. To encourage and facilitate such feedback, instructions for submitting feedback will be disclosed annually in the Corporation's management information circular and will be posted on the Corporation's web site.

4.7 Monitoring and Acting

The Board is responsible for

(a) verifying that the Corporation operates at all times within applicable laws and regulations to the highest ethical standards,

(b) approving annual operating and capital budgets and amendments thereto outside of the range of delegation authorities,

(c) approving and monitoring compliance with the significant policies and procedures by which the Corporation is operated,

(d) verifying that the Corporation sets high environmental standards in its operations and is in compliance with environmental laws and regulations,

(e) verifying that the Corporation has in place appropriate programs and policies for the health and safety of its employees in the workplace,

(f) monitoring the Corporation's progress toward its goals and objectives and revising and altering its direction through management in response to changing circumstances,

(g) taking action when the Corporation's performance falls short of its goals and objectives or when other circumstances warrant action,

(h) verifying that the Corporation has implemented adequate information systems, disclosure controls and procedures, and internal control over financial reporting,

(i) ensuring that the Board receives from senior management on a timely basis the information and input required to enable the Board to perform its duties effectively,

(j) adopting a written business conduct charter and monitoring compliance with the charter, and

(k) conducting and acting upon annual assessments and evaluations of the Board, committees of the Board and individual directors.

4.8 Other

The Board may exercise or delegate any other powers consistent with this mandate, the Corporation's articles and by-laws, and any governing laws, as the Board deems necessary or appropriate. The powers of the Board may be exercised by a resolution passed at a meeting of the Board at which a quorum is present or by a resolution in writing signed by all of the directors entitled to vote on that resolution at a meeting of the Board. If there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board so long as a quorum remains in office. At each meeting of the Board, the independent directors shall have a meeting in the absence of non-independent directors and members of management.