



MANAGEMENT INFORMATION CIRCULAR

In connection with the
Annual and Special Meeting of Shareholders
to be held on June 28, 2016



Notice of Annual and Special Meeting of Shareholders to be held on June 28, 2016

TO THE SHAREHOLDERS OF MEG ENERGY CORP.:

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "Meeting") of the shareholders of MEG Energy Corp. (the "Corporation") will be held at 3:00 p.m. Calgary time on June 28, 2016 at Centennial Place, 3rd Floor (Bow Glacier Room), 250 – 5th Street S.W., Calgary, Alberta, for the purposes of:

- (a) receiving the audited annual financial statements of the Corporation for the year ended December 31, 2015 and the auditors' report thereon;
- (b) electing directors of the Corporation for the ensuing year;
- (c) considering and, if deemed advisable, passing, with or without variation, an ordinary resolution approving all unallocated entitlements under the Corporation's Stock Option Plan and the amended Stock Option Plan dated May 3, 2016;
- (d) considering and, if deemed advisable, passing, with or without variation, an ordinary resolution approving all unallocated entitlements under the Corporation's Restricted Share Unit Plan and the amended Restricted Share Unit Plan dated May 3, 2016;
- (e) confirming the amendment to Amended and Restated By-Law No. 3 of the Corporation, as described in the attached information circular;
- (f) approving a non-binding advisory resolution on the Corporation's approach to executive compensation;
- (g) appointing the auditor of the Corporation for the ensuing year and authorizing the directors of the Corporation to fix the remuneration to be paid to the auditor; and
- (h) transacting such other business as may properly come before the Meeting or any adjournment thereof.

Shareholders who are unable to attend the Meeting in person are requested to date, sign and return the accompanying Instrument of Proxy in accordance with the instructions contained in the accompanying Management Proxy Circular 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. To be valid, properly executed Instruments of Proxy must be 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. The Corporation may refuse to recognize any Instruments of Proxy received after that time.

DATED at Calgary, Alberta this 19th day of May, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

"William J. McCaffrey"

William J. (Bill) McCaffrey
Chairman, President and Chief Executive Officer

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**Annual and Special Meeting of Shareholders
to be held on June 28, 2016**

MANAGEMENT INFORMATION CIRCULAR

May 19, 2016

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 June 28, 2016 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 May 19, 2016.

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 unallocated entitlements under the Stock Option Plan as well as the approval of the amended Stock Option Plan; (iii) for approval of unallocated entitlements under the Restricted Share Unit Plan as well as the approval of the amended Restricted Share Unit Plan; (iv) for the amendment to Amended and Restated By-Law No. 3; (v) in favour of the Corporation's approach to executive compensation (referred to as "Say on Pay") and (vi) 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 224,996,989 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 May 19, 2016 (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 (9.7%) ⁽⁴⁾
WPX Luxco	Record and Beneficial ⁽³⁾	15,986,580 (7.1%) ⁽⁵⁾
CNOOC ⁽⁶⁾	Record and Beneficial	28,680,387 (12.7%) ⁽⁷⁾

Notes:

- (1) "WP Lex" is WP Lexington Private Equity, B.V., "WPX Luxco" is WP X LuxCo S.a.r.l. and "CNOOC" is CNOOC Belgium BVBA. 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 9.2% (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 6.7% (of record and beneficially) of the issued and outstanding Common Shares.
- (6) CNOOC is publicly listed and traded on the HKSE, NYSE and TSX stock exchanges.
- (7) To the knowledge of the Corporation, on a fully diluted basis, CNOOC owns 12.1% (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, 2015, 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, Peter R. Kagan, 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 and an ad hoc review committee (the "Review Committee") was first appointed by the Board on September 17, 2015.

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:	William McCaffrey	
Age:	58	
Municipality of residence:	Calgary, Alberta, Canada	
Offices held:	Chairman of the Board, President, Chief Executive Officer and a Director	
Director since:	March 9, 1999	
2015 Director Election:	98.86% Votes "For" 1.14% Votes "Withheld"	
<p>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.</p> <p>Mr. McCaffrey brings 34 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 <i>in situ</i> bitumen production sites utilizing horizontal wells and thermal technologies.</p> <p>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.</p>		
Board and committee memberships:	Meeting attendance during 2015:	
Board of Directors	8 of 8	
Securities held: ⁽¹⁾	1,194,280 Common Shares 590,000 Options 23,344 RSUs 75,387 PSUs	Complies with share ownership requirements? Yes

Name:	David B. Krieger	
Age:	42	
Municipality of residence:	New York, New York, U.S.A.	
Offices held:	Director (independent)	
Director since:	February 27, 2004	
2015 Director Election:	99.52% Votes "For" 0.48% Votes "Withheld"	
<p>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.</p>		
Board and committee memberships:	Meeting attendance during 2015:	
Board of Directors	7 of 8	
Compensation Committee	8 of 9	
Securities held: ⁽¹⁾	37,769,285 Common Shares ⁽²⁾ 5,567 Common Shares ⁽³⁾ 15,100 Options ⁽³⁾ 5,890 RSUs ⁽³⁾ 6,166 DSUs ⁽³⁾	Complies with share ownership requirements? Yes

Name:	Peter R. Kagan	
Age:	47	
Municipality of Residence:	New York, New York, U.S.A.	
Offices Held:	Director (independent)	
Director since:	February 27, 2004	
2015 Director Election:	87.87% Votes "For" 12.13% Votes "Withheld"	
<p>Mr. Kagan is currently Managing Director, Warburg Pincus LLC. Mr. Kagan has been with WP LLC since 1997 and leads WP LLC's efforts in the energy sector. He was appointed as Managing Director of WP LLC in January 2002. Mr. Kagan has been a director of Antero Resources Corporation since February 2003. He has also been a director of Laredo Petroleum Holdings, Inc. since July of 2007. Mr. Kagan received an Artium Baccalaureus (B.A.) from Harvard College in 1990 and a Juris Doctor and Master of Business Administration from the University of Chicago in 1997.</p>		
Board and committee memberships:	Meeting attendance during 2015:	
Board of Directors	7 of 8	
Governance and Nominating Committee	2 of 3	
Securities held: ⁽¹⁾	37,769,285 Common Shares ⁽²⁾ 5,567 Common Shares ⁽³⁾ 15,100 Options ⁽³⁾ 5,890 RSUs ⁽³⁾ 6,166 DSUs ⁽³⁾	Complies with share ownership requirements? Yes

Name:	Boyd Anderson	
Age:	68	
Municipality of residence:	Calgary, Alberta, Canada	
Offices held:	Lead Director (independent)	
Director since:	June 14, 2007	
2015 Director Election:	99.85% Votes "For" 0.15% Votes "Withheld"	
<p>Mr. Anderson is the former Vice President, Natural Gas Liquids for BP North America Inc. Mr. Anderson became Lead Director of the Corporation in June of 2010. 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.</p>		
Board and committee memberships:	Meeting attendance during 2015:	
Board of Directors	8 of 8	
Audit Committee	5 of 5	
Governance and Nominating Committee	3 of 3	
Review Committee	7 of 7	
Securities held: ⁽¹⁾	17,307 Common Shares 35,100 Options 5,890 RSUs 6,166 DSUs	Complies with share ownership requirements? Yes

Name:	James D. McFarland	
Age:	69	
Municipality of residence:	Calgary, Alberta, Canada	
Offices held:	Director (independent), Chair of Compensation Committee	
Director since:	June 9, 2010	
2015 Director Election:	98.77% Votes "For" 1.23% Votes "Withheld"	
<p>Mr. McFarland is President and C.E.O. of Valeura Energy Inc. He has over 41 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.</p>		
Board and committee memberships:	Meeting attendance during 2015:	
Board of Directors	8 of 8	
Compensation Committee	9 of 9	
Governance and Nominating Committee	3 of 3	
Review Committee	7 of 7	
Securities held: ⁽¹⁾	12,366 Common Shares 15,100 Options 5,890 RSUs 6,166 DSUs	Complies with share ownership requirements? Yes

Name:	Harvey Doerr	
Age:	57	
Municipality of residence:	Invermere, British Columbia, Canada	
Offices held:	Director (independent), Chair of Governance and Nominating Committee	
Director since:	June 9, 2010	
2015 Director Election:	98.82% Votes "For" 1.18% Votes "Withheld"	
<p>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. Mr. Doerr is the former Chairman or director of several public and private entities including Syncrude Canada (director) and Hibernia Management and Development Company (director). 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.</p>		
Board and committee memberships:	Meeting attendance during 2015:	
Board of Directors	8 of 8	
Governance and Nominating Committee	3 of 3	
Audit Committee	5 of 5	
Securities held: ⁽¹⁾	46,573 Common Shares 15,100 Options 5,890 RSUs 6,166 DSUs	Complies with share ownership requirements? Yes

Name:	Robert Hodgins	
Age:	64	
Municipality of residence:	Calgary, Alberta, Canada	
Offices held:	Director (independent), Chair of Audit Committee	
Director since:	September 23, 2010	
2015 Director Election:	96.94% Votes "For" 3.06% Votes "Withheld"	
<p>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 Accountant and is a member of the Institute of Corporate Directors.</p>		
Board and committee memberships:	Meeting attendance during 2015:	
Board of Directors	8 of 8	
Audit Committee	5 of 5	
Compensation Committee	9 of 9	
Securities held: ⁽¹⁾	9,438 Common Shares 15,100 Options 5,890 RSUs 6,166 DSUs	Complies with share ownership requirements? Yes

Name:	Jeffrey J. McCaig	
Age:	64	
Municipality of residence:	Calgary, Alberta, Canada	
Offices held:	Director (independent)	
Director since:	March 1, 2014	
2015 Director Election:	98.77% Votes "For" 1.23% Votes "Withheld"	
<p>Mr. McCaig is the Chairman of the board of directors of the Trimac Group of Companies, 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 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.</p>		
Board and committee memberships:	Meeting attendance during 2015:	
Board of Directors	7 of 8	
Governance and Nominating Committee	3 of 3	
Compensation Committee	9 of 9	
Review Committee	7 of 7	
Securities held: ⁽¹⁾	50,743 Common Shares 4,974 RSUs 4,687 DSUs	Complies with share ownership requirements? Yes

Name:	Diana J. McQueen	
Age:	54	
Municipality of residence:	Drayton Valley, Alberta, Canada	
Offices held:	Director (independent)	
Director since:	October 6, 2015	
2015 Director Election:	N/A	
<p>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.</p>		
Board and committee memberships:	Meeting attendance during 2015:	
Board of Directors ⁽⁴⁾	1 of 1 (appointed a director on October 6, 2015)	
Securities held: ⁽¹⁾	6,013 RSUs 6,013 DSUs	Complies with share ownership requirements? Yes

Name:	William R. Klesse	
Age:	69	
Municipality of residence:	San Antonio, Texas, United States	
Offices held:	Director (independent)	
Director since:	N/A ⁽⁵⁾	
2015 Director Election:	N/A ⁽⁵⁾	
<p>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.</p> <p>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.</p>		
Board and committee memberships:	Meeting attendance during 2015:	
Board of Directors	N/A ⁽⁵⁾	
Securities held:	None	Complies with share ownership requirements? Yes

Name:	Timothy Hodgson		
Age:	55		
Municipality of residence:	Toronto, Ontario, Canada		
Offices held:	Director (independent)		
Director since:	N/A ⁽⁵⁾		
2015 Director Election:	N/A ⁽⁵⁾		
<p>Mr. Hodgson is Managing Partner of Alignvest Management Corporation and is also the Chief Compliance Officer of Alignvest Capital Management Inc. and Alignvest Investment Management Corporation. He is also Chairman of the Board of Alignvest Acquisition Corp., which is listed on the TSX. Prior to joining Alignvest, Mr. Hodgson was Special Advisor to Governor Carney at 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.</p> <p>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.</p> <p>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 The Next36. Mr. Hodgson also served on the board of Bridgepoint Health for eight years until July 2014.</p> <p>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 Accountant and a member of the Institute of Corporate Directors.</p>			
Board and committee memberships:	Meeting attendance during 2015:		
Board of Directors	N/A ⁽⁵⁾		
Securities held:	None	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 RSUs and DSUs.
- (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. Kagan and Mr. Krieger are included because of their affiliation with WP LLC and the Warburg Pincus entities described in note 3 of the table under "Principal Shareholders" above. Both Mr. Kagan and Mr. Krieger disclaim 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 Messrs. Kagan and Krieger in their capacities as directors are for the benefit of WP LLC.
- (4) Ms. McQueen was appointed a director on October 6, 2015.
- (5) Messrs. Klesse and Hodgson did not serve as directors in 2015. They are being nominated for election as directors at the Meeting.

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 Pharam 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 Unallocated Stock Options and Amended Stock Option Plan

The TSX Company Manual requires that every three years after the institution by an issuer of a security based compensation arrangement which does not have a fixed maximum number of securities issuable under such arrangement, all unallocated rights, options or other entitlements under such arrangement must be approved by a majority of the issuer's directors and by the issuer's security holders. The Corporation's current Stock Option Plan (the "Stock Option Plan") was instituted on June 9, 2010, amended effective June 13, 2013, most recently ratified and approved by the Corporation's directors in March 2013 and by a majority of the Corporation's security holders at the Annual and Special Meeting of Shareholders held on May 2, 2013. After May 2, 2016, all unallocated rights, options or other entitlements under the Stock Option Plan must be ratified and approved by a majority of the Corporation's directors and by the Corporation's security holders prior to any further securities being issued under the Stock Option Plan. The unallocated options under the Stock Option Plan, as well as the amended Stock Option Plan, were ratified and approved by the Corporation's directors on May 3, 2016.

The Stock Option Plan authorizes the Board to grant options to purchase Common Shares ("New Options") to officers, employees and consultants of 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. A summary of the proposed amendments to the Stock Option Plan is provided below under "Proposed Amendments." 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 2013.

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 (as defined in the policies of the Corporation from time to time), all outstanding unvested New Options held by such holder will immediately terminate other than those New Options that would have vested within one year following the date that such holder ceased to be a Service Provider, which

New Options shall continue to vest in accordance with their terms. Such holder will have the right to exercise his or her outstanding and vested New Options at any time up to and including (but not after) the earlier of: (i) the date which is one year following the date of such holder's retirement; and (ii) the expiry date of such New Options. Notwithstanding the foregoing, if a holder of New Options, at any time within one year of such holder ceasing to be a Service Provider by reason of retirement, commences the provision of paid services to any person or entity which, in the opinion of the Corporation, is a competitor of the Corporation for an average of 30 or more hours per week ("Post-Retirement Work"), the foregoing shall not be operative with respect to any New Options which have not vested and been exercised as at the date that the Board determines the holder commenced any Post-Retirement Work. In such event, the holder's rights in respect of its vested New Options shall be treated as though such holder voluntarily resigned as of the date that the Board determined the holder commenced Post-Retirement Work and therefore shall expire on the earlier of: (i) the date which is one year following the date of such holder's retirement; (ii) the date which is 60 days following the date that the Board determined the holder commenced Post-Retirement Work; and (iii) the expiry date of such vested New Options;

- 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.

Number of New Options Outstanding and Issuable

As of the Record Date, a total of 9,279,480 New Options held under the Stock Option Plan remained outstanding (representing approximately 4.1% of the outstanding Common Shares). As of the Record Date, an aggregate of 12,763,098 Common Shares were issuable under all of the Corporation's outstanding security based compensation arrangements (being equal to approximately 5.7% of the outstanding Common Shares). Based upon the 224,996,989 Common Shares issued and outstanding on the Record Date, and assuming no further grants of RSUs, an aggregate of 736,731 Options (representing approximately 0.3% of the outstanding Common Shares) currently remain issuable under the Stock Option Plan. See "Securities Authorized for Issuance Under Equity Compensation Plans" below.

Proposed Amendments

As a result of a comprehensive review by the Compensation Committee of MEG's LTI plans, on May 3, 2016 the Board approved certain amendments to the Stock Option Plan. These amendments are described below. See also, "Statement of Executive Compensation – Compensation Discussion and Analysis – Components of Compensation – Proposed Changes to Long-Term Equity Incentives".

Share Reserve

MEG has conducted scenario modeling on its share reserve requirements over the next three years. As a result of this modelling, MEG has determined to reduce the percentage of outstanding Common Shares reserved for issuance pursuant to the Stock Option Plan and other security-based compensation arrangements of the Corporation from 10% to 6%.

Stock Option Eligibility for Non-Employee Directors

Non-employee director participation in the Stock Option Plan is currently limited to 1% of outstanding shares. The proposed amended Stock Option Plan would make non-employee directors ineligible to receive stock option awards going forward. As a matter of practice, MEG has not awarded stock options to non-employee directors since 2012.

Stock Option Re-pricing

The current Stock Option Plan prohibits re-pricing of stock options held by insiders (i.e. reducing the exercise price of an outstanding option or replacing an outstanding option with a new option) without shareholder approval. MEG is proposing with the amended Stock Option Plan to expand the scope of this prohibition provision to ensure that no outstanding options may be re-priced without shareholder approval, regardless of whether or not the option holder is an insider. As a matter of practice, MEG has never re-priced any options.

Stock Option Term Extensions

Similar to the amendment provisions on re-pricing, the provisions of the Stock Option Plan that require shareholder approval in order to extend the term of an option apply only to options held by insiders. MEG is proposing with the amended Stock Option Plan to expand the scope of the provision to prohibit term extensions on options without shareholder approval to all plan participants. As a matter of practice, MEG has never extended the term of an outstanding option for a non-insider.

Amendment to Insider Participation Limits

As a result of the proposed reduction of the percentage of outstanding Common Shares reserved for issuance pursuant to the Stock Option Plan and other security-based compensation arrangements of the Corporation from 10% to 6%, MEG has proposed to also reduce the insider participation limits contained in the Stock Option Plan. Under the amended Stock Option Plan, the aggregate number of Common Shares issuable to insiders at any one time under the

Stock Option Plan and any other security-based compensation arrangements, and the number of Common Shares issuable to insiders during any one year under the Stock Option Plan and any other security-based compensation arrangements, shall each be reduced from 10% of the outstanding Common Shares to 6% of the outstanding Common Shares.

Ability to Apply Performance Vesting Conditions

Although the existing Stock Option Plan permits the Board to determine and apply vesting conditions at the time of grant, the amended Stock Option Plan expressly permits the application of performance vesting conditions to grants of options.

Approval Required

Shareholders will be asked at the Meeting to consider and, if deemed advisable, approve the following ordinary resolution approving all unallocated Options under the Stock Option Plan and the amended Stock Option Plan dated May 3, 2016:

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

1. all unallocated options (including the common shares to be issued pursuant to the exercise of such options) under the Corporation's Stock Option Plan are hereby approved;
2. the Corporation shall have the ability to continue granting options under the Corporation's Stock Option Plan until June 28, 2019, which is the date that is three years from the date of the shareholder meeting at which shareholder approval is being sought;
3. the Corporation's amended Stock Option Plan dated May 3, 2016 is hereby ratified, confirmed and approved;
4. any one director or officer of the Corporation be and is hereby authorized and directed to do all such further acts and things and to execute such further agreements and other documents for and on behalf of the Corporation as such director or officer may consider necessary, desirable or useful having regard to this resolution; and
5. 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."

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.**

All existing outstanding grants of options under the Stock Option Plan will continue in effect even if Shareholder approval of the foregoing resolution is not obtained at the Meeting, and notwithstanding the fact that greater than three years will have passed since the last approval of unallocated options under the Stock Option Plan at the annual and special meeting of Shareholders held on May 2, 2013.

4. Approval of Unallocated Restricted Share Units and Amended RSU Plan

The TSX Company Manual requires that every three years after the institution by an issuer of a security based compensation arrangement which does not have a fixed maximum number of securities issuable under such arrangement, all unallocated rights, options or other entitlements under such arrangement must be approved by a majority of the issuer's directors and by the issuer's security holders. The Corporation's current Restricted Share Unit Plan (the "RSU Plan") was instituted on June 9, 2010, amended effective June 13, 2013, most recently ratified and approved by the Corporation's directors in March 2013 and by majority of the Corporation's security holders at the Annual and Special Meeting of Shareholders held on May 2, 2013. After May 2, 2016, all unallocated rights, options or other entitlements under the RSU Plan must be ratified and approved by a majority of the Corporation's directors and by the Corporation's security holders prior to any further securities being issued under the RSU Plan. The unallocated rights, options or other entitlements under the RSU Plan, as well as the amended RSU Plan, were ratified and approved by the Corporation's directors on May 3, 2016.

The RSU Plan authorizes the Board to grant restricted share units ("RSUs") to directors, officers, employees and consultants of the Corporation and any of its subsidiaries (such directors, officers, employees and consultants each individually a "Participant" and collectively "Participants"). The purpose of the RSU Plan 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 directors, officers and employees for significant performance.

The material terms of the RSU Plan are summarized below. A summary of the proposed amendments to the RSU Plan is provided below under "Proposed Amendments." Capitalized terms used in the following summary and not previously defined are as defined in the RSU Plan.

Administration

The RSU Plan is administered by the Board, which has the sole and complete authority, in its discretion, to: (a) interpret the RSU Plan and the agreements under which RSUs are granted (the "Grant Agreements") and prescribe, modify and rescind rules and regulations relating to the RSU Plan and the Grant Agreements; (b) correct any defect or supply any omission or reconcile any inconsistency in the RSU Plan in the manner and to the extent it considers necessary or advisable for the implementation and administration of the RSU Plan; (c) exercise rights reserved to the Corporation under the RSU Plan; (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 Plan; 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 Plan.

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 Plan to any committee of the Board or any other one or more persons (the "Administrator").

Certain Restrictions

The RSU Plan provides that: (a) the number of Common Shares reserved for issuance from treasury pursuant to the RSUs credited under the 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 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 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 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 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 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 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 "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 RSU Plan every three years following the initial adoption of the RSU Plan. Such approval was last obtained at the annual and special meeting of Shareholders held in 2013.

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 Plan, 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 Plan, 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 Plan, 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 Plan, 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 Plan).

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 Plan 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 Plan at any time up to and including (but not after) the Expiry Date of the RSU.

Except as set out in the applicable grant agreement, where a Participant's Termination Date occurs as a result of the Participant's retirement (as defined in the policies of the Corporation from time to time) then, for so long as the Participant does not commence Post-Retirement Work, all outstanding RSUs granted to such Participant which are not vested RSUs shall immediately and automatically terminate, other than those RSUs which would have become vested RSUs within the one year period following the Participant's Termination Date, which RSUs shall for this purpose continue to vest (and be paid out) in accordance with the RSU Plan. Where at any time within one year following the Participant's Termination Date the Participant commences Post-Retirement Work, any RSUs which are not vested shall immediately and automatically terminate as of the date that the Participant commenced Post-Retirement Work.

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 Plan 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 Plan, "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 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 RSU Plan and the RSUs then outstanding under the RSU Plan 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 Plan. 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 Plan 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 Plan provides 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 expected 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 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.

Amendment or Discontinuance of the RSU Plan and RSUs

The RSU Plan 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 Plan, 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 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. The RSU Plan will terminate on the date upon which no further RSUs 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 Plan or any RSU granted under the RSU Plan in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to: (a) ensure that RSUs granted under the 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 RSU Plan or RSU or to correct or supplement any provision of the RSU Plan that is inconsistent with any other provision of the 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 RSU Plan respecting administration or eligibility for participation under the RSU Plan; (e) make amendments of a "housekeeping" nature to the RSU Plan; (f) change the terms and conditions on which RSUs may be or have been granted pursuant to the RSU Plan, including a change to, or acceleration of, the vesting provisions of RSUs; (g) amend the treatment of RSUs on ceasing to be a Participant; and (h) change the termination provisions of RSUs or the RSU Plan 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.

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 RSU Plan; (b) amend the determination of Fair Market Value under the RSU Plan in respect of any RSU; (c) extend the Expiry Date of any RSU; (d) modify or amend the provisions of the 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 RSU Plan; (f) remove or amend the RSU Plan Insider and Independent Director Participation Restrictions; (g) amend the provisions of this paragraph; or (h) make any other amendment to the RSU Plan where shareholder approval is required by the TSX.

Notwithstanding the above provisions, should changes be required to the RSU Plan by any securities commission, stock exchange or other governmental or regulatory body of any jurisdiction to which the RSU Plan or the Corporation now is or hereafter becomes subject, such changes shall be made to the RSU Plan as are necessary to conform with such requirements and, if such changes are approved by the Board, the 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.

Number of RSUs Outstanding and Issuable

As of the Record Date, a total of 3,267,618 RSUs were outstanding under the RSU Plan (being equal to 1.5% of the outstanding Common Shares). Of the 3,267,618 RSUs outstanding, 535,823 were granted as PSUs. As of the Record Date, an aggregate of 12,763,098 Common Shares were issuable under all of the Corporation's outstanding security based compensation arrangements (being equal to approximately 5.7% of the outstanding Common Shares). Based upon the 224,996,989 Common Shares issued and outstanding on the Record Date, and assuming no further grants of Options, an aggregate of 736,721 Common Shares (representing approximately 0.3% of the outstanding Common Shares) currently remain issuable upon the settlement of RSUs remaining available for grant under the RSU Plan. See "Securities Authorized for Issuance Under Equity Compensation Plans" below.

Proposed Amendments

As a result of a comprehensive review by the Compensation Committee of MEG's LTI plans, on May 3, 2016 the Board approved certain amendments to the RSU Plan. These amendments are described below. See also, "Statement of Executive Compensation – Compensation Discussion and Analysis – Components of Compensation – Proposed Changes to Long-Term Equity Incentives."

Share Reserve

MEG has conducted scenario modeling on its share reserve requirements over the next three years. As a result of this modelling, MEG has determined to reduce the percentage of outstanding Common Shares reserved for issuance pursuant to the RSU Plan and other security-based compensation arrangements of the Corporation from 10% to 6%.

RSU Participation Limits for Non-Employee Directors

Non-employee director participation in the RSU plan is currently limited to 1% of outstanding shares. MEG is proposing with the amended RSU Plan to add an additional annual participation limit of \$100,000 per non-employee director. This change will ensure that annual participation limits for non-employee directors remain reasonable as the organization grows, and is in line with current best-practice governance standards.

Amendment to Insider Participation Limits

As a result of the proposed reduction of the percentage of outstanding Common Shares reserved for issuance pursuant to the RSU Plan and other security-based compensation arrangements of the Corporation from 10% to 6%, MEG has proposed to also reduce the insider participation limits contained in the RSU Plan. Under the amended RSU Plan, the aggregate number of Common Shares issuable to insiders at any one time under the RSU Plan and any other security-based compensation arrangements, and the number of Common Shares issuable to insiders during any one year under the RSU Plan and any other security-based compensation arrangements, shall each be reduced from 10% of the outstanding Common Shares to 6% of the outstanding Common Shares.

Evaluation of Performance Conditions

In accordance with corporate governance best practices, the Corporation has proposed certain amendments to the RSU Plan providing that where the Board may determine the satisfaction or waiver of vesting conditions, if such vesting conditions include performance criteria, the Board's determination will require an evaluation of the satisfaction of such performance criteria at the relevant time.

Provisions Applicable to US Participants

To facilitate the application of the RSU Plan to Participants who are United States citizens or individuals otherwise subject to United States taxation, the Corporation has proposed certain amendments to ensure that the RSU Plan and grants of RSUs and PSUs comply with Section 409A of the United States Internal Revenue Code of 1986.

Miscellaneous Amendments

MEG has also amended (a) the requirements applicable to permitted beneficiaries upon the death of a participant to no longer require that a designated beneficiary be a dependent or relation of the participant, and (b) the provisions of the RSU Plan concerning the crediting to RSU accounts of any dividends declared on the Common Shares, to clarify that the crediting of dividends is at the sole discretion of the Board. In accordance with the RSU Plan's amendment provisions, the approval of Shareholders was not required to effect these amendments.

Approval Required

Shareholders will be asked at the Meeting to consider and, if deemed advisable, approve the following ordinary resolution approving all unallocated RSUs under the RSU Plan and the amended RSU Plan dated May 3, 2016:

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

1. all unallocated restricted share units (including common shares to be reserved for issuance pursuant to grants of such restricted share units) under the Corporation's Restricted Share Unit Plan are hereby approved;
2. the Corporation shall have the ability to continue granting restricted share units under the Corporation's Restricted Share Unit Plan until June 28, 2019, which is the date that is three years from the date of the shareholder meeting at which shareholder approval is being sought;

3. the Corporation's amended Restricted Share Unit Plan dated May 3, 2016 is hereby ratified, confirmed and approved;
4. any one director or officer of the Corporation be and is hereby authorized and directed to do all such further acts and things and to execute such further agreements and other documents for and on behalf of the Corporation as such director or officer may consider necessary, desirable or useful having regard to this resolution; and
5. 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."

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.**

All existing outstanding grants of RSUs under the RSU Plan will continue in effect even if Shareholder approval of the foregoing resolution is not obtained at the Meeting, and notwithstanding the fact that greater than three years will have passed since the last approval of unallocated RSUs under the RSU Plan at the annual and special meeting of Shareholders held on May 2, 2013.

5. Confirmation of Amendment to Amended and Restated By-Law No. 3

The Board and Shareholders adopted Amended and Restated By-Law No. 3 ("By-Law No. 3") in 2009. By-Law No. 3 is the by-law relating generally to the conduct and the business and affairs of the Corporation. In 2015 the GNC reviewed By-Law No. 3 and recommended to the Board that it be amended to include an increase in the shareholder quorum requirement for meetings of shareholders. Accordingly, at a meeting of the Board held on May 3, 2016, the Board approved an amendment to By-Law No. 3 to increase the shareholder quorum requirement for shareholder meetings. This amendment is in effect until it is confirmed or rejected by Shareholders at the Meeting and, if confirmed, will continue in effect.

Summary of Amendment

By-Law No. 3 has been amended as follows:

Paragraph 54 of Amended and Restated By-Law No. 3 is deleted in its entirety and replaced with the following:

"54. Quorum. Two (2) persons present and each holding or representing by proxy at least one (1) issued share of the Corporation shall be a quorum at any meeting of shareholders for the election of a chairman of the meeting and for the adjournment of the meeting to a fixed time and place but not for the transaction of any other business; for all other purposes two (2) persons present and holding or representing by proxy twenty-five percent (25%) of the shares entitled to vote at the meeting shall be a quorum. If a quorum is present at the opening of a meeting of shareholders, the shareholders present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.

Notwithstanding the foregoing, if the Corporation has only one shareholder, or one shareholder holding a majority of the shares entitled to vote at the meeting, that shareholder present in person or by proxy constitutes a meeting and a quorum for such meeting."

The entire text of By-Law No. 3 has been filed under MEG's profile on SEDAR at www.sedar.com.

Shareholder Approval

At the Meeting, Shareholders will be asked to consider the following ordinary resolution confirming the amendment to By-Law No. 3:

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

1. the adoption by the board of directors of the amendment to Amended and Restated By-Law No. 3 of the Corporation in substantially the form set out in the management information circular of the Corporation dated May 19, 2016 is hereby confirmed, ratified and approved;
2. any one officer or director of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver or file such documents and instruments, and to do all such other acts and things as are required or as such officer or director, in such officer's or director's sole discretion, may deem necessary to give full effect to or carry out the provisions of the foregoing resolution."

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.**

6. 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 prerequisites are modest and support the Corporation's business objectives.

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

After monitoring recent developments and emerging trends in the practice of holding advisory votes on executive compensation, the Board has determined to provide the Corporation's 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 May 19, 2016 and delivered in advance of the 2016 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 2017.

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.**

7. 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.

8. 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

2015 was a challenging year for both the oil industry globally and the oil sands industry in Alberta. The global economic oil supply shock that began in late 2014 continued to worsen throughout 2015, resulting in a significant drop in oil prices as well as the price of oil company shares. Organizations that focused on oil sands production in Alberta also continued to face challenges related to market access, changes in the geopolitical landscape and price differentials. All of these factors combined to weigh on the price of MEG shares.

At the same time, the Board believes that management demonstrated strong operating and development results by achieving or exceeding all targets, surpassing health and safety goals and accomplishing the marketing initiatives set by the Board. Notably, MEG increased production in 2015 by 12% over the prior year and reduced non-energy operating costs by 18% relative to 2014 actuals. All of these accomplishments were achieved at the same time as management was successful in cutting its capital spending program by nearly 80% from the previous year.

The disconnect between share price performance and strong operating performance made 2015 a particularly difficult year in which to make executive compensation decisions. In full consideration of all relevant factors, and to align with the challenging market conditions, the Committee endorsed management's proposed staffing reductions of 27% in 2015 and also took the following compensation actions:

- **Froze base salaries.** The Board elected to freeze the base salaries of MEG's named executive officers ("NEOs") at 2015 levels for 2016.
- **Reduced the value of annual incentives.** With respect to MEG's annual short-term incentive program, the value of payments to NEOs was reduced by approximately 35% on a year-over-year basis. While the Board considered all measures, it felt that it was appropriate to use its discretion to adjust annual incentive payments downward in recognition of the drop in shareholder returns that resulted from the continued decline in oil prices over the period.
- **Reduced the value of the 2015 PSU performance factor.** The 2015 PSU performance criteria (described more fully in the "Long-Term Equity Incentives" section of this circular) delivered a calculated 2015 PSU performance factor of 1.11x. However, the Board chose to apply discretion to reduce the calculated factor to 1.0x. As a result, the first PSUs to vest under the program in June, 2016 will receive an overall average 3-year multiplier of 0.96x. In addition, the Board elected to increase the weighting on relative total shareholder return from 40% to 60% for the 2016 performance year.

In addition to the changes above, the Board elected to make the following changes to better align the Corporation's practices with best practices in corporate governance.

- **Adopted changes to LTI plans.** MEG felt it was important to undertake a comprehensive review of its LTI programs and practices to ensure they continue to satisfy the objectives of the programs and align with emerging best practices in corporate governance. The key changes MEG is proposing to make are summarized below and discussed in more detail under "Components of Compensation - Proposed Changes relating to Long-Term Equity Incentives."
 - ✓ *Prohibit stock option re-pricing for all plan participants*
 - ✓ *Prohibit stock option term extensions for all plan participants*
 - ✓ *Modify non-employee director participation limits for RSU plan*
 - ✓ *Make non-employee directors ineligible for stock option awards going forward*
 - ✓ *Increase weighting on PSUs to 50% of the executive LTI mix*
 - ✓ *Reduce share reserve from 10% to 6%*
- **Introduced a Clawback Policy.** In the United States, clawback rules relating to erroneously awarded compensation are mandated under both the *Sarbanes-Oxley Act* and the *Dodd-Frank Act*. Although no similar legislation currently exists in Canada, MEG has noted that the majority of its peer organizations have adopted a clawback policy and that doing so has become a governance best practice. Accordingly, MEG has adopted a new clawback policy for its officers and executives that provides for the recoupment of both cash and equity-based incentive compensation where: (i) an officer or executive has engaged in fraud or intentional illegal misconduct, as determined by a Court of the province of Alberta, (ii) the fraud or intentional illegal misconduct has resulted in a material restatement of the Corporation's financial results or a material error in the Corporation's financial results, and (iii) the restatement of the Corporation's financial results would have

resulted in lower performance-based compensation than what was actually paid or awarded to the officer or executive if such performance-based compensation was calculated based on the restated financial results (the "Restated Compensation"). In such an event, the Board shall seek to recover from the officer or executive the after-tax difference between the performance-based compensation paid or awarded to the officer or executive and the Restated Compensation.

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 existing features of MEG's compensation programs, as well as the new features the Corporation proposes to adopt going forward, 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 pay at the median of the compensation peer group for base salary, total cash and total direct compensation 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 compensation 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;

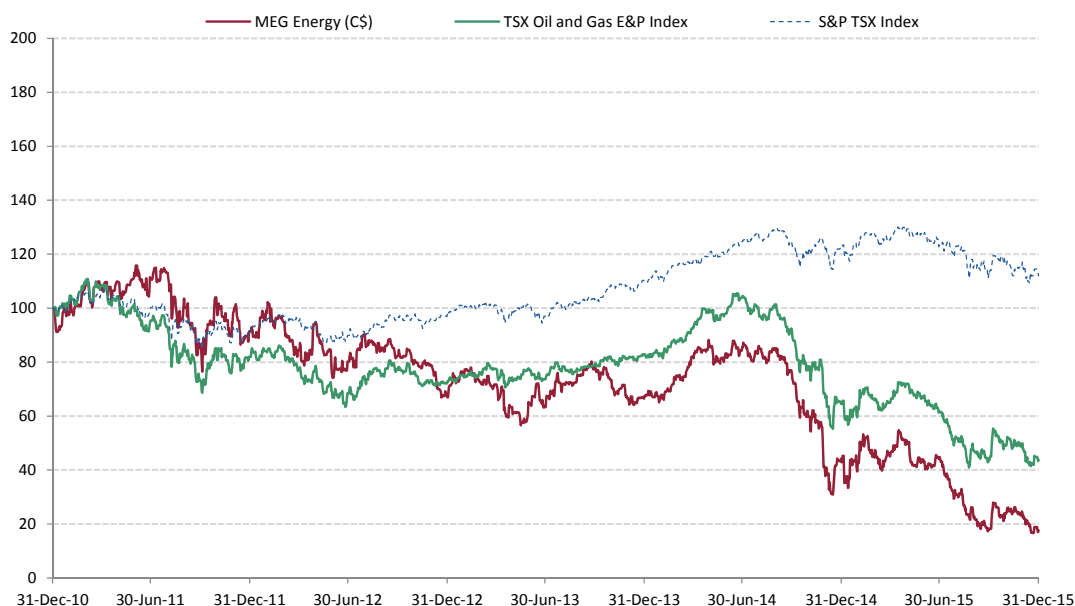
- Anti-hedging policies that prohibit NEOs and directors from purchasing financial instruments designed to hedge or offset a decrease in market value of equity securities granted as compensation, or held, directly or indirectly, by any NEO or director;
- Adoption of a clawback policy that provides for 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, 2011 and ending December 31, 2015, 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, 2011	\$100.00	\$100.00	\$100.00
December 31, 2011	\$91.38	\$91.29	\$81.97
December 31, 2012	\$66.92	\$97.85	\$72.74
December 31, 2013	\$67.31	\$110.56	\$82.78
December 31, 2014	\$42.98	\$122.23	\$64.47
December 31, 2015	\$17.63	\$112.06	\$43.77

TSR for Common Shares exceeded both the Composite Index and the Energy Index in 2011. While the Composite Index has outperformed both the Common Shares and the Energy Index since that time, 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 have trended in line with the performance of the Energy Index.

Total compensation of the NEOs, based on the grant-date value of long-term incentives awarded, generally increased between 2010 and 2013 and decreased from 2013 to 2015. However, realized total compensation of the NEOs, based on the 2015 year-end value of LTI awards, averaged approximately half the values reported in the Summary Compensation Table.

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 have been reviewed, considered and approved by the Compensation Committee and, in turn, 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 performance.

Peer Group

The Compensation Committee, in conjunction with the Board, reviews the peer group annually for purposes of assessing the competitiveness of the Corporation's compensation programs and policies, establishing target incentives, determining total compensation (base salary, annual short-term incentives and LTI) for each of the executive officers, and measuring the Corporation's relative TSR performance for the purpose of evaluating performance under the performance share unit ("PSU") program. See "Long-Term Equity Incentives" below. Mercer Consulting performs an independent review of the Corporation's peer group annually and reports the results to the Compensation Committee, which subsequently confirms the results with the Board.

Companies are selected for inclusion in the Corporation's peer group based on the degree of similarity to MEG in terms of several factors, including revenue, market capitalization, geographic location, complexity of operations, competition in attracting, hiring and retaining executive talent, and nature of oil and gas operations, including the degree of *in situ* oil sands focus.

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. MEG competes for executive talent with these international subsidiaries and because they are participants in the compensation surveys MEG uses to benchmark executive compensation, these subsidiaries are considered when benchmarking pay for executives who are not NEOs.

MEG's 2015 peer group (collectively, the "Peer Group") included:

Company	Market Capitalization ⁽¹⁾	Revenue ⁽²⁾	% of Production Oil Sands ⁽³⁾
ARC Resources Ltd.	\$5,779	\$1,833	0
Baytex Energy Corp.	\$942	\$1,351	0
Canadian Oil Sands Limited	\$4,008	\$2,956	100
Cenovus Energy Inc.	\$14,581	\$16,075	50
Crescent Point Energy Corp.	\$8,140	\$3,928	0
Encana Corporation	\$5,945	\$7,795	0
Enerplus Corporation	\$981	\$1,502	0
Pengrowth Energy Corporation	\$554	\$1,501	12
Penn West Petroleum Ltd.	\$588	\$1,600	0
Suncor Energy Inc.	\$51,620	\$34,298	80
Vermilion Energy Inc.	\$4,182	\$1,023	0
50th Percentile	\$4,182	\$1,833	-
MEG Energy Corp.	\$1,804	\$2,343	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, 2015.
- (2) Trailing 12 month revenue as of Q4 2015.
- (3) Percentage of production in oil sands for the nine months ended September 30, 2015, as available in the respective public filings of such companies.

The 50th percentile revenue of the Peer Group is comparable to MEG.

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 2016. Management's analysis suggests that NEO salaries remain competitive within MEG's 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 2015, corporate performance was measured using targets related to various health and safety, financial, operational, pace of project development and marketing achievements. There were fewer project development goals in 2015 than in prior years due to reductions in the capital spending program. In assessing the degree to which the targets were achieved, the Compensation Committee considered that in 2015 the Corporation:

1.	Produced an average of 80,025 barrels per day, which fell within the target guidance range of 78,000 to 82,000 barrels per day, and represented a 12% increase over 2014 average barrels per day production;	Achieved
2.	Reduced non-energy operating costs ⁽¹⁾ (as defined below) to \$6.54 per barrel, being below the low end of the Corporation's revised guidance range of \$7.30 to \$9.30 per barrel; ⁽²⁾	Outperformed
3.	Achieved lost time incident frequency and reportable incident frequency for both employees and contractors at levels that met or exceeded MEG's internal targets, which were based on CAPP industry standards;	Achieved
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 completing construction of "P" pad; and	Achieved
6.	Obtained regulatory approval from the Alberta Energy Regulator for construction of a Diluent Removal Facility.	Achieved

Notes:

- (1) Non-energy operating costs ("NEOC") represent production operating activities excluding energy operating costs.
- (2) NEOC guidance was reduced from \$8-\$10/bbl to \$7.30-\$9.30/bbl following the release of the Q2 financial results as a result of capitalization of \$21 million in turnaround costs.

Notwithstanding management's solid performance on operating measures, the Board used its discretion to adjust annual incentive payments downward in recognition of the drop in absolute TSR resulting from the continued decline in oil prices 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 awards lead to stronger retention of executives and employees. In 2015 the Corporation's long-term equity incentive program, as it relates to executive officers, was comprised of the following three components: (i) a grant of New Options under the Stock Option Plan; (ii) a grant of RSUs under the RSU Plan, which are credited by means of an entry on the books of the Corporation, each of which represents the right to receive, at the discretion of the Corporation, a cash payment or its equivalent in fully-paid Common Shares equal to the Fair Market Value (as that term is defined in the RSU Plan) of a Common Share calculated at the date of such payment at the time, in the manner, and subject to the terms of the RSU Plan; and (iii) a grant of PSUs under the RSU Plan.

RSUs

The RSU Plan allows the Board to grant RSUs, each of which is a unit that is equivalent in value to a Common Share and that upon vesting and payout results in the holder of an RSU being entitled to a cash payment or, at the discretion of the Corporation, a Common Share issued by the Corporation or a Common Share of the Corporation acquired through a broker designated by the Corporation. The Board believes that RSUs align the interests of those participating in the RSU Plan with the interests of shareholders, by associating compensation with the returns to shareholders. The Board, in its sole discretion, awards RSUs at times and on such terms and conditions consistent with the RSU Plan.

PSUs

The PSU Program attaches performance vesting conditions to RSUs granted to executives and is administered under the RSU Plan. In 2013, in response to market trends in the compensation practices of the Peer Group as well as best practices identified by organizations such as the Canadian Coalition for Good Governance (the "CCGG"), the Corporation introduced a PSU program (the "PSU Program") as a new component of the LTI Mix (as defined below) for its executives. The PSU Program was introduced as a means of mitigating the risk of rewarding executives 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%. This change was made following an analysis of PSU performance measure weighting among MEG's executive peer group, which demonstrated that our peer organizations generally place a higher weighting on TSR. The Board also 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 will be 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 2013, 2014, 2015 and 2016, 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 2013, 2014, 2015 and 2016 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.

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

Year	Measure	Weighting	Threshold	Target	Maximum	Actual	Evaluation Period	Unweighted Multiplier	Weighted Multiplier
2013	Production	30%	30,000	32,000-35,000	37,000	35,317	Q1 2014	1.1585	0.34755
	NEOC	30%	\$12	\$9-\$11	\$8	\$9	Q1 2014	1	0.3
	Relative TSR	40%	P0	P50	>P75	P25	Q1 2014	0.5	0.2
									0.85
2014	Production	30%	50,000	60,000-65,000	75,000	71,186	Q1 2015	1.6186	0.48558
	NEOC	30%	\$11	\$8-\$10	\$7	\$8.02	Q1 2015	1	0.3
	Relative TSR	40%	P0	P50	>P75	P30	Q1 2015	0.6	0.24
									1.03
2015	Production	30%	74,000	78,000-82,000	86,000	80,025	Q1 2016	1	0.3
	NEOC ⁽¹⁾	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	TBD	Q1 2017	TBD	TBD
	NEOC	20%	\$8.75	\$6.75-\$7.75	\$5.75	TBD	Q1 2017	TBD	TBD
	Relative TSR	60%	P0	P50	>P75	TBD	Q1 2017	TBD	TBD

Note:

(1) Non-energy operating cost ("NEOC") thresholds, targets and maximums were adjusted downward (i.e. more difficult to achieve) following the release of the Q2 financial results to coincide with revised NEOC guidance figures that were released at that time. NEOC guidance was reduced from \$8-\$10/bbl to \$7.30-\$9.30/bbl as a result of capitalization of \$21 million in turnaround costs.

Options

The Stock Option Plan enables the Board to grant New Options. The Board believes that New Options align the interests of executive officers (including the NEOs) with the interests of Shareholders by creating a strong link between NEO compensation and the creation of shareholder value.

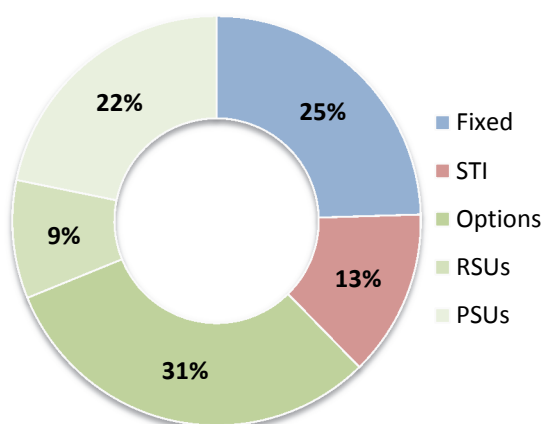
LTI Value

In determining the recommended value and the associated number of New Options, RSUs and PSUs 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 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.

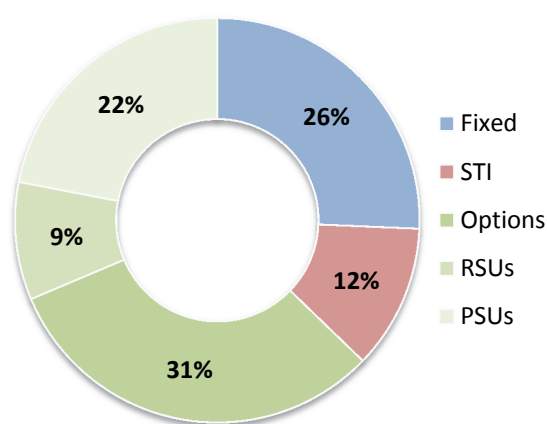
Pay Mix

The following charts illustrate the proportion of 2015 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



Proposed Changes relating to Long-Term Equity Incentives

Over the past several months, the Compensation Committee undertook a comprehensive review of MEG's LTI plans and grant practices. This review included a benchmarking exercise against MEG's executive peer group, a review of the governance literature and evaluation criteria from organizations such as the CCGG and Institutional Shareholder Services, as well as a modeling exercise to forecast LTI reserve requirements under various economic scenarios. As a result of this review, MEG has proposed amendments to its LTI plans, as well as the adoption of certain new policies and future LTI grant practices. The proposed changes are summarized below and in the following pages. See also "Business of the Annual and Special Meeting – Approval of Unallocated Stock Options and Amended Stock Option Plan" and "Business of the Annual and Special Meeting – Approval of Unallocated Restricted Share Units and Amended RSU Plan."

Stock Option Re-pricing

The current form of Stock Option Plan prohibits re-pricing of stock options held by insiders (i.e. reducing the exercise price of an outstanding option or replacing an outstanding option with a new option) without shareholder approval. MEG

is proposing with its amended Stock Option Plan, which is subject to shareholder approval at the Meeting, to expand the scope of this prohibition provision to ensure that no outstanding options may be re-priced without shareholder approval, regardless of whether or not the option holder is an insider. As a matter of practice, MEG has never re-priced any options.

Stock Option Term Extensions

Similar to the amendment provisions on re-pricing, the provisions that require shareholder approval in order to extend the term of an option apply only to options held by insiders. MEG is proposing to expand the scope of the provision to prohibit term extensions on options without shareholder approval to all plan participants. As a matter of practice, MEG has never extended the term of an outstanding option for a non-insider.

RSU Participation Limits for Non-Employee Directors

Non-employee director participation in MEG's RSU plan is currently limited to 1% of outstanding shares. MEG is proposing to add an additional annual participation limit of \$100,000 per director. This change will ensure that annual participation limits for directors remain reasonable as the organization grows, and is in line with current best-practice governance standards.

Stock Option Eligibility for Non-Employee Directors

Non-employee director participation in MEG's stock option plan is currently limited to 1% of outstanding shares. MEG is proposing to make non-employee directors ineligible to receive stock option awards going forward. As a matter of practice, MEG has not awarded stock options to non-employee directors since 2012.

LTI Mix

Historically, MEG placed a relatively high weighting on stock options in its targeted LTI mix for NEOs and other executives. Prior to 2013, the targeted mix was weighted 65% to stock options and 35% to RSUs. In 2013, MEG introduced PSUs as a new component of its LTI mix and changed the targeted weighting to 50% stock options, 35% PSUs and 15% RSUs. This targeted mix has remained in effect since 2013 and was applied to grants made in 2014 and 2015.

For grants made to executives in 2016 and beyond, MEG is planning to increase the weighting on PSUs to 50% for NEOs and other executives.

The driving factor influencing this decision is 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 its executive peer group.

Share Reserves

MEG has conducted scenario modeling on its share reserve requirements over the next three years and estimates it can **drop its immediate reserve needs from 10% to 6%**. The amended LTI plans being considered for approval at the Meeting incorporate this lower 6% reserve level.

Compensation Governance

During 2015, 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. Members of the Compensation Committee have gained experience in executive compensation matters through their roles as senior executives in industry 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 "Business of the Annual and Special Meeting - Election of Directors" and "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 in 2015 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 Consulting 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 Consulting was originally retained by the Corporation in September 2009. 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 Consulting with respect to services provided to the Compensation Committee and to management for the years ended December 31, 2015 and 2014.

<u>Consultant</u>	<u>Year</u>	<u>Executive Compensation-Related Fees</u>	<u>All Other Fees⁽¹⁾⁽²⁾</u>
Mercer Consulting	2015	\$ 148,531	\$ 3,675
Mercer Consulting	2014	\$ 107,268	\$ 4,633

Notes:

(1) For 2014, "All Other Fees" includes fees billed in 2015 in respect of services provided in 2014.

(2) Includes consulting fees paid for other matters that apply to the Corporation as a whole, such as benefits consulting.

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 2015, 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
Jamey Fitzgibbon	Senior Vice President, Resource Management - Christina Lake & Special Projects
Don Moe	Senior Vice President, Supply & Marketing

Summary Compensation Table – NEOs

The following table sets out the compensation paid by the Corporation to the NEOs during the years ended December 31, 2013, December 31, 2014 and December 31, 2015.

Name and Principal Position	Year	Salary (\$)	Share-based awards ⁽¹⁾⁽²⁾ (\$)	Option-based awards ⁽³⁾ (\$)	Non-equity incentive plan compensation (\$)			All other compensation ⁽⁶⁾ (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans ⁽⁴⁾	Pension value ⁽⁵⁾ (\$)		
William J. McCaffrey 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
	2013	560,976	1,728,205	1,017,598	540,332	0	0	102,934	3,950,045
Eric L. Toews CFO ⁽⁷⁾	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
	2013	130,985	475,013	475,001	320,000	0	0	22,765	1,423,764
Chi-Tak Yee Senior Vice President, Reservoir & Geosciences	2015	407,832	630,109	630,572	208,938	0	0	69,727	1,947,178
	2014	384,744	699,753	699,794	325,015	0	0	61,664	2,170,970
	2013	359,568	1,086,965	639,933	300,000	0	0	62,334	2,448,800
Jamey Fitzgibbon Senior Vice President, Resource Management - Christina Lake & Special Projects	2015	345,600	455,358	455,984	183,213	0	0	62,134	1,502,289
	2014	332,304	505,149	506,040	285,000	0	0	53,877	1,682,370
	2013	318,000	857,993	505,652	255,000	0	0	59,999	1,996,644
Don Moe Senior Vice President, Supply & Marketing	2015	345,600	455,358	455,984	183,213	0	0	61,851	1,502,006
	2014	332,304	505,149	506,040	285,000	0	0	60,255	1,688,748
	2013	316,056	851,652	501,455	255,000	0	0	58,199	1,982,362

Notes:

- All share-based awards were granted pursuant to the RSU Plan 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.
- In 2015, 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	\$639,098	\$273,913	\$913,011
Eric L. Toews	\$442,751	\$189,764	\$632,515
Chi-Tak Yee	\$441,073	\$189,036	\$630,109
Jamey Fitzgibbon	\$318,747	\$136,611	\$455,358
Don Moe	\$318,747	\$136,611	\$455,358

- 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 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
2015	\$6.8466	\$18.65	40.5%	1,825 days	1.086%
2014	\$11.3973	\$37.89	31%	1,825 days	1.604%
2013	\$11.6929	\$33.64	36%	1,825 days	2.010%
2013	\$10.4907	\$30.78	36%	1,825 days	1.621%

* Mr. Toews' 2013 new hire option-based award was granted in September based on his commencement of the role of CFO on August 28, 2013.

- (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 2015 savings plan benefit values were as follows: Mr. McCaffrey \$73,161, Mr. Toews \$49,559, Mr. Yee \$48,940, Mr. Fitzgibbon \$41,472, Mr. Moe \$41,472.
- (7) Mr. Toews commenced the role of CFO on August 28, 2013.

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, 2015.

Name	Option-based Awards				Share-based Awards		
	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	20,000	24.00	September 21, 2016	0	98,720	801,606	0
	78,000	34.07	September 21, 2017	0			
	56,200	51.43	June 7, 2018	0			
	116,400	35.41	June 14, 2019	0			
	97,000	30.78	June 13, 2020	0			
	89,000	37.89	June 12, 2021	0			
133,400	18.65	June 11, 2022	0				
Eric L. Toews CFO	40,623	33.64	September 3, 2020	0	54,908	445,853	0
	57,500	37.89	June 12, 2021	0			
	92,400	18.65	June 11, 2022	0			
Chi-Tak Yee Senior Vice President, Reservoir & Geosciences	20,000	24.00	March 31, 2016	0	66,573	540,573	0
	20,000	24.00	September 21, 2016	0			
	33,500	34.07	September 21, 2017	0			
	28,100	51.43	June 7, 2018	0			
	63,700	35.41	June 14, 2019	0			
	61,000	30.78	June 13, 2020	0			
	61,400	37.89	June 12, 2021	0			
	92,100	18.65	June 11, 2022	0			
Jamey Fitzgibbon Senior Vice President, Resource Management - Christina Lake and Special Projects	19,537	34.07	September 21, 2017	0	49,167	399,236	0
	26,800	51.43	June 7, 2018	0			
	55,200	35.41	June 14, 2019	0			
	48,200	30.78	June 13, 2020	0			
	44,400	37.89	June 12, 2021	0			
	66,600	18.65	June 11, 2022	0			
Don Moe Senior Vice President, Supply & Marketing	12,950	44.34	February 13, 2019	0	49,073	398,473	0
	37,100	35.41	June 14, 2019	0			
	47,800	30.78	June 13, 2020	0			
	44,400	37.89	June 12, 2021	0			
	66,600	18.65	June 11, 2022	0			

Notes:

- (1) The closing price of the Common Shares on December 31, 2015 was \$8.02.

- (2) Includes PSUs granted under the RSU Plan. 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 Plan) of the Common Shares on December 31, 2015 was \$8.12 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, 2015 and non-equity incentive plan compensation earned by such NEOs during the year ending December 31, 2015.

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	560,093	385,713
Eric L. Toews CFO	0	90,914	225,000
Chi-Tak Yee Senior Vice President, Reservoir & Geosciences	0	343,248	208,938
Jamey Fitzgibbon Senior Vice President, Resource Management - Christina Lake and Special Projects	0	274,772	183,213
Don Moe Senior Vice President, Supply & Marketing	0	250,477	183,213

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

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 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 and Issuable

As of December 31, 2015, a total of 294,000 Old Options held under the Old Option Plan remained outstanding (representing approximately 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 Equity Compensation Plans" below.

Stock Option Plan

The Stock Option Plan became effective June 9, 2010 and was amended effective June 13, 2013. It authorizes the Board to grant 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.

In connection with its review of the long-term equity incentive programs of the Corporation, the Board approved certain amendments to the Stock Option Plan on May 3, 2016. The material terms of the amended Stock Option Plan are summarized above under "Business of the Annual and Special Meeting - Approval of Unallocated Stock Options and Amended Stock Option Plan."

RSU Plan

The RSU Plan became effective June 9, 2010 and was amended effective June 13, 2013. The RSU Plan authorizes 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 Plan as PSUs, to the extent performance conditions are attached. The purpose of the RSU Plan 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.

In connection with its review of the long-term equity incentive programs of the Corporation, the Board approved certain amendments to the RSU Plan on May 3, 2016. The material terms of the amended RSU Plan are summarized above under "Business of the Annual and Special Meeting - Approval of Unallocated Restricted Share Units and Amended RSU Plan."

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, 2015, a total of 47,696 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 2,968,798 Options were granted during the year ended December 31, 2015, being equal to approximately 1.3% of the number of Common Shares outstanding as at December 31, 2015. All of the Options granted in 2015 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 2015 to existing employees were granted on June 11, 2015, and are all scheduled to vest at a rate of one-third on each of June 1, 2016, June 1, 2017 and June 1, 2018. All Options granted in 2015 are scheduled to expire seven years from the date of the grant.

A total of 1,994,055 RSUs were granted during the year ended December 31, 2015, being equal to approximately 0.9% of the number of Common Shares outstanding as at December 31, 2015. Of the 1,994,055 RSUs granted during the year, a total of 262,242 were PSUs. All of the RSUs granted in 2015 prior to June 30 (of which 262,242 are PSUs) are scheduled to vest at a rate of one-third on each of June 1, 2016, June 1, 2017 and June 1, 2018. Of the 1,994,055 RSUs granted during the year, a total of 25,844 RSUs granted in December 2015 are scheduled to vest at a rate of one-third on each of December 1, 2016, December 1, 2017 and December 1, 2018. All of the remaining RSUs granted in 2015 subsequent to June 30 are scheduled to vest at a rate of one-third on each of September 1, 2016, September 1, 2017 and September 1, 2018.

A total of 30,415 DSUs were granted during the year ended December 31, 2015. All of the DSUs granted in 2015 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 the 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, 2015, the incremental payments, payables and benefits to all NEOs under the Change of Control Agreements would amount to an estimated \$9.7 million and are detailed by NEO in the following table:

<u>Name</u>	<u>Payment Pursuant to Change of Control Agreement (\$)⁽¹⁾</u>
William McCaffrey President and CEO	3,396,124
Eric L. Toews..... CFO	1,747,000
Chi-Tak Yee Senior Vice President, Reservoir and Geosciences	1,688,908
Jamey Fitzgibbon Senior Vice President, Resource Management - Christina Lake and Special Projects	1,445,824
Don Moe..... Senior Vice President, Supply & Marketing	1,445,824

Note:

(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."

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 Lead Director who will be paid an annual retainer of \$45,000. 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 Plan, 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 the Board is proposing to make non-employee directors ineligible under the Stock Option Plan going forward. See "Business of the Annual and Special Meeting – Approval of Unallocated Stock Options and Amended 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 reflect this new 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, 2015.

Name	Fees earned (\$)	Share-based awards ⁽¹⁾ (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value ⁽²⁾ (\$)	All other compensation (\$)	Total (\$)
Boyd Anderson	93,334	130,028	0	0	0	0	223,362
Harvey Doerr	81,000	130,028	0	0	0	0	211,028
Robert Hodgins	98,000	130,028	0	0	0	0	228,028
Peter R. Kagan ⁽³⁾	58,500	130,028	0	0	0	0	188,528
David B. Krieger ⁽³⁾	67,500	130,028	0	0	0	0	197,528
Jeffrey J. McCaig	90,667	130,028	0	0	0	0	220,695
James D. McFarland	97,167	130,028	0	0	0	0	227,195
Diana McQueen ⁽⁴⁾	11,500	130,001	0	0	0	0	141,501
David J. Wizinsky ⁽⁵⁾	0	0	0	0	0	65,989	65,989

Notes:

- (1) All share-based awards were granted pursuant to the RSU and DSU Plans 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) 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.
- (4) Ms. McQueen was appointed a director on October 6, 2015.

(5) Mr. Wizinsky earned total compensation by virtue of his employment with the Corporation and his provision of legal and other services in his capacity as the Corporate Secretary of the Corporation. Mr. Wizinsky ceased to be an employee, Corporate Secretary and a director of the Corporation on May 7, 2015. For transition purposes, MEG has entered into a consulting agreement with Mr. Wizinsky through which MEG can utilize his services as required.

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, 2015.

Name	Option-based Awards				Share-based Awards		
	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	20,000	24.00	September 21, 2016	0	12,056	97,895	0
	5,000	34.07	September 21, 2017	0			
	3,600	51.43	June 7, 2018	0			
	6,500	35.41	June 14, 2019	0			
Harvey Doerr	5,000	34.07	September 21, 2017	0	12,056	97,895	0
	3,600	51.43	June 7, 2018	0			
	6,500	35.41	June 14, 2019	0			
Robert Hodgins	5,000	34.07	September 21, 2017	0	12,056	97,895	0
	3,600	51.43	June 7, 2018	0			
	6,500	35.41	June 14, 2019	0			
Peter R. Kagan ⁽³⁾	5,000	34.07	September 21, 2017	0	12,056	97,895	0
	3,600	51.43	June 7, 2018	0			
	6,500	35.41	June 14, 2019	0			
David B. Krieger ⁽³⁾	5,000	34.07	September 21, 2017	0	12,056	97,895	0
	3,600	51.43	June 7, 2018	0			
	6,500	35.41	June 14, 2019	0			
Jeffrey J. McCaig	0	N/A	N/A	0	9,661	78,447	0
James D. McFarland	5,000	34.07	September 21, 2017	0	12,056	97,895	0
	3,600	51.43	June 7, 2018	0			
	6,500	35.41	June 14, 2019	0			
Diana McQueen ⁽⁴⁾	0	N/A	N/A	0	12,026	97,651	
David J. Wizinsky ⁽⁵⁾	20,000	24.00	September 21, 2016	0	3,993	32,423	0
	17,000	34.07	September 21, 2017	0			
	9,600	51.43	June 7, 2018	0			
	8,500	35.41	June 14, 2019	0			
	8,100	30.78	June 13, 2020	0			
	6,900	37.89	June 12, 2021	0			

Notes:

(1) The closing price of the Common Shares on December 31, 2015 was \$8.02.

(2) The Fair Market Value (as defined in the RSU Plan and the DSU Plan) of the Common Shares on December 31, 2015 was \$8.12 per Common Share.

- (3) 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.
- (4) Ms. McQueen was appointed a director on October 6, 2015.
- (5) Mr. Wizinsky ceased to be a director on May 7, 2015.

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, 2015 and non-equity incentive plan compensation earned by such directors during the year ending December 31, 2015.

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

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	40,175	0
Harvey Doerr	0	40,175	0
Robert Hodgins	0	40,175	0
Peter R. Kagan ⁽¹⁾	0	40,175	0
David B. Krieger ⁽¹⁾	0	40,175	0
Jeffrey J. McCaig	0	14,303	0
James D. McFarland	0	40,175	0
Diana McQueen ⁽²⁾	0	0	0
David J. Wizinsky ⁽³⁾	0	44,836	0

Notes:

- (1) The net proceeds from Options, RSUs and DSUs held by Messrs. Kagan and Krieger in their capacities are for the benefit of WP LLC.
- (2) Ms. McQueen was appointed a director on October 6, 2015.
- (3) Mr. Wizinsky earned compensation by virtue of his employment with the Corporation and his provision of legal and other services in his capacity as the Corporate Secretary of the Corporation. Mr. Wizinsky ceased to be a director on May 7, 2015.

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.

All directors nominated for election at the Meeting are in compliance with the Director Guidelines.

Equity Ownership as at January 4, 2016

Name	Years of Service ⁽¹⁾	Ownership Requirement ⁽²⁾ (\$)	Common Shares (#)	RSUs (#)	DSUs (#)	Total Value of Equity Investment as at Jan. 4, 2016 ⁽³⁾ (\$)	Multiple of Ownership Requirement as at Jan. 4, 2016 (#)	Complies with Guidelines ? (Y/N)
Boyd Anderson	5	135,000	17,307	5,890	6,166	226,682	1.7	Y
Harvey Doerr	5	120,000	46,573	5,890	6,166	452,616	3.8	Y
Robert Hodgins	5	120,000	9,438	5,890	6,166	165,934	1.4	Y
Peter Kagan ⁽⁴⁾	5	120,000	5,567	5,890	6,166	136,050	1.1	Y
David Krieger ⁽⁴⁾	5	120,000	5,567	5,890	6,166	136,050	1.1	Y
Jeff McCaig	2	48,000	50,743	4,974	4,687	466,319	9.7	Y
Jim McFarland	5	120,000	12,369	5,890	6,166	188,561	1.6	Y
Diana McQueen	1	24,000	0	6,013	6,013	92,841	3.9	Y
William Klesse ⁽⁵⁾	N/A	0	0	0	0	0	N/A	Y
Tim Hodgson ⁽⁵⁾	N/A	0	0	0	0	0	N/A	Y

Notes:

- (1) Represents years of service since Director Guidelines were adopted.
- (2) Pursuant to the Director Guidelines, the requirement for Jeff McCaig is currently two-fifths of total ownership requirement and the requirement for Diana McQueen 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 4, 2016 was \$7.72.
- (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. 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.
- (5) Messrs. Klesse and Hodgson are nominees for election as directors.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY 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 RSUs as of December 31, 2015. As of December 31, 2015, there were 224,996,989 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	294,000	\$26.18	0
Stock Option Plan ⁽¹⁾	9,631,313	\$30.05	(2)
RSU Plan	3,280,111	N/A	(3)
Total	13,205,424	\$29.94	9,294,274⁽⁴⁾

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, 2015, the number of Common Shares reserved for issuance pursuant to the exercise of options granted under the Stock Option Plan is equal to 10% of the number of Common Shares then issued and outstanding, less the number of Common Shares issuable pursuant to all other equity compensation plans.

- (3) As of December 31, 2015, the number of Common Shares reserved for issuance pursuant to RSUs granted under the RSU Plan is equal to 10% of the number of Common Shares then issued and outstanding, less the number of Common Shares issuable pursuant to all other equity compensation plans.
- (4) Based on the number of issued and outstanding Common Shares as at December 31, 2015.

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 2015 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, 2015, indebted to the Corporation, or whose indebtedness to another entity is, or at any time since January 1, 2015 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, 2015 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	Peter R. Kagan
David B. Krieger	James D. McFarland
Jeffrey J. McCaig	Diana McQueen

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, William McCaffrey, is not an independent director. Boyd Anderson, the Lead Director, is an independent director. The primary responsibility of the Lead Director 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 Lead Director. 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 Board and the Chairman and Chief Executive Officer of MEG have agreed that the Corporation should separate the roles of the Chairman and the Chief Executive Officer. As a result, the Board has appointed Mr. Jeff McCaig, an independent director, as Chairman of the Board effective at the close of the Meeting on June 28, 2016, and has eliminated the position of Lead Director, which is no longer required. As the appointment of an independent Chairman was implemented subsequent to the Corporation's most recently completed financial year, the disclosure in this Circular under "Corporate Governance Practices" does not give effect to this appointment.

Related Directors and Other Directorships

None of the Corporation's current directors or proposed nominees 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:

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

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.

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:

<u>Director</u>	<u>Board Meetings</u>	<u>Audit Committee Meetings</u>	<u>Compensation Committee Meetings</u>	<u>Governance and Nominating Committee Meetings</u>	<u>Review Committee Meetings</u>
Boyd Anderson	8 of 8	5 of 5	N/A	3 of 3	7 of 7
Harvey Doerr	8 of 8	5 of 5	N/A	3 of 3	N/A
Robert Hodgins	8 of 8	5 of 5	9 of 9	N/A	N/A
Peter Kagan	7 of 8	N/A	N/A	2 of 3	N/A
David Krieger	7 of 8	N/A	8 of 9	N/A	N/A
William McCaffrey	8 of 8	N/A	N/A	N/A	N/A
Jeff McCaig	7 of 8	N/A	9 of 9	3 of 3	7 of 7
James McFarland	8 of 8	N/A	9 of 9	3 of 3	7 of 7
David Wizinsky ⁽¹⁾	2 of 2	N/A	N/A	N/A	N/A
Diana McQueen ⁽²⁾	1 of 1	N/A	N/A	N/A	N/A

Notes:

- (1) Mr. Wizinsky ceased to be a director on May 7, 2015.
(2) Diana McQueen was appointed a director on October 6, 2015.

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 the Lead Director and which guide the discharge of their respective responsibilities.

Position Descriptions

The Board has approved written position descriptions for the Chairman of the Board, the Chairman of each standing Board committee and the Lead Director. 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 2015, and also includes the skills and expertise of the proposed nominees for election as directors:

information from the GNC's most recent review which was used to develop the recommendations for 2015, and also includes the skills and expertise of the proposed nominees for election as directors:

Skill	B. Anderson	H. Doerr	B. Hodgins	P. Kagan	D. Krieger	J. McCaig	B. McCaffrey	J. McFarland	D. McQueen	B. Klesse	T. Hodgson	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

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	30.0
Executive	0	0.0
Board Director ⁽²⁾	1	11.0

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, the Lead Director, 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 2015, 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. All directors attended all four presentations.

- In June and in July, 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 late 2015, a new director onboarding process was completed for Ms. McQueen.
- 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 2015, Mr. Doerr 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 2015, 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 Lead Director, 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 effective June 30, 2015. 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 Lead Director, 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 Lead Director is responsible for reviewing the responses provided in each survey, in confidence, and liaising with the Chairman of the Board, 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 Lead Director provides a report 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 Chair 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 for review on the website maintained by the Canadian Securities Administrators 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.