CALGARY, ALBERTA--(Marketwired - May 7, 2015) - MEG Energy Corp. (TSX:MEG) today reported first quarter 2015 operational and financial results. Highlights include:

- Record quarterly production of 82,398 barrels per day (bpd), an increase of 41% over first quarter 2014 production volumes, driven by the Christina Lake Phase 2B project and continuing implementation of MEG's RISER initiative;
- Net operating costs of $10.49 per barrel, 23% lower than first quarter 2014 costs and 13% below full-year 2014 costs of $12.06 per barrel;
- Cash flow used in operations of $0.13 per share, resulting from the low commodity price environment in the quarter, as well as higher diluent costs and wider light-heavy differentials in the month of January;
- Continuing strong financial liquidity, exiting the quarter with $471 million of cash and an undrawn US$2.5 billion credit facility.

"The quarter demonstrated continued strong operating results from our Christina Lake assets," said Bill McCaffrey, President and Chief Executive Officer. "It also emphasized the value of being a low-cost producer and the importance of maintaining that focus through the price cycles."

MEG reported cash flow used in operations of $29.5 million for the first quarter of 2015, compared to cash flow from operations of $157.0 million for the same period in 2014. Cash flow from operations decreased primarily due to a decline in benchmark WTI pricing in the quarter and, in January, both a widening of the light-heavy differential as well as increased cost of diluent, reflecting the drawdown of higher priced inventory. As a result, bitumen realizations decreased 59% from the first quarter of 2014.

"Our cash flow in the first quarter was impacted by certain transitional costs and pricing dynamics that we do not see continuing into the second quarter," says McCaffrey. "We are currently seeing positive signs as it relates to the realized price for our bitumen."

With the benefits from MEG's RISER initiative and strong and reliable production from Christina Lake Phase 2B, MEG reached a production record of 82,398 bpd in the first quarter of 2015, an increase of 41% over first quarter 2014 volumes of 58,643 bpd. MEG is targeting average production of 78,000 to 82,000 barrels per day in 2015 at an average non-energy operating cost of $8 to $10 per barrel, which includes the impact of two turnarounds planned in the second quarter of 2015.

"The ongoing application of the RISER initiative is showing strong results, with reservoir performance meeting or exceeding expectations," said McCaffrey. "To date we have tested the Phase 2B oil processing facility at 160% of its design capacity, and we are identifying low-cost options to significantly increase production beyond current levels. This will position us to grow in lower oil price environments in the future."

Net operating costs in the first quarter of 2015 averaged $10.49 per barrel compared to $13.63 per barrel in the first quarter of 2014. The decrease is primarily due to lower energy and non-energy operating costs per barrel, partially offset by a decrease in the average power sales price from MEG's cogeneration facilities.

MEG recognized an operating loss of $124.4 million in the first quarter of 2015, compared to operating earnings of $40.7 million for same period in 2014. Operating earnings decreased due to factors similar to those that affected bitumen price realizations, as well as higher transportation costs and an increase in depletion and depreciation expense, partially offset by higher sales volumes.

Operational and Financial Highlights

The following table summarizes selected operational and financial information for the periods noted. Dollar values are in $Cdn millions unless otherwise noted.

	2015	2014				2013		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Bitumen production - bpd	82,398	80,349	76,471	68,984	58,643	42,251	34,246	32,144
Bitumen sales - bpd	85,519	70,116	69,757	70,849	58,089	35,990	32,175	32,175
Bitumen realization - $/bbl	25.82	50.48	65.12	72.75	62.28	38.22	74.33	53.98
Net operating costs - $/bbl(1)	10.49	10.13	10.31	14.49	13.63	11.22	9.40	8.85

Non-energy operating costs - $/bbl	7.57	6.42	7.16	9.64	9.05	8.09	9.20	10.00
Cash operating netback[2] - $/bbl	9.83	35.56	48.70	51.45	43.51	23.78	59.59	41.93
Cash flow from (used in) operations[3]	(30)	134	238	262	157	23	144	79
Per share, diluted[3]	(0.13)	0.60	1.06	1.16	0.70	0.10	0.64	0.35
Operating earnings (loss)[3]	(124)	8	87	111	41	(33)	56	14
Per share, diluted[3]	(0.56)	0.04	0.39	0.49	0.18	(0.15)	0.25	0.25
Revenue [4]	467	615	706	829	680	350	402	324
Net earnings (loss)[5]	(508)	(150)	(101)	249	(103)	(148)	115	(62)
Per share, basic	(2.27)	(0.67)	(0.45)	1.12	(0.46)	(0.67)	0.52	(0.28)
Per share, diluted	(2.27)	(0.67)	(0.45)	1.11	(0.46)	(0.67)	0.51	(0.28)
Total cash capital investment[6]	80	324	291	299	324	366	455	636
Cash, cash equivalents and short-term investments	471	656	777	840	890	1,179	647	1,204
Long-term debt[7]	4,776	4,366	4,218	4,016	4,162	4,005	2,858	2,923

1. *Net operating costs include energy and non-energy operating costs, reduced by power revenue.*
2. *Cash operating netbacks are calculated by deducting the related diluent, transportation, operating expenses and royalties from proprietary sales volumes and power revenues, on a per barrel basis.*
3. *Cash flow from (used in) operations, Operating earnings (loss), and the related per share amounts do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable to similar measures used by other companies. These non-GAAP measures are reconciled to net loss and net cash provided by (used in) operating activities in accordance with IFRS under the heading "NON-GAAP MEASURES" and discussed further in the "ADVISORY" section of MEG's First Quarter 2015 Report to Shareholders.*
4. *The total of Petroleum revenue, net of royalties and Other revenue as presented on the Interim Consolidated Statement of Earnings (Loss) and Comprehensive Income (Loss).*
5. *Includes a net unrealized foreign exchange loss of $371 million on the Corporation's U.S. dollar denominated debt and U.S. dollar denominated cash and cash equivalents for the three months ended March 31, 2015.. The net loss for the three months ended March 31, 2014 included a net unrealized foreign exchange loss of $141 million.*
6. *Defined as total capital investment excluding capitalized interest and non-cash items.*
7. *Includes current and long-term portions, as presented on the Consolidated Balance Sheet.*

A full version of MEG's First Quarter 2015 Report to Shareholders, including unaudited financial statements, is available at www.megenergy.com/investors and at www.sedar.com.

A conference call will be held to review MEG's first quarter results at 7:30 a.m. Mountain Time (9:30 a.m. Eastern Time) on Thursday May 7. The U.S./Canada toll-free conference call number is 1 800-396-7098. The international/local conference call number is 416-340-8527.

Forward-Looking Information

This document may contain forward-looking information including but not limited to: expectations of future production, revenues, expenses, cash flow, operating costs, steam-oil ratios, pricing differentials, reliability, profitability and capital investments; estimates of reserves and resources; the anticipated reductions in operating costs as a result of optimization and scalability of certain operations; and the anticipated sources of funding for operations and capital investments. Such forward-looking information is based on management's expectations and assumptions regarding future growth, results of operations, production, future capital and other expenditures, plans for and results of drilling activity, environmental matters, business prospects and opportunities.

By its nature, such forward-looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks include, but are not limited to: risks associated with the oil and gas industry, for example, the securing of adequate supplies and access to markets and transportation infrastructure; the availability of capacity on the electrical transmission grid; the uncertainty of reserve and resource estimates; the uncertainty of estimates and projections relating to production, costs and revenues; health, safety and environmental risks; risks of legislative and regulatory changes to, amongst other things, tax, land use, royalty and environmental laws; assumptions regarding and the volatility of commodity prices and foreign exchange rates; risks and uncertainties associated with securing and maintaining the necessary regulatory approvals and financing to proceed with MEG's future phases and the expansion and/or operation of MEG's projects; risks and uncertainties related to the timing of completion, commissioning, and start-up, of MEG's future phases, expansions and projects; and the operational risks and delays in the development, exploration, production, and capacities and performance associated with MEG's projects.

Although MEG believes that the assumptions used in such forward-looking information are reasonable, there can be no assurance that such assumptions will be correct. Accordingly, readers are cautioned that the actual results achieved may vary from the forward-looking information provided herein and that the variations may be material. Readers are also cautioned that the foregoing list of assumptions, risks and factors is not exhaustive.

Further information regarding the assumptions and risks inherent in the making of forward-looking statements can be found in MEG's most recently filed annual information form ("AIF"), along with MEG's other public disclosure documents. Copies of the AIF and MEG's other public disclosure documents are available through the SEDAR website which is available at www.sedar.com.

The forward-looking information included in this document is expressly qualified in its entirety by the foregoing cautionary statements. Unless otherwise stated, the forward-looking information included in this document is made as of the date of this document and the Corporation assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law.

Non-GAAP Financial Measures

This document includes references to financial measures commonly used in the crude oil and natural gas industry, such as operating earnings (loss) and cash flow from (used in) operations. These financial measures are not defined by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and therefore are referred to as non-GAAP measures. The non-GAAP measures used by MEG may not be comparable to similar measures presented by other companies. MEG uses these non-GAAP measures to help evaluate its performance. Management considers operating earnings (loss) as a performance measure to provide comparability of financial performance between periods by excluding non-operating items. Cash flow from (used in) operations is utilized by the Corporation to analyze operating performance and liquidity. These non-GAAP measures should not be considered as an alternative to or more meaningful than net earnings (loss) or net cash provided by (used in) operating activities, as determined in accordance with IFRS, as an indication of MEG's performance. The non-GAAP measure of operating earnings (loss) is reconciled to net earnings (loss), while cash flow from (used in) operations is reconciled to net cash provided by (used in) operating activities, as determined in accordance with IFRS, under the heading "Non- GAAP Measures" in MEG's Management's Discussion and Analysis pertaining to the first quarter of 2015.

MEG Energy Corp. is focused on sustainable in situ oil sands development and production in the southern Athabasca oil sands region of Alberta, Canada. MEG is actively developing enhanced oil recovery projects that utilize SAGD extraction methods. MEG's common shares are listed on the Toronto Stock Exchange under the symbol "MEG."

Contact

MEG Energy Corp.
Investors
Helen Kelly
Director, Investor Relations
403-767-6206
helen.kelly@megenergy.com

MEG Energy Corp.
Media
Brad Bellows
Director, External Communications
403-212-8705
brad.bellows@megenergy.com