



MEG ENERGY 2011 FIRST QUARTER FINANCIAL AND OPERATING RESULTS

CALGARY, April 28, 2011 – MEG Energy Corp. ("MEG" or the "Corporation") reported first quarter 2011 net earnings of \$45.4 million (\$0.23 per share, diluted) compared to net earnings of \$1.9 million (\$0.01 per share, diluted) in the first quarter of 2010. Operating earnings in the first quarter 2011 were \$20.9 million (\$0.11 per share, diluted), compared to a loss of \$14.7 million (loss of \$0.08 per share, diluted) in the first quarter of 2010. Cash flow from operations for the first quarter of 2011 was \$69.3 million (\$0.35 per share, diluted) compared to \$1.7 million (\$0.01 per share, diluted) in the first quarter of 2010.

Highlights for the first quarter include:

- Christina Lake facilities operating at 99 percent reliability, contributing to a reduction in net operating costs to \$8.63 per barrel compared with \$30.81 per barrel for the first quarter of 2010 and \$11.01 in the fourth quarter of 2010; and
- Strengthening of the Corporation's balance sheet by increasing available revolving credit facilities to US\$0.5 billion, refinancing the Corporation's US\$1.0 billion senior secured term loan, and issuing US\$0.75 billion of 6.5% senior unsecured notes.

Production averaged 27,653 barrels of bitumen per day ("bbls/d") during the first quarter of 2011, approximately 10% above the nominal design capacity of the facilities, compared to 13,398 bbls/d in the first quarter of 2010. The increase is due to sustained high production rates following the successful ramp up of Christina Lake Phase 2 operations. Production in the fourth quarter of 2010 averaged 27,744 bbls/d. The steam to oil ratio ("SOR") in the first quarter of 2011 was 2.5, compared with a design SOR of 2.8, and SORs of 3.1 and 2.3 in the first quarter of 2010 and the fourth quarter of 2010, respectively. Operating costs during the first quarter of 2011 averaged \$14.22 per barrel, compared to \$36.03 in the first quarter of 2010 and \$13.89 in the fourth quarter of 2010. The decrease in per barrel operating costs from the first quarter of 2010 to the first quarter of 2011 is primarily a result of higher production and lower non-energy costs. Non-energy costs decreased significantly to \$8.68 per barrel in the first quarter of 2011, compared to \$23.48 in the first quarter of 2010 and \$9.02 in the fourth quarter of 2010. After including the contribution from power revenue, net operating costs decreased to \$8.63 per barrel for the first quarter of 2011 from \$30.81 per barrel for the first quarter of 2010 and \$11.01 in the fourth quarter of 2010. Despite wider light-heavy differentials due to export pipeline restrictions in the first quarter of 2011, cash operating netbacks were strong, at \$36.88 per barrel versus \$36.56 per barrel in the fourth quarter of 2010.

"Our operating and financial performance in the first quarter has given us a very strong start to 2011. It highlights the strong performance of our operations and reservoir engineering teams, the quality of the Christina Lake resource, and our success in developing our assets in a responsible and profitable manner," said Bill McCaffrey, Chairman, President and CEO.

During the quarter MEG refinanced its existing senior secured term loan and revolving credit facilities. Under the terms of the agreement the Corporation extended the maturity of its US\$1 billion senior secured facilities to 2018 and increased the borrowing capacity under its undrawn revolving credit facility from US\$185 million to US\$500 million while extending the maturity to 2016. In addition, MEG issued US\$750

million of 6.5% senior unsecured notes which mature in 2021. The Corporation's cash and short-term investments totalled \$2.0 billion at March 31, 2011, providing ample liquidity to fund its capital investment program.

Management reiterates production and operating cost guidance for 2011. Production is expected to average between 25,000 and 27,000 bbls/d, taking into account a scheduled plant turnaround in September 2011. Non-energy operating costs are expected to average \$9 to \$11/bbl. Capital investment for 2011 is expected to be approximately \$900 million with the majority being invested towards MEG's strategic plan of growing bitumen production capacity to 260,000 bbls/d by 2020. Capital investment totalled \$212 million to March 31, 2011.

A full copy of MEG's first quarter financial statements and MD&A can be downloaded at:

<http://www.megenergy.com/financials> or www.sedar.com

MEG Energy will host a conference call today, April 28, 2011, at 7:30 a.m. MT (9:30 a.m. ET) to review its first quarter 2011 operating and financial results. To participate in the conference call, please dial 1 (888) 231-8191 (North American toll-free) or 1 (647) 427-7450. An archived recording of the call will be available from 8:30 a.m. MT on April 28, 2011 until 10:00 a.m. MT, May 26, 2011. To access the recording, please dial toll-free 1 (800) 642-1687 or 1 (416) 849-0833 and enter the conference password 60728374.

First Quarter Highlights

(C\$/bbl unless specified)	Three months ended		
	March 31, 2011	December 31, 2010	March 31, 2010
West Texas Intermediate (WTI) US\$/bbl	94.10	85.13	78.71
Differential – WTI/Blend %	29.0%	25.8%	16.9%
Bitumen production – bbls/d	27,653	27,744	13,398
SOR	2.5	2.3	3.1
Bitumen realization	49.57	51.10	55.12
Energy costs	5.54	4.87	12.55
Non-energy costs	<u>8.68</u>	<u>9.02</u>	<u>23.48</u>
Operating costs	14.22	13.89	36.03
Power revenue	<u>(5.59)</u>	<u>(2.88)</u>	<u>(5.22)</u>
Net operating costs	<u>8.63</u>	<u>11.01</u>	<u>30.81</u>
Cash operating netback	36.88	36.56	18.65
Net income - \$000's	45,378	61,269	1,911
Per share, diluted	0.23	0.31	0.01
Operating earnings - \$000's	20,861	24,787	(14,714)
Per share, diluted	0.11	0.13	(0.08)
Cash flow from operations- \$000's	69,332	73,855	1,667
Per share, diluted	0.35	0.38	0.01

IFRS Impact on Financial Disclosure

In February 2008, the Canadian Accounting Standards Board confirmed that International Financial Reporting Standards ("IFRS") are to be used for interim and annual financial statements of publicly accountable enterprises effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Corporation has commenced reporting on an IFRS basis. Comparative information for periods from January 1, 2010 onwards has been restated in accordance with IFRS.

The table below summarizes selected financial impacts of IFRS on MEG's financial measures. For complete disclosure of all IFRS impacts on MEG's financial statements, please refer to the 2011 First Quarter Financial Statements and MD&A.

Impact on Selected Financial Measures (<i>'000s C\$, except per share amounts</i>)	Three months ended <i>December 31, 2010</i>		Three months ended <i>March 31, 2010</i>	
	Canadian GAAP	IFRS	Canadian GAAP	IFRS
Net Income (loss) ⁽¹⁾	46,498	61,269	(485)	1,911
Per share, basic	0.25	0.32	0.00	0.01
Per share, diluted	0.24	0.31	0.00	0.01
Operating Earnings ⁽²⁾	19,456	24,787	(16,797)	(14,714)
Per share, diluted	0.10	0.13	(0.10)	(0.08)
Cash Flow from Operations ⁽³⁾	74,119	73,855	1,893	1,667
Per share, diluted	0.38	0.38	0.01	0.01
Property, plant and equipment ⁽⁴⁾	3,515,150	2,570,852	3,217,302	2,316,984
Exploration and evaluation assets and other intangible assets ⁽⁴⁾	-	971,144	-	902,882

(1) The increase in net income for the first quarter of 2010 and the fourth quarter of 2010 is primarily due to the decrease in depreciation and depletion expense and net finance expense. Depletion under Canadian GAAP was based on the full cost method of accounting whereby all of the Corporation's developed oil sands properties and equipment were depleted on a unit of production basis. Under IFRS, the Corporation began depleting its field production assets using the unit of production method, depreciating major facilities and equipment utilizing the unit of production method based on the total productive capacity of the facilities and depreciating pipeline transportation equipment on a straight-line basis over its estimated useful life. The net after tax adjustment to depreciation and depletion resulted in a \$2.6 million increase in net income for the three months ended March 31, 2010 and a \$7.1 million increase for the three months ended December 31, 2010. The IFRS adjustment to net finance expense was due to differences in accounting for the amendments to the senior secured credit facility that occurred in December 2009. The net after tax adjustment resulted in an decrease to net income of \$0.9 million for the three months ended March 31, 2010 and an increase of \$8.2 million for the three months ended December 31, 2010. Further details on these and other IFRS adjustments to these periods are as described in Note 4 of the March 31, 2011 unaudited financial statements.

(2) The increase in operating earnings for the three months ended March 31, 2010 and December 31, 2010 is primarily due to the changes in depletion and depreciation, net of deferred income taxes.

(3) The decrease in cash flow from operations is the result of the Corporation expensing interest costs that were previously capitalized under Canadian GAAP.

(4) The change in property, plant and equipment is the result of the Corporation transferring exploration and evaluation assets and other intangible assets from property, plant and equipment to exploration and evaluation assets and other intangible assets upon adoption of IFRS. Property, plant and equipment balances were also impacted by a decrease in accumulated depletion and depreciation resulting from the change in the Corporation's depletion and depreciation policy.

Forward-Looking Information

This press release may contain forward-looking information including but not limited to: expectations of future production, operating costs and capital investments; the anticipated capital requirements, timing for receipt of regulatory approvals, development plans, timing for completion, production capacities and performance of the future phases and expansions of the Christina Lake project, the Surmont project and MEG's other properties and facilities; and the anticipated sources of funding for operations and capital investments. All such forward-looking information is based on management's expectations and assumptions regarding future growth, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), 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 (e.g. operational risks and delays in the development, exploration or production associated with MEG's projects; the securing of adequate supplies and access to markets and transportation infrastructure; 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; and risks and uncertainties associated with securing and maintaining the necessary regulatory approvals and financing to proceed with the continued expansion of the Christina Lake project and the development of the Corporation's other projects and facilities. Although MEG believes that the assumptions supporting 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. The forward-looking information included in this press release is expressly qualified in its entirety by the foregoing cautionary statements. Unless otherwise stated, the forward-looking information included in this press release 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. For more information regarding forward-looking information see "Risk Factors" and "Regulatory Matters" within MEG's annual information form dated February 24, 2011 (the "AIF") along with MEG's other public disclosure documents. A copy of the AIF and of MEG's other public disclosure documents are available through the SEDAR website (www.sedar.com) or by contacting MEG's investor relations department.

Non-IFRS financial measures

This press release includes references to financial measures commonly used in the crude oil and natural gas industry, such as net bitumen revenue, operating earnings, cash flow from operations and cash operating netback. These financial measures are not defined by IFRS as issued by the International Accounting Standards Board and therefore are referred to as non-IFRS measures. The non-IFRS measures used by the Corporation may not be comparable to similar measures presented by other companies. The Corporation uses these non-IFRS measures to help evaluate its performance. Management considers net bitumen revenue, operating earnings and cash operating netback important measures as they indicate profitability relative to current commodity prices. Management uses cash flow from operations to measure the Corporation's ability to generate funds to finance capital expenditures and repay debt. These non-IFRS measures should not be considered as an alternative to or more meaningful than net income, as determined in accordance with IFRS, as an indication of the Corporation's performance. The non-IFRS operating earnings and cash operating netback measures are reconciled to net income, while cash flow from operations is reconciled to cash flow from operations, as determined in accordance with IFRS, under the heading "Non-IFRS Measurements" in the Corporation's 2011 First Quarter report.

About MEG

MEG is focused on sustainable in situ oil sands development and production in the southern Athabasca region of Alberta, Canada. MEG is actively developing enhanced oil recovery projects that utilize SAGD extraction methods.

For more information about MEG please visit our web site at www.megenergy.com/financials.

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