



MEG Energy Corp.

CALGARY / OCTOBER 29, 2010

MEG Energy announces 2010 third quarter results and successful completion of first Christina Lake plant turnaround

MEG Energy Corp. ("MEG" or the "Corporation") today reported third quarter 2010 operating earnings of \$2.7 million (\$0.01 per common share) and cash flow from operations of \$34.4 million (\$0.19 per common share). Commercial operations at the Corporation's Christina Lake steam assisted gravity drainage ("SAGD") oil sands project commenced in December 2009, so financial results for the third quarter of 2009 are not comparable.

The third quarter included a number of significant achievements in the implementation of the Corporation's long-term strategic plan:

- In early August, MEG closed its initial public offering, realizing net proceeds of over \$660 million, and its common shares commenced trading on the Toronto Stock Exchange under the symbol "MEG";
- In July and August, production volumes at Christina Lake exceeded design capacity averaging over 26,000 barrels per day with a steam oil ratio of only 2.4; and
- In September, MEG successfully executed its first plant turnaround at Christina Lake and production rates ramped up rapidly to pre-turnaround rates by October 8, 2010.

"With the September turnaround completed I am looking forward to a very strong finish to 2010," said Bill McCaffrey, Chairman, President and CEO of MEG Energy. "This is a watershed year for us. It is the culmination of over a decade of hard work by our employees and contractors, positioning us to realize a strong future together with all our stakeholders."

Operational and Financial Highlights

The following table summarizes selected consolidated financial and operational information of the Corporation as at and for the periods indicated:

(\$000 except as noted and per share amounts)	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Bitumen production - bbls/d	19,339	2,822	19,071	2,683
Bitumen realization - \$/bbl	51.73	52.08	51.92	39.82
Revenue, net of royalties	154,994	370	491,882	2,205
Operating earnings (loss) ⁽¹⁾	2,689	(10,919)	(6,339)	(26,004)
Per share, diluted ⁽¹⁾	0.01	(0.07)	(0.04)	(0.18)
Net income (loss)	25,742	44,078	(6,401)	67,204
Per share, basic	0.14	0.31	(0.04)	0.49
Per share, diluted	0.14	0.30	(0.04)	0.48
Cash flow from operations ⁽¹⁾	34,430	(7,266)	87,727	(20,766)
Per share, diluted ⁽¹⁾	0.19	(0.05)	0.49	(0.15)
Capital investment	97,005	70,757	347,192	287,202

⁽¹⁾ Operating earnings, cash flow from operations and the related per share amounts do not have standardized meanings prescribed by Canadian GAAP and therefore may not be comparable to similar measures used by other companies. The Corporation uses these non-GAAP measurements for its own performance measures and to provide its shareholders and investors with a measurement of the Corporation's ability to internally fund future expenditures. These "Non-GAAP Measurements" are reconciled to net income (loss) in accordance with Canadian GAAP under the heading "Non-GAAP Measurements" in the Corporation's Management's Discussion and Analysis.

Revenue prior to December 1, 2009 consisted primarily of interest earned on the cash and cash equivalent balances. The inclusion of bitumen blend and power sales in total revenue effective December 1, 2009 is the primary reason for the increase in revenue from 2009. Effective December 1, 2009, the Corporation commenced planned principal operations and ceased capitalizing blend revenue, operating costs and interest costs for Phases 1 and 2 of the Christina Lake Project.

Operating earnings and cash flow from operations during the third quarter of 2010 were positively impacted by the ramp up of production at Christina Lake, strong bitumen price realizations and decreasing operating costs as production rates exceeded nominal design capacity. In July and August, production volumes averaged 26,123 barrels per day with a steam oil ratio of only 2.4. A scheduled maintenance shut down reduced production volumes to an average of 5,375 barrels per day in September 2010.

On September 6, 2010, the Corporation commenced a scheduled turnaround of its Christina Lake facilities. The estimated cost of the turnaround was approximately \$4.5 million and no major equipment issues were identified. During the recommencement of operations some minor issues with the Corporation's control system were encountered. These issues have been successfully resolved and production ramped up to pre-turnaround volumes by October 8, 2010. Since that time, daily records have been achieved in steam production and, more importantly, bitumen production volumes. MEG expects that bitumen production volumes for the fourth quarter of 2010 will average 24,000 to 27,000 barrels per day.

Operating costs have continued to trend lower as the facility advances toward stabilized operations following the ramp-up period. Operating costs averaged \$16.19 per barrel in July, \$12.61 per barrel in August and, with the plant shutdown and related turnaround costs, \$82.81 per barrel in September.

Net income for the third quarter of 2010 includes \$26.9 million (third quarter of 2009 - \$59.1 million) of foreign exchange gains, net of tax, primarily on translation of MEG's US dollar denominated debt, offset by \$3.8 million (third quarter of 2009 - \$1.9 million) of risk management losses on interest rates swaps that terminate December 31, 2010.

For details regarding MEG's financial results, please refer to MEG's unaudited consolidated financial statements and Management's Discussion and Analysis for the three and nine months ended September 30, 2010, which are available on MEG's website at www.megenergy.com/financialinformation.

Forward-Looking Information

This news release may contain forward-looking information including but not limited to expectations of future production, revenues, cash flow, profitability and capital investments, anticipated reductions in operating costs as a result of optimization of certain operations, development of additional oil sands resources, and anticipated sources of funding for operations and capital investments. Such forward-looking information is based on management's expectations 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. Such forward-looking information also 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 financial market volatility, the risks associated with the oil and gas industry (e.g. operational risks in development; exploration and production; delays or changes in plans with respect to exploration or development projects or capital investments; the uncertainty of reserve and resource estimates; the uncertainty of estimates and projections relating to production, costs and expenses; health, safety and environmental risks; the risk of legislative and regulatory changes to, amongst other things, taxes, royalties and environmental laws), the risk of commodity price and foreign exchange rate fluctuations; 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. 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. The forward-looking information included in this report is expressly qualified in its entirety by the foregoing cautionary statements. The forward-looking information included in this report is made as of October 28, 2010 and the Corporation assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by applicable securities laws. Statements relating to reserves and recoverable resources are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the described reserves and resources, as the case may be, exist in the quantities predicted or estimated, and can be profitably produced in the future.

Non-GAAP Financial measures

This news 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 Canadian generally accepted accounting principles ("GAAP") and therefore are referred to as non-GAAP measures. The non-GAAP measures used by the Corporation may not be comparable to similar measures presented by other companies. The Corporation uses these non-GAAP measures to help evaluate its performance. Management considers net bitumen revenue, operating earnings and cash operating netback important measures as they indicates 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-GAAP measures should not be considered as an alternative to or more meaningful than net income (loss), as determined in accordance with Canadian GAAP, as an indication of the Corporation's performance. The non-GAAP operating earnings, cash flow from operations and cash operating netback measures are reconciled to net income (loss) in accordance with Canadian GAAP under the heading "Non-GAAP Measurements" in the Corporation's Management's Discussion and Analysis.

A conference call will be held to review the financial statements at 7:30 a.m. Mountain Time (9:30 a.m. Eastern Time) on Friday, October 29, 2010. The U.S./Canada toll-free conference call number is 1 (888) 231-8191. The international/local conference call number is (647) 427-7450. A recording of the call will be available from 10:30 a.m. Mountain Time (noon Eastern Time) on October 29, 2010 until 10:00 p.m. Mountain Time (midnight Eastern Time) on November 26, 2010. To access the recording dial toll-free 1 (800) 642-1687 or local (416) 849-0833 and enter the conference password 19337269.

For further information, please contact:

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