MEG ENERGY REPORTS STRONG SECOND QUARTER 2011 FINANCIAL AND OPERATING RESULTS

CALGARY, July 27, 2011 – MEG Energy Corp. ("MEG" or the "Corporation") reported second quarter 2011 net earnings of $42.5 million ($0.21 per share, diluted) compared to a loss of $34.9 million (loss of $0.21 per share, diluted) in the second quarter of 2010. Operating earnings in the second quarter 2011 were $36.4 million ($0.18 per share, diluted), compared to $13.4 million ($0.08 per share, diluted) in the second quarter of 2010. Cash flow from operations for the second quarter of 2011 was $88.1 million ($0.44 per share, diluted) compared to $51.1 million ($0.29 per share, diluted) in the second quarter of 2010.

Highlights for the second quarter include:

- Higher bitumen realization and strong operational reliability contributed to record cash operating netbacks of $46.55 per barrel compared with $31.84 per barrel for the second quarter of 2010 and $36.88 in the first quarter of 2011; and

- Approval from MEG's Board of Directors to complete the Stonefell Terminal.

Production averaged 27,826 barrels of bitumen per day ("bbls/d") during the second quarter of 2011, approximately 10% above the nominal design capacity of the facilities, compared to 24,412 bbls/d in the second quarter of 2010 and 27,653 bbls/d in the first quarter of 2011. The high reliability of the Christina Lake facilities has enabled MEG to sustain high production rates following the successful ramp up of Phase 2 operations. The steam to oil ratio ("SOR") in the second quarter of 2011 was 2.5, compared with a design SOR of 2.8, and SORs of 2.5 in both the second quarter of 2010 and the first quarter of 2011. Operating costs during the second quarter of 2011 averaged $14.13 per barrel, compared to $17.84 in the second quarter of 2010 and $14.22 in the first quarter of 2011. Non-energy costs averaged $8.74 per barrel in the second quarter of 2011, compared to $11.89 in the second quarter of 2010 and $8.68 in the first quarter of 2011. After including the contribution from power revenue, net operating costs decreased to $11.36 per barrel for the second quarter of 2011 compared to $12.60 per barrel for the second quarter of 2010 and $8.63 in the first quarter of 2011. Cash operating netbacks were strong, at $46.55 per barrel versus $36.88 per barrel in the first quarter of 2011.

"Our record performance is a reflection of the quality of our reservoir and our focus on the reliability and efficiencies of our operations. By incorporating learnings from our existing operations, we strive for continuous improvement in each and every phase that we will add over the next decade," said Bill McCaffrey, Chairman, President and CEO.

During the quarter the Corporation received approval from its Board of Directors to complete the construction of the Stonefell Terminal, a 900,000 barrel storage facility located in Alberta's Industrial Heartland. The Stonefell Terminal, in addition to the Corporation's 50% working interest in the Access Pipeline and the Sturgeon Terminal, enables MEG to distribute blended bitumen to multiple markets and gather condensate supplies from multiple sources including rail offloading facilities and third-party pipelines, such as Enbridge, Trans Mountain, Keystone and Southern Lights. The storage capacity of the Stonefell Terminal, combined with the connectivity provided by the Access Pipeline and the Sturgeon Terminal, will enable the Corporation to maximize the value of every barrel produced by enhancing realized prices and mitigating differential and cost risks in the market. The Corporation is targeting completion of the terminal in 2013.

As at June 30, 2011, detailed engineering for the Christina Lake Phase 2B project was 71% complete and capital commitments for major equipment and materials were 75% complete. Construction activities include the on-going piling program, the pouring of concrete equipment foundations, major vessel fabrications and the completion of 1,000 beds in the construction camp. Overall construction of the Phase 2B project is approximately 15% complete. To date, the Corporation had incurred $390.2 million of the total $1.4 billion estimated cost to complete the project.

Management reiterates its production and operating cost guidance for 2011. Production is expected to average between 25,000 and 27,000 bbls/day, 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 $1.0 billion with the majority being invested in MEG's strategic plan of growing bitumen production capacity to 260,000 bbls/day by 2020. Capital investment totalled $421.5 million for the six months ended June 30, 2011.

A full copy of MEG's second 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, July 27, 2011, at 7:30 a.m. MT (9:30 a.m. ET) to review its second 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 10:30 a.m. MT on July 27, 2011 until 10:00 p.m. MT, August 24, 2011. To access the recording, please dial toll-free 1 (855) 859-2056 or 1 (416) 849-0833 and enter the conference password 83415117.

Second Quarter Highlights

	Three months ended June 30		**Six months ended June 30**	
($/bbl unless specified)	**2011**	**2010**	**2011**	**2010**
Bitumen production – bbls/d	27,826	24,412	27,740	18,935
Steam to oil ratio	2.5	2.5	2.5	2.8
West Texas Intermediate (WTI) US$/bbl	102.56	78.03	98.33	78.37
Differential – WTI/Blend %	22.9%	24.0%	26.0%	21.7%
Bitumen realization	62.78	47.77	56.23	50.35
Operating costs:				
Energy	5.39	5.95	5.47	8.26
Non-energy	8.74	11.89	8.71	15.97
Operating costs	14.13	17.84	14.18	24.23
Power sales	(2.77)	(5.24)	(4.17)	(5.23)
Net operating costs	11.36	12.60	10.01	19.00
Cash operating netback	46.55	31.84	41.75	27.19
Net income (loss) - $000	42,537	(34,853)	87,915	(32,942)
Per share, diluted	0.21	(0.21)	0.44	(0.19)
Operating earnings (loss) - $000	36,410	13,404	57,271	(1,310)
Per share, diluted	0.18	0.08	0.29	(0.01)
Cash flow from operations - $000	88,120	51,114	157,452	52,781
Per share, diluted	0.44	0.29	0.80	0.30
Cash and short-term investments - $000	1,926,429	766,160	1,926,429	766,160
Long-term debt - $000	1,660,445	1,037,249	1,660,445	1,037,249
Capital investment - $000	209,628	158,085	421,515	249,671

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 or net cash provided by operating activities, 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 net cash provided by operating activities, as determined in accordance with IFRS, under the heading "Non-IFRS Measurements" in the Corporation's 2011 second 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.

For further information, please contact:

John Rogers
VP Investor Relations
(403) 770-5335
john.rogers@megenergy.com

or

Helen Kelly
Director Investor Relations
(403) 767-6206
helen.kelly@megenergy.com