



PRESS RELEASE

Angle Announces 2008 Third Quarter Results

CALGARY, ALBERTA – November 5, 2008 – Angle Energy Inc. ("Angle" or the "Company") (TSX : NGL) is pleased to announce its financial and operating results for the three and nine months ended September 30, 2008.

HIGHLIGHTS

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2008	2007	Change	2008	2007	Change
<i>(000s, except per share data)</i>	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Financial						
Oil and gas revenues	43,177	12,351	250	99,557	41,742	139
Funds from operations ⁽¹⁾	21,017	6,561	220	54,113	21,991	146
Per share – basic	0.54	0.20	170	1.50	0.68	121
Per share – diluted	0.52	0.19	174	1.46	0.65	125
Net income	13,071	1,225	967	23,582	6,718	251
Per share – basic	0.34	0.04	750	0.66	0.21	214
Per share – diluted	0.32	0.04	700	0.64	0.20	220
Capital expenditures	23,510	17,919	31	62,258	40,547	54
Net debt ⁽²⁾	10,874	29,013	(63)	10,874	29,013	(63)
Shareholders' equity	135,854	70,838	92	135,854	70,838	92
Shares outstanding (#)						
At end of period	38,791	32,528	19	38,791	32,528	19
Weighted average – basic	38,652	32,528	19	35,998	32,526	11
Weighted average – diluted	40,285	33,800	19	37,086	33,798	10
			(%)			(%)
Operating						
Sales						
Crude oil (bbls/d)	40	21	90	29	7	314
Natural gas liquids (bbls/d)	2,768	1,206	130	2,518	1,330	89
Natural gas (mcf/d)	26,833	10,571	154	22,138	11,583	91
Total oil equivalent (boe/d)	7,280	2,989	144	6,236	3,268	91
Average wellhead prices ⁽³⁾						
Crude oil (\$/bbl)	116.92	67.40	73	119.22	67.22	77
Natural gas liquids (\$/bbl)	76.43	55.27	38	67.95	50.82	34
Natural gas (\$/mcf)	7.84	6.26	25	8.49	7.32	16
Total oil equivalent (\$/boe)	58.59	44.92	30	58.11	46.79	24
Gross (net) wells drilled (#)						
Oil	2 (2.0)	1 (1.0)	100 (100)	4 (3.5)	1 (1.0)	300 (250)
Gas	5 (4.4)	5 (4.0)	-- (10)	13 (11.0)	10 (8.6)	30 (28)
Dry and abandoned	2 (1.4)	1 (1.0)	100 (40)	4 (3.4)	3 (2.5)	33 (36)
Total	9 (7.8)	7 (6.0)	29 (30)	21 (17.9)	14 (12.1)	50 (48)
Average working interest (%)	87	86	1	85	86	(1)

(1) Funds from operations and funds from operations per share are not recognized measures under Canadian generally accepted accounting principles. Refer to the Management's Discussion and Analysis for further discussion.

(2) Excluding derivative instrument and related future tax asset.

(3) Product prices include realized gains or losses from derivative instruments.

Highlights

- We drilled 9 gross (7.8 net) wells during the third quarter with an 82% net success rate at an average working interest of 87%, displaying continued success in both our Harmattan and Ferrier core areas. During the first nine months of the year, we drilled 21 gross (17.9 net) wells with an 81% success rate and at an average working interest of 85%.
- We realized average sales of 7,280 boe/d for the third quarter of 2008, representing a 144% increase over the same three-month period in 2007 and a 22% improvement over the second quarter of 2008. For the first nine months of the year, we averaged 6,236 boe/d, representing a 91% increase over the same period in 2007.
- We generated cash flow of \$21,017,000 or \$0.52 per diluted share during the current quarter, a 174% per share gain over the comparable quarter in 2007. For the 2008 nine-month period, we recorded cash flow of \$54,113,000 or \$1.46 per diluted share, a 125% year-over-year increase on a per share basis.
- We recorded net income of \$13,071,000 or \$0.32 per diluted share for the third quarter, a 700% increase over the same three-month period a year ago. For the first nine months of 2008, we recorded net income of \$23,582,000 or \$0.64 per diluted share, a 220% improvement over the comparable period in 2007.
- We exited September 30, 2008 with no bank debt and \$10.9 million in working capital deficiency on a \$70 million credit facility. Our debt capacity, combined with our current cash flow, will allow for excellent financial flexibility in seeking additional opportunities in the current market environment.

Operations

Harmattan

At Harmattan, production averaged 4,929 boe/d during the three months ended September 30, 2008, which was comprised of 16.7 mmcf/d of sales gas production and 2,140 boe/d of NGLs and light crude oil. Angle brought five area wells on production during the period: three Mannville gas wells and two Mannville oil wells all at 100% working interest. During the third quarter, 6 gross (5.4 net) wells were drilled in the Harmattan area, resulting in 3 gross (3.0 net) successful gas development locations and 2 gross (2.0 net) successful oil development locations in the Eilerslie sands. At quarter-end, Angle had six wells in the Harmattan area to tie-in that are anticipated to add, prior to natural declines, a stabilized 400 boe/d to the Company's total production. In late July, the AltaGas (Taylor) complex experienced a fire, damaging a contained area of the plant and the facility was subsequently taken off line. Consequently, Angle was impacted by a processing disruption that decreased our production by approximately 3,920 boe/d for five days in July; however, we were able to direct a portion of production in the Harmattan area through alternate processing facilities. We anticipate drilling an additional two wells at Harmattan during the fourth quarter of 2008 for a total of 14 wells in this core area.

Ferrier

Production in the Ferrier area averaged 2,251 boe/d during the third quarter of 2008 (comprised of 9.7 mmcf/d of sales gas and 632 boe/d of NGLs) compared to average production of 1,484 boe/d recorded in the second quarter of the year. During the third quarter, Angle tied in 2 gross (1.6 net) Eilerslie gas wells and drilled 3 gross (2.4 net) development wells, resulting in 2 gross (1.4 net) successful wells while 1 gross (0.4 net) well was not deemed to be commercially viable and was not cased. These wells targeted gas in the Eilerslie, Glauconitic and Ostracod formations. A major compression project was completed in October and is designed for raw gas throughput of 18 mmcf/d. During the balance of the year, we expect to drill two development wells at Ferrier for a total of 11 wells.

Lone Pine Creek

The Company has successfully established a significant land position in the Lone Pine Creek area. During the third quarter, we increased our land position, and as a result, now own or control approximately 30.5 sections (19,520 acres). Crown land at 100% working interest comprises 12 sections (8,000 acres) with the remainder of the land controlled via two freehold farm-ins on Exxon Mobil Canada Energy (Exxon Mobil)

lands. Currently, Angle has two commitment wells to Exxon Mobil on these lands, which are now anticipated to be drilled during the first half of 2009. The drilling target in the Lone Pine Creek area is an internally generated prospect targeting the Devonian Wabamun, extending a 500 bcf Wabamun gas pool. The play is targeting a liquids rich, 5% hydrogen sulphide content gas and, due to the sour gas status, regulatory issues may affect the anticipated drilling schedule.

Deanne/Rough

Since 2005, the Company has acquired 7,360 net acres of Crown land (100% working interest) at Deanne. The prospect is an internally generated, high impact Glauconitic sand prospect that offsets an existing gas pool that has produced over 45 bcf to date. The Glauconitic zone is at a depth of 3,500 metres and will involve drilling capital of approximately \$4 million at 100% working interest. An exploratory well targeting a similar sized prospect is planned for either the fourth quarter of 2008 or the first quarter of 2009. The initial drilling location on these lands was selected during the second quarter of this year and we are currently in the process of acquiring a surface lease.

Pembina

This is our newest exploration prospect targeting gas in the Nordegg formation. We have recently acquired access to a 25-section (16,000-acre) land base at 100% working interest through Crown sales and farm-in. Our exploration team has had previous success in this area, which has plant infrastructure in place with available plant capacity. The average area well is 2,000 metres in drilling depth and costs approximately \$2.2 million to drill, complete and equip for production. We expect to drill the first of our two commitment wells in the area during the first quarter of 2009.

Outlook

Our Company continues to expand its successful development projects at both Harmattan and Ferrier, and as a result, our production base has doubled from this time last year. The Harmattan light oil development will continue to be of particular focus during the final quarter of 2008 and into 2009. This project is currently in the delineation phase and the formation contains both light oil and natural gas. The delineation is critical in order to identify the respective saturations (oil or gas) in the accumulation.

Angle currently has over 40 drilling locations on Company controlled lands. In addition, the exposure to high impact and growth potential areas at Lone Pine Creek, Deanne/Rough and Pembina could provide material increases to our Company's value.

We are also pleased with our ability to strengthen our management team as outlined in our press release dated September 15, 2008. Elizabeth More (P.Geol.) and Glen Richardson (B.Comm.) were promoted to Vice President Exploration and Vice President Land, respectively. In addition, Matthew Mazuryk (P.Eng.) has joined Angle in the position of Manager of Engineering while Heather Post (B. Comm., CA) has joined us in the position of Controller.

Subsequent to our successful equity placement from our initial public offering completed in June, the Company enjoys an exceptionally strong financial position to move forward into 2009. Given the slide in commodity prices, lack of equity funds and tightening of credit financing, we feel that our financial flexibility is a competitive advantage moving forward in the market place.

Angle is posting exceptional results in this very challenging environment for junior oil and gas companies. We are grateful for the ongoing support provided by our shareholders and the dedication of our Board and staff. We look forward to reporting the results of our efforts throughout the remainder of the year and into 2009.

On behalf of the Board of Directors,

[signed]

Gregg Fischbuch
President & Chief Executive Officer

November 5, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") reports on the financial condition and the results of operations of Angle Energy Inc. ("Angle" or the "Company") for the three and nine months ended September 30, 2008 and 2007 and should be read with the accompanying September 30, 2008 unaudited interim consolidated financial statements and notes as well as the audited financial statements for the year ended December 31, 2007. All financial measures are expressed in Canadian dollars unless otherwise indicated. This commentary is based on the information available as at, and is dated November 5, 2008.

Production information is commonly reported in units of barrel of oil equivalent ("boe"). For purposes of computing such units, natural gas is converted to equivalent barrels of crude oil using a conversion factor of six thousand cubic feet of gas to one barrel of oil. This conversion ratio of 6:1 is based on an energy equivalent conversion for the individual products, primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Such disclosure of boes may be misleading, particularly if used in isolation. Readers should be aware that historical results are not necessarily indicative of future performance.

Non-GAAP Measurements

This MD&A contains the terms "funds from operations" and "funds from operations per share," which should not be considered an alternative to or more meaningful than net earnings or cash flow from operating activities as determined in accordance with Canadian generally accepted accounting principles ("GAAP") as an indicator of the Company's performance. These terms do not have any standardized meaning as prescribed by GAAP. Angle's determination of funds from operations and funds from operations per share may not be comparable to that reported by other companies. Management uses funds from operations to analyze operating performance and leverage, and considers funds from operations to be a key measure as it demonstrates the Company's ability to generate cash necessary to fund future capital investments and to repay debt. Funds from operations is calculated using cash flow from operating activities as presented in the statement of cash flows before changes in non-cash working capital and settlement of retirement costs. Angle presents funds from operations per share, which is prohibited under GAAP. Per share amounts are calculated using weighted average shares outstanding consistent with the calculation of earnings per share. The following table reconciles funds from operations to cash flow from operating activities, which is the most directly comparable measure calculated in accordance with GAAP:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
(000s)	(\$)	(\$)	(\$)	(\$)
Cash flow from operating activities	31,770	4,779	59,425	12,332
Changes in non-cash working capital	(10,753)	1,782	(5,312)	9,659
Funds from operations	21,017	6,561	54,113	21,991

Future Outlook and Forward-Looking Information

Certain statements contained in this MD&A constitute forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "predict," "project," "should," "target," "will," or similar words suggesting future outcomes or language suggesting an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Management believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct, and as a result, such forward-looking statements included in this MD&A should not be unduly relied upon.

Production and Sales Rates

For the third quarter ended September 30, 2008, we had expected to average 7,000 boe/d but recorded 7,280 boe/d in sales volumes primarily due to flush production on wells completed in both of our core producing areas. For the 2008 fiscal period, Angle expects production and sales of crude oil, natural gas liquids ("NGLs") and natural gas will average between 6,300 boe/d and 6,500 boe/d, which has increased from our previous guidance of between 5,900 boe/d and 6,100 boe/d. We expect to exit 2008 between 7,300 boe/d and 7,500 boe/d. We have had better than expected results in our drilling program, thereby prompting an upward revision to our guidance. There are many factors that could result in production levels being less than anticipated, including: greater than anticipated declines in existing production due to poor

reservoir performance, mechanical failures or inability to access production facilities; the unanticipated encroachment of water or other fluids into the producing formation; and the inability to drill, complete and tie-in wells on schedule due to a lack of oilfield services being available on a cost efficient basis, poor weather, the inability to negotiate surface access with the landowners, or regulatory delays in obtaining all necessary drilling and production approvals.

Production Mix

The Company anticipates that its mix of light oil production as a percentage of total production will begin to increase in early 2009. This is based on the assumption that production commences as expected from two oil pools, one at Harmattan and one at Ferrier. This expectation will not be met if the wells are not drilled when expected (see "Drilling Program" below) or if the wells do not produce as expected (see "Production and Sales Rates" above). At present, netbacks from light and medium crude oil (combined) are superior to those from NGLs or natural gas, and should the Company not achieve a higher mix of light oil, then the financial performance will fall short of expectations.

Commodity Prices

For purposes of its remaining forecast for 2008, the Company has assumed that the Edmonton Par crude oil price will average \$85/bbl (down from previous guidance of \$115/bbl) and that the average natural gas price at AECO for spot delivery will average \$7.00/mcf (down from \$7.15/mcf). There are many risks that may result in commodity price assumptions being less than expected. The price of crude oil is set in U.S. dollars on the world market and is influenced by global supply and demand factors as well as exogenous events, such as terrorist activity in oil exporting countries. While global demand for crude oil has been growing strongly over the past several years, a slowdown in economic growth due to recession in several of the world's major economies will likely reduce both the demand and price for crude oil.

The price of natural gas in North America is primarily related to the domestic supply and demand equation. Demand is primarily affected by heating requirements in winter and cooling requirements in summer, with warm winters and/or cool summers having a negative demand influence. Supplies are generally domestic and respond to prices, but an increase in the deliverability of global NGLs into the North American market can also influence the supply situation at times.

Canadian producers realize a Canadian dollar price for crude oil, NGLs and natural gas, all of which are determined in large part by the U.S. dollar price for such products adjusted for the U.S. to Canadian dollar exchange rate. The exchange rate is influenced by many factors, which have and will continue to result in high volatility.

Royalty Rates

Angle expects that royalty rates for 2008 will average approximately 33% (up from previous estimates of 30%) of gross revenue before any realized or unrealized derivative gains or losses. This increased royalty rate expectation has resulted from the anticipated increase in commodity prices and increased sales from Crown lands. Total royalties are the combination of Crown royalties paid on Crown lands and freehold royalties paid on freehold lands. In addition, gross overriding royalties are payable on lands in which the Company has earned an interest by way of farm-in, whether the lands are Crown or freehold. Total royalties payable are a function of the mix between Crown and freehold lands as the rates are different.

Generally, the Company's freehold royalty rates are higher than the Crown royalty rate that would be applicable currently had the lands been Crown lands. However, under the proposed new Alberta royalty rate program scheduled to come into effect in 2009, the Company's freehold royalty rates will, in certain cases, be less than the Crown royalty rates that would have applied had the lands been Crown-owned.

During the first nine months of 2008, the Company's royalty mix was 64% Crown royalties and 36% freehold and gross overriding royalties, and the combined royalty rate was 32%. The actual combined royalty rate in any period will be a function of the mix between Crown and freehold production. Crown royalty rates are determined by the depth of the well, production rates and the price of crude oil or natural gas. As both Crown and freehold royalties are calculated as a percentage of revenue, royalties will vary directly with revenue and tend to mitigate the risk of declining revenues from lower production levels and/or lower commodity prices.

The Company has estimated that the effect of the proposed changes to the Alberta Crown royalty rates effective in 2009 on the operating income for that year as calculated in the 2007 GLJ Petroleum Consultants Ltd. ("GLJ") Report would be a reduction of less than 3%.

Operating Costs

The Company expects operating and transportation costs to average \$5.15/boe for 2008 (up slightly from previous guidance of \$4.75/boe). Generally, operating costs in the Harmattan area are slightly lower than in the Ferrier area, and as Ferrier production grows in proportion to the Company's total, the blended operating costs are expected to increase marginally.

Risks to operating cost increases relate to general oilfield service costs, which tend to increase in periods of high industry activity and decrease as activity levels decline.

General and Administrative ("G&A") Costs

Angle anticipates that G&A expenses for 2008 will be approximately \$3.9 million (up from previous guidance of \$3.5 million), net of capitalized amounts, and reflects the hiring of two additional full time exploration professionals during the third quarter of 2008. Risks that G&A costs will exceed this amount relate to higher than expected employee costs necessarily incurred by the Company to retain key employees in a competitive market, the need to hire more staff than originally anticipated and general cost inflation, which is a growing problem in the Calgary market where Angle maintains its head office.

Funds From Operations

The Company expects that funds from operations will be in the range of approximately \$72 million to \$74 million in fiscal 2008, down slightly from previous estimates of \$75 million to \$78 million due primarily to lower expected commodity prices. This estimate is based on the assumptions as to production, commodity prices, royalty rates, operating costs and G&A costs discussed above. The risk that funds from operations are less than expected is the aggregate of all risks affecting the individual components thereof.

Capital Expenditures

Angle now expects to incur between \$80 million and \$83 million (previous guidance was \$83 million) for capital expenditures in 2008, consisting of expenditures on drilling, completions, equipment, tie-ins, land and seismic. This is based on the revised key assumption that the Company drills in the range of 24 to 26 wells during 2008 (down from previous estimates of 26 to 29 wells). Due to expected lower commodity prices, the Company has delayed the timing of its drilling, particularly in the Lone Pine area that has also encountered surface access issues. Increases in capital costs from budgeted amounts can occur for the following reasons: general cost inflation in the industry, resulting from high utilization rates; poor weather that can delay activity and subject the Company to stand-by charges; and problems encountered in drilling a well that can result in additional drilling time or, in some cases, losing the well entirely.

Drilling Program

The Company now expects to drill 24 to 26 wells in 2008. The drilling program is a key assumption in the production estimates for the year discussed above. The risk that Angle will not meet its drilling targets is attributable to the following: lack of access to drilling rigs and related equipment at reasonable prices due to high industry demand; poor weather preventing access to the drill sites; delays in obtaining landowner consent for surface access; and delays in obtaining well licenses and drilling permits.

Drilling Success

The Company expects to add reserves in 2008 from its drilling activities at Harmattan, Ferrier and Deanne. In arriving at such expectations, Angle undertakes a risking process where each well is assigned a probability of success and the expected reserves that would be added in a success case. The basis for such assessment is a combination of geological, geophysical and reservoir engineering analysis, including reviewing analog reserves in the area of interest. There are many risks that a well may not add the reserves anticipated, including: poor reservoir rock due to low permeability and/or low porosity that inhibits production; the non-existence of the targeted zone due to erosion; the lack of an effective reservoir seal preventing the

migration of hydrocarbons; presence of water in the zone; damage to the zone from the drilling process; and competitive drainage from offsetting acreage not owned by the Company.

Developing Future Prospects

The Company intends to continue generating and developing its own prospects and acquiring lands directly and through farm-ins as part of its business strategy. To do so requires that appealing opportunities become available within the timeframe suitable to the Company, that Angle has the necessary human and financial resources to pursue and capture such opportunities, and that the Company is able to prevail over its competitors pursuing the same projects. Risks in achieving such growth plans relate to a lack of adequate staffing or capital, or to an overly competitive market where other industry participants are prepared to pay more for a prospect than what Angle would consider prudent.

Year-End Debt

The Company anticipates that its combined bank debt and working capital deficit position at year-end 2008 will be in the range of approximately \$8 million to \$11 million. This assumes that capital expenditures are between \$80 million and \$83 million and that funds from operations are in the range of approximately \$72 million to \$74 million in fiscal 2008. The risk that debt levels are higher than expected would result from capital expenditures exceeding budget and/or funds from operations being less than budget, both of which have been addressed above.

Tax Horizon

Angle may become marginally taxable in 2008 based on the assumption the Company generates funds from operations in the range of approximately \$72 million to \$74 million and incurs capital expenditures of between \$80 million and \$83 million. Liability for current income tax is a function of the amount of revenue and expenses recognized for tax purposes, including deductions for capital expenditures. As such, taxable income is affected by many factors, including production levels and commodity prices, as well as the level and classification for tax purposes of capital spending into one of several categories with each being deductible at different rates. The liability for current income tax could be higher than expected if revenues exceed Angle's budget, if capital spending is lower than expected, or if a greater proportion of capital spending is allocated to a lower deduction category.

Current Market Conditions

Management is aware that the current equity market conditions are not conducive to raising funds through treasury issues on common shares. However, the Company has the financial capability to continue its 2008 and 2009 capital program through funds from operations and available credit under the existing bank line without the need to access capital markets.

General

Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors and assumptions set forth above and elsewhere in this MD&A.

These factors should not be considered as exhaustive. The reader is cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, readers are cautioned that the actual results achieved will vary from the information provided herein and the variations may be material. Consequently, there are no representations by the Company that actual results

achieved will be the same in whole or in part as those set out in the forward-looking information. Furthermore, the forward-looking statements contained in this MD&A are made as of the date hereof, and the Company undertakes no obligation, except as required by applicable securities legislation, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

Basis of Presentation

Angle is a public company that was incorporated under the laws of Alberta on January 23, 2004 and commenced active oil and gas operations in 2005. This MD&A focuses on the Company's operations for the three and nine months ended September 30, 2008 and 2007.

Operating Results

Drilling Activity

	Exploration		Development		Total	
	Gross	Net	Gross	Net	Gross	Net
January 1 to September 30, 2008						
Crude oil and NGLs	1.0	0.5	3.0	3.0	4.0	3.5
Natural gas	--	--	13.0	11.0	13.0	11.0
Dry and abandoned	2.0	2.0	2.0	1.4	4.0	3.4
Total wells	3.0	2.5	18.0	15.4	21.0	17.9
Success rate (%)		20		91		81
Average working interest (%)		83		86		85
January 1 to September 30, 2007						
Crude oil and NGLs	--	--	1.0	1.0	1.0	1.0
Natural gas	2.0	2.0	8.0	6.6	10.0	8.6
Dry and abandoned	3.0	2.5	--	--	3.0	2.5
Total wells	5.0	4.5	9.0	7.6	14.0	12.1
Success rate (%)		44		100		79
Average working interest (%)		90		84		86

To September 30, 2008, we drilled 21 gross (17.9 net) wells of which 12 gross (10.9 net) wells were in the Harmattan core area and 9 gross (7.0 net) wells were in the Ferrier area. Our success rate is calculated on a net working interest completion basis.

Capital Expenditures

Capital expenditures for the three and nine months ended September 30, 2008 and 2007 are summarized in the following table:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
(000s)	(\$)	(\$)	(\$)	(\$)
Drilling and completions	16,793	13,949	42,600	27,171
Equipment and facilities	3,816	3,814	14,759	10,029
Geological and geophysical	393	32	725	262
Land and lease retention	2,020	58	3,315	2,866
Head office	329	2	371	25
Capitalized G&A and other	159	64	488	194
Total	23,510	17,919	62,258	40,547

For the third quarter of 2008, drilling and completions expenditures totaled \$16,793,000 (2007 – \$13,949,000) that involved the drilling of 9 gross (7.8 net) wells of which 7 gross (6.4 net) wells were successful and 2 gross (1.4 net) wells were dry for a 82% net success rate. In the comparative three-month period of 2007, the Company drilled 7 gross (6.0 net) wells of which 6 gross (5.0 net) wells were successful and 1 gross (1.0 net) well was dry.

Drilling and completions expenditures totaled \$42,600,000 for the nine months ended September 30, 2008 (2007 – \$27,171,000), which involved the participation in 21 gross (17.9 net) wells. Of the 21 wells, 17 gross (14.5 net) wells were cased while the remaining 4 gross (3.4 net) wells were not successful. In the comparative period of 2007, the Company drilled 14 gross (12.1 net) wells of which 11 gross (9.6 net) wells were successful and 3 gross (2.5 net) wells were dry.

For the three months ended September 30, 2008, the Company's expenditures on facilities totaled \$3,816,000 (2007 – \$3,814,000) primarily for wellsite facilities, related gathering pipelines and construction of compression facilities in our Ferrier area. For the nine months ended September 30, 2008, the Company's expenditures on facilities totaled \$14,759,000 (2007 – \$10,029,000). Our 100% owned compressor facility at Ferrier was put on-stream shortly after period-end and is designed for 18.0 mmcf/d of throughput.

Land purchases and lease retention costs incurred in the third quarter of 2008 totaled \$2,020,000 (2007 – \$58,000). We were successful in Crown land sales during the three-month period, and as a result, added an additional 9,240 acres to our total land inventory. We expended \$3,315,000 in land purchases and lease retention costs for the nine months ended September 30, 2008 (2007 – \$2,866,000).

Financial and Operating Results of Oil and Gas Activities

Sales, Revenue and Price

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Sales				
Natural gas sales (mcf/d)	26,833	10,571	22,138	11,583
NGLs sales (bbls/d)	2,768	1,206	2,518	1,330
Light crude oil sales (bbls/d)	40	21	29	7
Total sales (boe/d)	7,280	2,989	6,236	3,268
Total sales (boe)	669,803	274,978	1,708,643	892,039
(000s)	(\$)	(\$)	(\$)	(\$)
Revenue				
Natural gas	20,039	5,381	53,870	22,141
Realized derivative (loss) gain	(691)	706	(2,388)	1,018
Total natural gas	19,348	6,087	51,482	23,159
NGLs	19,463	6,135	46,879	18,447
Light crude oil	432	129	933	136
Total revenue before unrealized derivative (loss) gain	39,243	12,351	99,294	41,742
Unrealized derivative (loss) gain	3,934	(421)	263	230
Total revenue	43,177	11,930	99,557	41,972
Average Prices				
Natural gas sales price (\$/mcf)	8.12	5.53	8.88	7.00
Realized derivative gain (loss) (\$/mcf)	(0.28)	0.73	(0.39)	0.32
Total natural gas price (\$/mcf)	7.84	6.26	8.49	7.32
NGLs sales price (\$/bbl)	76.43	55.27	67.95	50.82
Light crude oil sales price (\$/bbl)	116.92	67.40	119.22	67.22
Total sales price (\$/boe)	58.59	44.92	58.11	46.79

For the third quarter of 2008, revenue was \$39,243,000 (before unrealized derivative loss) on average sales volumes of 7,280 boe/d compared to \$12,351,000 and 2,989 boe/d for the same period in 2007. The 218% revenue gain resulted from a 144% increase in sales volumes while our prices contributed the balance of the increase.

For the first nine months in 2008, revenue totaled \$99,294,000 (before unrealized derivative loss) on average sales volumes of 6,236 boe/d compared to \$41,742,000 and 3,268 boe/d for the same period a year ago. The 138% revenue gain resulted from a 91% increase in sales volumes while our prices contributed the balance of the increase.

We continue to have success in our drilling program with significant volumes being tied-in from both our Ferrier and Harmattan core areas. Ferrier contributed approximately 31% of our total sales volumes in the third quarter of 2008, up from 25% in the second quarter, while the balance of sales volumes were from Harmattan. In the comparative period of 2007, Ferrier sales were less than 1% of the total sales volumes.

Our product volume mix is 58% natural gas, 42% NGLs with less than 1% in light crude oil.

Our drilling operations primarily target natural gas that is rich in associated NGLs. Our NGLs are comprised of approximately 46% propane, 29% ethane and 25% condensate. The price received for our NGLs is based on this mix, with the condensate having the highest value of the NGLs stream.

Our production is sold within Canada and we are sensitive to world crude oil and North American natural gas price variations in addition to the Canada/U.S. currency exchange rate changes. All of the Company's production is sold through two purchasers.

The Company had fixed the price applicable to future sales through the following contracts, from which we had recorded \$2,388,000 in realized price losses and \$263,000 in unrealized price gains to September 30, 2008:

Natural Gas	Volume	Pricing Point	Strike Price	Term
Fixed Price/Physical	1,600 GJ/d	AECO	CDN\$6.44/GJ	Nov.1/07 – Mar.31/08
Collar/Physical	1,500 GJ/d	AECO	CDN\$6.00/GJ (floor)	Nov.1/07 – Mar.31/08
Fixed Price/Physical	500 GJ/d	AECO	CDN\$7.68/GJ	Apr.1/08 – Jun.1/08
Fixed Price/Physical	4,700 GJ/d	AECO	CDN\$6.89/GJ	Apr.1/08 – Oct.31/08
Fixed Price/Physical	2,500 GJ/d	AECO	CDN\$7.90/GJ	Jun.1/08 – Oct.31/08

Royalties

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
(000s)	(\$)	(\$)	(\$)	(\$)
Total revenue before realized and unrealized derivative (loss) gain	39,934	11,645	101,682	40,724
Royalties				
Crown	8,996	1,461	20,828	4,646
Other	4,529	2,441	11,950	8,818
Total royalties	13,525	3,902	32,778	13,464
	(%)	(%)	(%)	(%)
% of Revenue				
Crown	23	13	20	11
Other	11	21	12	22
Total	34	34	32	33

For the third quarter of 2008, we recorded total royalties of \$13,525,000 or 34% of revenue versus \$3,902,000 or 34% of revenue for the same period in 2007.

During the nine months ended September 30 2008, total royalties were \$32,778,000 or 32% of revenue compared to \$13,464,000 or 33% of revenue a year ago. Our Crown royalties have increased relative to the mix of total royalties reflective of the increase of production from Crown leases primarily in the Ferrier core area.

On October 25, 2007, The Government of Alberta released the New Royalty Framework ("NRF"). The NRF is the government's response to a report issued September 18, 2007 by the Alberta Royalty Review Panel, which was commissioned by the provincial government to perform a review of the province's royalty system. The NRF addresses royalty changes on oil, natural gas and NGLs, which primarily affects Angle in relation to natural gas and NGLs. Our Company's production is solely within the Province of Alberta.

Based on the information available regarding the impact of the NRF on estimated operating income and the Company's January 1, 2008 reserves information, the NRF is not expected to have a material impact on Angle's net asset value. As more information becomes available and the mix of Crown to freehold and gross overriding royalties changes, the Company will report any expected material impact on operating income and/or net asset value.

Operating Expenses

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
(000s)	(\$)	(\$)	(\$)	(\$)
Operating expense	3,516	1,166	8,377	4,119
Transportation expense	172	84	514	243
Total operating expense	3,688	1,250	8,891	4,362
Operating expense (\$/boe)	5.51	4.55	5.20	4.89

Total operating expenses were \$3,688,000 or \$5.51/boe for the three months ended September 30, 2008 versus \$1,250,000 or \$4.55/boe a year ago. For the nine-month period, we incurred operating expenses of \$8,891,000 or \$5.20/boe compared to \$4,362,000 or \$4.89/boe in the 2007 period. The Ferrier area has a higher per unit operating expense rate than Harmattan. We had a higher proportion of sales volumes from the Ferrier area in the third quarter of 2008, which has impacted our overall per unit rate in both the three and nine-month periods. In the comparative periods of 2007, Ferrier sales were less than 1% of the total sales volumes and had no upward effect on our per unit rate.

G&A Expenses and Stock-Based Compensation

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
(000s)	(\$)	(\$)	(\$)	(\$)
G&A expenses	1,490	641	3,996	2,074
G&A capitalized (direct)	(159)	(64)	(488)	(194)
G&A recoveries via operations	(323)	(155)	(685)	(426)
G&A expenses (net)	1,008	422	2,823	1,454

G&A net expenses totaled \$1,008,000 for the three months ended September 30, 2008 versus \$422,000 in the same period a year ago. We had 20 professional staff during the three-month period compared to 11 staff in the same period of 2007. During the third quarter of 2008, we capitalized \$159,000 (2007 – \$64,000) in direct costs relating to our exploration and development staff salaries and \$323,000 (2007 – \$155,000) relating to operator recoveries on capital expenditures.

We recorded non-cash stock-based compensation expense of \$394,000 (2007 – \$223,000) and capitalized \$86,000 (2007 – \$34,000) for total stock-based compensation of \$480,000 (2007 – \$257,000) during the third quarter of 2008.

G&A net expenses totaled \$2,823,000 for the nine-month period of 2008 compared to \$1,454,000 in the same period a year ago. During the nine months ended September 30, 2008, we capitalized \$488,000 (2007 – \$194,000) in direct costs relating to our exploration and development efforts and \$685,000 (2007 – \$426,000) relating to operator recoveries on capital expenditures.

During the first nine months of 2008, we recorded non-cash stock-based compensation expense of \$969,000 (2007 – \$928,000) and capitalized \$265,000 (2007 – \$101,000) for total stock-based compensation of \$1,234,000 (2007 – \$1,029,000). Our year-over-year G&A expenses and stock-based compensation have risen in proportion to our increase in staffing to properly manage increased activities and production growth.

Interest Expense

Interest expense incurred during the period ended September 30, 2008 totaled \$695,000 (2007 – \$472,000), resulting from increased use of our credit facilities in 2008 to partially fund our capital expenditures. On June 30 2008, we closed an equity placement of \$31,000,000 (prior to share issue expenses), which eliminated our debt and left us in a cash position.

Netbacks (per unit)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	(\$/boe)	(\$/boe)	(\$/boe)	(\$/boe)
Sales prices	58.59	44.92	58.11	46.79
Royalties	(20.19)	(14.19)	(19.18)	(15.09)
Operating	(5.51)	(4.55)	(5.20)	(4.89)
Operating netback	32.89	26.18	33.73	26.81
G&A and other (excludes non-cash items)	(1.50)	(1.53)	(1.65)	(1.63)
Interest expense	(0.01)	(0.79)	(0.41)	(0.53)
Funds flow netback ⁽¹⁾	31.38	23.86	31.67	24.65
Depletion, depreciation and accretion	(11.59)	(14.87)	(12.62)	(12.89)
Stock-based compensation	(0.58)	(0.81)	(0.56)	(1.04)
Unrealized (loss) gain on derivative instrument	5.87	(1.53)	0.15	0.26
Future tax expense	(5.56)	(2.20)	(4.84)	(3.45)
Net income netback	19.52	4.45	13.80	7.53

(1) Non-GAAP measure: refer to disclosure on non-GAAP measure. Funds flow netback is calculated by dividing funds flow by the sales volume per boe for the period then ended.

Although we have a higher royalty per unit than our industry peers, it is offset by higher sales prices for our natural gas due to the heat content of the gas stream and by lower operating expenses. This resulted in an operating netback of \$33.73/boe for the first nine months of 2008 compared to \$26.81/boe for the same period in 2007.

Funds from Operations and Cash Flow from Operating Activities

For the third quarter of 2008, we recorded funds from operations of \$21,017,000 or \$0.54 per basic and \$0.52 per diluted share compared to \$6,561,000 or \$0.20 per basic and \$0.19 per diluted share in the comparable period of 2007. For the nine months ended September 30, 2008, we recorded funds from operations of \$54,113,000 or \$1.50 per basic and \$1.46 compared to \$21,991,000 or \$0.68 per basic and \$0.65 per diluted share in the comparable period of 2007. Refer to the beginning of this MD&A section for discussion and reconciliation of funds from operations to cash flow from operating activities, which is the most directly comparable measure calculated in accordance with GAAP.

Depletion, Depreciation and Accretion ("DD&A")

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
DD&A provision (\$000s)	7,760	4,089	21,557	11,497
DD&A provision (\$/boe)	11.59	14.87	12.62	12.89

The DD&A provision for the third quarter in 2008 was \$7,760,000 or \$11.59/boe compared to \$4,089,000 or \$14.87/boe recorded in the same period of 2007. The per unit rate has decreased due to the success of our drilling program, which has resulted in higher estimated reserves additions in the third quarter of 2008 relative to the same period in 2007.

For the nine-month period ended September 30, 2008, the DD&A provision was \$21,557,000 or \$12.62/boe compared to \$11,497,000 or \$12.89/boe recorded in the same period of 2007. The 88% year-over-year increase was primarily due to the 91% growth in production volumes combined with a slight decrease in the per unit rate.

Income Taxes

Future tax expense provision totaled \$3,726,000 during the third quarter of 2008 compared to \$603,000 recorded in the same period of 2007. Future tax expense provision totaled \$8,268,000 during the first nine months of 2008 compared to \$3,078,000 recorded in the same period a year ago.

Net Income

For the three-month period ended September 30, 2008, we recorded net income of \$13,071,000 or \$0.34 per basic and \$0.32 per diluted share compared to \$1,225,000 or \$0.04 per basic and diluted share in the same period a year ago. For the nine-month period ended September 30, 2008, we recorded net income of \$23,582,000 or \$0.66 per basic and \$0.64 per diluted share compared to \$6,718,000 or \$0.21 per basic and \$0.20 per diluted share in the comparative period of 2007.

Liquidity and Capital Resources

The following table summarizes the change in working capital during the nine months ended September 30, 2008 and the year ended December 31, 2007:

	Nine Months Ended September 30, 2008	Year Ended December 31, 2007
<i>(000s)</i>	<i>(\$)</i>	<i>(\$)</i>
Working capital (deficiency) – beginning of period	(31,819)	(10,772)
Funds from operations	54,113	29,663
Issue of capital stock for cash (net of share issue expense)	29,339	8,389
Redemption of share capital	(238)	--
Derivative instruments	263	11
Future tax liability	(80)	--
Capital expenditures	(62,258)	(59,110)
Working capital (deficiency) – end of period	(10,680)	(31,819)

Since inception on January 23, 2004 to September 30, 2008, we have raised funds through treasury equity issues in the amount of \$103,551,000 (net of share issue expenses) at share prices ranging from \$0.60 to \$8.00 per common share.

We exited the period with working capital deficiency of \$10,680,000 (\$10,863,000 excluding the unrealized derivative asset and related future tax liability) compared to available credit lines of \$70,000,000. Our annual bank review was completed in June 2008 and our credit line was increased by \$20,000,000 from the previous credit line of \$50,000,000.

Included in working capital deficiency is bank debt of \$nil at September 30, 2008 and \$25.8 million at December 31, 2007, which is recorded as a current liability as the bank loan has been structured as a revolving term facility. However, as the amount drawn on the facility is less than the amount of credit available, and as the Company is in full compliance with all bank debt covenants, management has no reason to believe that the lender will require any principal payment prior to the next annual review expected to occur in May 2009.

Other liabilities included in working capital deficiency consist primarily of trade payables. Management expects to be able to fully meet all current obligations when due with funding provided by a combination of accounts receivable collections, funds from operations and available credit under the bank line.

In order to protect a portion of our revenue stream, during 2008 we entered into forward sales contracts. Our forward sales contracts have been described in this MD&A section under the heading "Sales, Revenue and Price."

As at November 3, 2008, we had 38,257,474 common shares, 2,945,000 stock options and 1,322,000 share appreciation rights issued and outstanding. Between October 1, 2008 and November 3, 2008, the Company has repurchased and cancelled 518,800 shares under its normal course issuer bid.

Selected Quarterly Information

Three Months Ended	Sep.30, 2008	Jun.30, 2008	Mar.31, 2008	Dec.31, 2007	Sep.30, 2007	Jun.30, 2007	Mar.31, 2007	Dec.31, 2006
<i>(000s, except per share data)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>
Total assets	192,179	173,188	148,891	134,371	115,490	101,459	100,636	87,072
Total sales <i>(boe/d)</i>	7,280	5,965	5,450	3,532	2,989	3,326	3,494	2,469
Revenue	39,243	33,896	22,484	13,952	12,351	14,409	15,029	9,757
Funds from operations	21,017	18,970	14,126	7,672	6,561	7,300	8,130	4,565
Per share – basic	0.54	0.55	0.41	0.23	0.20	0.22	0.25	0.15
Net income	13,071	7,527	2,984	2,932	1,225	2,721	2,772	1,177
Per share – basic	0.34	0.22	0.09	0.09	0.04	0.08	0.09	0.04
Capital expenditures	23,510	21,712	17,036	18,563	17,919	4,653	17,975	19,137
Working capital (deficiency)	(10,680)	(11,156)	(36,393)	(31,819)	(29,013)	(17,236)	(20,481)	(10,772)
Shareholders' equity	135,854	122,108	84,626	82,461	70,838	69,356	66,107	65,344

Note: The selected quarterly information has been prepared in accordance with the accounting principles as contained in the notes to the consolidated financial statements for the nine months ended September 30, 2008 and for the years ended December 31, 2007 and 2006.

Factors That Have Caused Variations Over the Quarters

The sales volume growth has been a result of the Company's successful exploration and development drilling activities over these quarterly periods. The Company's growth in revenue, funds from operations and earnings have been driven from its sales volume growth in combination with increases in commodity prices over these comparative periods.

Contractual Obligations

We have a committed term facility with a Canadian bank. The authorized borrowing amount under this facility as at September 30, 2008 was \$70,000,000 of which \$nil was outstanding. Additional disclosure relating to bank debt is provided in the notes to the consolidated financial statements. Our commitments are summarized below:

	2008	2009	2010
<i>(000s)</i>	<i>(\$)</i>	<i>(\$)</i>	<i>(\$)</i>
Operating lease – office	95	381	286
Operating lease – compressors	157	306	--
Total	252	687	286

As a result of our farm-ins in the Lone Pine, Ferrier and Pembina areas, we have a commitment to drill five wells for a total estimated net dry hole cost of \$5,000,000.

Related Party and Off-Balance Sheet Transactions

We have retained the law firm of Osler, Hoskin and Harcourt LLP ("Osler") to provide legal services. Ms. Noralee Bradley, a Director and Chairman of Angle, is a partner of this firm. During the nine-month period of 2008, we incurred \$459,000 in costs with Osler. These services were billed at rates consistent with those charged to third parties. We expect to continue using their services throughout 2008.

We were not involved in any off-balance sheet transactions during the nine months ended September 30, 2008 or the year ended December 31, 2007.

Changes in Accounting Disclosures

Except as discussed in this section, please refer to our accounting disclosures as described in our MD&A as at December 31, 2007. The following disclosures to the financial statements are in effect as of January 1, 2008:

Derivative Instruments

The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3862 requires the Company to increase the disclosure on the nature, extent and risk arising from financial instruments and how the Company manages those risks. Refer to note 8 of the financial statements for further discussion.

Capital Disclosures

CICA Handbook Section 1535 requires the Company to disclose the Company's objectives, policies and processes for managing its capital structure. Refer to note 6 of the financial statements for further discussion.

Future Accounting Policy Changes

CICA Handbook Section 3064 "Goodwill and Intangible Assets" will be in effect beginning January 1, 2009. This new section applies to goodwill subsequent to initial recognition and establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The new disclosure requirement is not expected to have an impact on the Company's financial statements.

Transition to International Financial Reporting Standards ("IFRS")

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The eventual changeover to IFRS represents changes due to new accounting standards. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations.

The Company has not completed development of its IFRS changeover plan, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 exemptions. The Company plans to complete its project scoping, which will include a timetable for assessing the impact on data systems, internal controls over financial reporting and business activities, such as financing and compensation arrangements, by December 31, 2008.

The International Accounting Standards Board has issued an exposure draft relating to certain amendments to IFRS 1 in order to make it more useful to Canadian entities adopting IFRS for the first time. One such exemption relating to full cost oil and gas accounting is expected to result in a reduced administrative transition from the current Canadian AcG-16 to IFRS. It is anticipated that this exposure draft will not result in an amended IFRS 1 standard until late in 2009. The amendment will potentially permit the Company to apply IFRS prospectively to its full cost pool, rather than the retrospective assessment of capitalized exploration and development expenses, with the proviso that a ceiling test, under IFRS standards, be conducted at the transition date.

Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company is accumulated and communicated to management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), to allow timely decisions regarding required disclosure. The Company's CEO and CFO have concluded, based on their evaluation as of the end of the period covered by the interim filing, that the Company's disclosure controls and procedures are effective to provide reasonable assurance that material information related to the issuer is made known to them by others within the Company. It should be noted that while Angle's CEO and CFO believe that the Company's disclosure controls and

procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal Controls over Financial Reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP as at September 30, 2008. Management has evaluated the design effectiveness of internal controls over financial reporting and has concluded that such internal controls over financial reporting are properly designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

Management is aware that given the Company's smaller size, adequate segregation of duties may not always be achievable, in which case the Company relies on compensating controls. The Company's internal controls over financial reporting may not prevent or detect all errors, misstatements and fraud. The design of internal controls must also take into account resource constraints. A control system, including the Company's internal controls over financial reporting, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

[signed]

STUART C. SYMON, CMA
Vice President Finance & Chief Financial Officer

November 5, 2008

CONSOLIDATED BALANCE SHEETS

As at	September 30, 2008	December 31, 2007
<i>(000s) (unaudited)</i>	(\$)	(\$)
Assets		
Current		
Cash	8,336	--
Accounts receivable	16,925	10,270
Prepaid expenses and other	1,286	1,120
Derivative instruments <i>(note 8)</i>	274	11
	26,821	11,401
Property and equipment <i>(note 3)</i>	165,358	122,970
	192,179	134,371
Liabilities		
Current		
Bank debt <i>(note 4)</i>	--	25,770
Future tax liability	80	--
Accounts payable and accrued liabilities	37,421	17,450
	37,501	43,220
Future tax liability	16,099	7,287
Asset retirement obligations <i>(note 5)</i>	2,725	1,403
	56,325	51,910
Shareholders' Equity		
Share capital <i>(note 6)</i>	98,924	69,922
Contributed surplus <i>(note 6)</i>	3,319	2,381
Retained earnings	33,611	10,158
	135,854	82,461
	192,179	134,371
Commitments <i>(note 10)</i>		

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
<i>(000s, except per share data) (unaudited)</i>	(\$)	(\$)	(\$)	(\$)
Revenue				
Oil and gas revenues	39,934	11,645	101,682	40,724
Realized derivative instrument (loss) gain	(691)	706	(2,388)	1,018
Unrealized derivative instrument (loss) gain	3,934	(421)	263	230
	43,177	11,930	99,557	41,972
Royalty expense	(13,525)	(3,902)	(32,778)	(13,464)
Interest revenue	1	1	6	1
	29,653	8,029	66,785	28,509
Expenses				
Operating	3,688	1,250	8,891	4,362
General and administrative	1,008	422	2,823	1,454
Interest	6	217	695	472
Stock-based compensation <i>(note 6)</i>	394	223	969	928
Depletion, depreciation and accretion	7,760	4,089	21,557	11,497
	12,856	6,201	34,935	18,713
Income before income taxes	16,797	1,828	31,850	9,796
Income taxes				
Future tax expense	3,726	603	8,268	3,078
Net income for the period	13,071	1,225	23,582	6,718
Retained earnings – beginning of period	20,669	6,001	10,158	508
Less: Excess of cost of shares acquired over stated value	(129)	--	(129)	--
Retained earnings – end of period	33,611	7,226	33,611	7,226
Net income per share <i>(note 6)</i>				
Basic	0.34	0.04	0.66	0.21
Diluted	0.32	0.04	0.64	0.20

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
<i>(000s) (unaudited)</i>	(\$)	(\$)	(\$)	(\$)
Cash provided by (used in):				
Operating activities				
Net income for the period	13,071	1,225	23,582	6,718
Add back non-cash items:				
Depletion, depreciation and accretion	7,760	4,089	21,557	11,497
Stock-based compensation	394	223	969	928
Unrealized loss (gain) on derivative instruments <i>(note 8)</i>	(3,934)	421	(263)	(230)
Future income tax	3,726	603	8,268	3,078
	21,017	6,561	54,113	21,991
Change in non-cash working capital <i>(note 7)</i>	10,753	(1,782)	5,312	(9,659)
	31,770	4,779	59,425	12,332
Financing activities				
Issue of common shares, net of share issue expenses	433	--	29,339	83
Redemption of share capital	(238)	--	(238)	--
Increase (decrease) in bank debt	--	8,273	(25,770)	20,115
Changes in non-cash working capital <i>(note 7)</i>	(492)	--	64	--
	(297)	8,273	3,395	20,198
Investing activities				
Property and equipment additions	(23,510)	(17,919)	(62,258)	(40,547)
Change in non-cash working capital <i>(note 7)</i>	(2,644)	4,867	7,774	8,017
	(26,154)	(13,052)	(54,484)	(32,530)
Net increase in cash	5,319	--	8,336	--
Cash – beginning of period	3,017	--	--	--
Cash – end of period	8,336	--	8,336	--

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008
(unaudited)

1. Nature of Operations

Angle Energy Inc. (the "Company") is a publicly traded company incorporated under the laws of Alberta.

2. Accounting Policies

These financial statements are stated in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles. The disclosures provided below are incremental to those included with the annual financial statements. These interim financial statements should be read in conjunction with the financial statements and notes disclosed in the Company's annual report for the year ended December 31, 2007. The interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the Company for the year ended December 31, 2007, except for the following changes in accounting disclosures:

(a) Financial Instruments – Disclosure and Presentation

Effective January 1, 2008, the Company adopted new Canadian financial instrument disclosure standards, which outline the disclosure requirements for financial instruments and non-financial derivatives. The guidance prescribes an increased importance on risk disclosures associated with recognized and unrecognized financial instruments and how such risks are managed and disclosure of the significance of financial instruments on the Company's financial position. In addition, the guidance outlines revised requirements for the disclosure of quantitative information regarding exposure to risks arising from financial instruments.

(b) Capital Disclosures

Effective January 1, 2008, the Company adopted new Canadian capital disclosure standards. This new guidance requires disclosure about the Company's objectives, policies and process for managing capital. These disclosures include a description of what the Company manages as capital, the nature of externally imposed capital requirements, how the requirements are incorporated into the Company's management of capital, whether the requirements have been complied with, or consequences of non-compliance and an explanation of how the Company is meeting its objectives for managing capital. In addition, quantitative disclosures regarding capital are required.

3. Property and Equipment

	Cost	Accumulated Depletion and Amortization	Net Book Value
(000s)	(\$)	(\$)	(\$)
September 30, 2008			
Petroleum and natural gas properties	207,739	42,924	164,815
Office equipment	659	116	543
	208,398	43,040	165,358
December 31, 2007			
Petroleum and natural gas properties	144,278	21,524	122,754
Office equipment	288	72	216
	144,566	21,596	122,970

3. Property and Equipment (continued)

The Company capitalized \$488,000 (2007 – \$194,000) of direct general and administrative costs, \$265,000 (2007 – \$101,000) of stock-based compensation expense and \$685,000 (2007 – \$426,000) of operator overhead as related to its exploration and development activity for the period ended September 30, 2008.

Unevaluated and undeveloped properties with a cost of \$13,166,000 (2007 – \$9,404,000), included in petroleum and natural gas properties, have not been subject to depletion as reserves related to these costs had not been evaluated or assigned for the period ended September 30, 2008. As at period-end, future development costs totaling \$6,893,000 (2007 – \$5,043,000) were included in amounts subject to depletion.

4. Bank Debt

The Company established a revolving term credit facility with a bank with a borrowing base of \$70,000,000 on June 14, 2008. The credit facility provides that advances may be made by way of direct advances or guaranteed notes. Direct advances bear interest at the bank's prime rate unless the net debt to trailing cash flow exceeds 1.5 to 1.0 and then the interest rate is the bank's prime rate plus 0.4%. The interest rate rises incrementally with increases in the net debt to trailing cash flow ratio to a maximum of the bank's prime rate plus 1% at 3.0 to 1.0. Under the terms of the facility, certain financial covenants must be maintained. A general security agreement over all present and after acquired personal property and a floating charge on all lands has been provided as security.

5. Asset Retirement Obligations

The Company recorded an asset retirement obligation calculated as the present value of the estimated future cost to abandon its petroleum and natural gas properties. To determine the value of this obligation, the Company utilized an inflation rate of 2% (2007 – 2%) and a credit adjusted risk-free interest rate of 8% (2007 – 8%) to discount the future estimated cash flows of \$4,530,000, of which the majority of costs are expected to be incurred over a period of one to ten years. At September 30, 2008, the obligation was as follows:

Nine Months Ended September 30,	2008	2007
(000s)	(\$)	(\$)
Balance – beginning of period	1,403	746
Liabilities incurred	1,209	589
Change in estimates	--	(36)
Accretion of asset retirement obligation	113	104
Balance – end of period	2,725	1,403

6. Share Capital

(a) Authorized

Unlimited number of common voting shares, no par value.

Unlimited number of preferred shares, no par value, issuable in series.

6. Share Capital (continued)

(b) Issued

	Nine Months Ended September 30, 2008		Year Ended December 31, 2007	
	Shares (#)	Amount (\$000s)	Shares (#)	Amount (\$000s)
Common Shares				
Balance – beginning of period	34,522,908	69,922	32,497,941	63,700
Common shares issued (i)	3,875,000	31,000	--	--
Common shares issued (ii)	436,166	1,306	1,069,500	4,289
Common shares repurchased (iii)	(42,600)	(109)	--	--
Flow-through shares issued (ii)	--	--	955,467	4,586
Tax effect of flow-through shares (ii)	--	(1,255)	--	(2,338)
Share issue costs (i)	--	(2,671)	--	(445)
Tax benefit of share issue costs	--	731	--	130
Balance – end of period	38,791,474	98,924	34,522,908	69,922

(i) Initial Public Offering

On June 30, 2008, the Company completed its initial public offering and issued 3,875,000 common shares at \$8.00 per share for gross proceeds of \$31,000,000 (\$28,329,000 net of issue costs).

(ii) Private Placements

In September 2008, the Company issued 240,000 common shares, resulting from the exercise of stock options, for cash proceeds of \$433,000 and previously recognized stock-based compensation expense of \$197,000.

In June 2008, the Company issued 20,000 common shares, resulting from the exercise of stock options, for cash proceeds of \$75,000 and previously recognized stock-based compensation expense of \$34,000. The Company also issued 17,000 common shares at \$5.30 per share to employees for total proceeds of \$90,000.

In April 2008, the Company issued 67,500 common shares at \$4.00 per share to employees for total proceeds of \$270,000.

In January 2008, the Company issued 91,666 common shares, resulting from the exercise of stock options, for cash proceeds of \$142,000 and previously recognized stock-based compensation expense of \$65,000.

In December 2007, the Company issued 1,039,500 common shares at \$4.00 per share and 955,467 flow-through common shares at \$4.80 per share for total proceeds of \$8,744,000. Under the terms of the flow-through agreement, the Company is committed to spend \$4,586,000 on qualified exploration and development expenditures by December 31, 2008. As at September 30, 2008, all committed expenditures had been made.

In January 2007, the Company issued 30,000 common shares, resulting from the exercise of stock options, for cash proceeds of \$90,000 and previously recognized stock-based compensation expense of \$41,000.

6. Share Capital (continued)

(b) Issued (continued)

(iii) Normal Course Issuer Bid

In September 2008, the Company initiated a normal course issuer bid to buy back up to 2,997,700 shares of the Company in the open market and subsequently cancel these shares. The normal course issuer bid will stay in effect until the earlier of September 23, 2009 or until the Company has purchased the maximum number of shares permitted under the bid.

On September 30, 2008, the Company purchased 42,600 at \$5.59 per share for a total cost of \$238,000. The shares were cancelled and the average par value per share of \$2.55 (\$109,000 total) was debited from share capital with the remaining cost being charged directly against retained earnings in the period.

(c) Contributed Surplus

	Nine Months September 30, 2008	Year Ended December 31, 2007
(000s)	(\$)	(\$)
Contributed Surplus		
Balance – beginning of period	2,381	1,136
Stock-based compensation – options	873	1,286
Reduction due to exercise of options	(296)	(41)
Stock-based compensation – share appreciation rights	361	--
Balance – end of period	3,319	2,381

(d) Per Share Amounts

The net income per common share is calculated using the weighted average number of shares outstanding during the nine-month period ended September 30, 2008 of 35,998,371 (basic) and 37,086,082 (diluted) (September 30, 2007 – 32,526,293 basic and 33,798,058 diluted).

The net income per common share is calculated using the weighted average number of shares outstanding during the three months ended September 30, 2008 of 38,651,880 (basic) and 40,285,203 (diluted) (September 30, 2007 – 32,527,941 basic and 33,799,707 diluted).

(e) Options Outstanding

The Company has a stock option plan, administered by the Board of Directors, in which up to 10% of the issued and outstanding common shares are reserved for issuance for officers, employees and directors. Under the plan, options vest equally one-third on the first, second and third anniversary dates from the option grants and expire in five years or immediately from the date from which the optionee ceases to be a director, officer, employee or consultant of the Company or six months after the involuntary withdrawal of the optionee.

6. Share Capital (continued)

(e) Options Outstanding (continued)

The following summarizes information about stock options outstanding as at September 30, 2008:

	Options (#)	Weighted Average Exercise Price (\$)
Outstanding at December 31, 2007	3,120,000	2.46
Granted in the period	405,000	4.24
Exercised in the period	(351,666)	(1.85)
Forfeited in the period	(228,334)	(2.04)
Outstanding at September 30, 2008	2,945,000	2.81

Exercise Price (\$)	Outstanding (#)	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$)	Exercisable (#)	Weighted Average Exercise Price (\$)
As at September 30, 2008					
1.00	845,000	1.0	1.00	845,000	1.00
3.00	945,000	2.2	3.00	653,333	3.00
3.75	345,000	2.9	3.75	230,000	3.75
3.90	435,000	4.0	3.90	61,667	3.90
4.00	300,000	4.5	4.00	--	--
5.30	75,000	4.7	5.30	--	--
	2,945,000	2.5	2.81	1,790,000	2.18

The fair value of common share options granted during the period ended September 30, 2008 was estimated to be \$793,000 or \$1.96 per weighted average option (2007 – \$492,000 or \$2.66 per weighted average option) as at the date of grant using the Black-Scholes option pricing model and the following average assumptions:

Nine Months Ended September 30,	2008	2007
Risk-free interest rate (%)	4.18	4.50
Expected life (years)	5.00	5.00
Expected volatility (%)	47.00	45.00

(f) Share Appreciation Rights Outstanding

The Company has a share appreciation rights plan, administered by the Board of Directors, which provides for the granting of share appreciation rights ("SARs") to employees, officers and directors of the Company. Under the plan, SARs vest equally one-third on the first, second and third anniversary dates from the SARs grants and expire in five years or immediately from the date from which the rightsholder ceases to be a director, officer or employee of the Company or six months after the involuntary withdrawal of the rightsholder. Proceeds from the exercise of SARs can be paid in either common shares or cash, at the discretion of the Company.

6. Share Capital (continued)

(f) Share Appreciation Rights Outstanding (continued)

The following summarizes information about SARs outstanding as at September 30, 2008:

	SARs (#)	Weighted Average Exercise Price (\$)
Outstanding at December 31, 2007	--	--
Granted in the period	1,122,000	5.49
Outstanding at September 30, 2008	1,122,000	5.49

Exercise Price (\$)	Outstanding (#)	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (\$)	Exercisable (#)	Weighted Average Exercise Price (\$)
As at September 30, 2008					
4.00	242,000	4.5	4.00	--	--
5.30	423,000	4.6	5.30	--	--
6.25	200,000	4.9	6.25	--	--
6.44	173,000	4.7	6.44	--	--
6.70	12,000	4.9	6.70	--	--
6.90	28,000	4.9	6.90	--	--
7.00	44,000	4.8	7.00	--	--
	1,122,000	4.7	5.49	--	--

The fair value of SARs granted during the period ended September 30, 2008 was estimated to be \$2,941,000 or \$2.62 per weighted average SARs (2007 – \$nil) as at the date of grant using the Black-Scholes pricing model and the following assumptions:

Nine Months Ended September 30,	2008	2007
Risk-free interest rate (%)	3.25	--
Expected life (years)	5.00	--
Expected volatility (%)	51.00	--

(g) Management of Capital Structure

The Company's objective when managing capital is to maintain a flexible capital structure that will allow it to execute on its capital expenditures program, which includes expenditures in oil and gas activities that may or may not be successful. Therefore, the Company endeavours to balance the proportion of the debt and equity in its capital structure to take into account the level or risk being incurred in its capital expenditures.

In the management of capital, the Company includes share capital and net debt (defined as the sum of current assets, current liabilities and bank debt, excluding derivative instruments and the related future tax asset) in the definition of capital.

6. Share Capital (continued)

(g) Management of Capital Structure (continued)

The key measures that the Company utilizes in evaluating its capital structure are net debt to funds from operations (which is cash flow from operations before changes in non-cash working capital and settlement of retirement costs) and the current credit available from its creditors in relation to the Company's budgeted capital expenditures program. Net debt to funds from operations is determined as net debt divided by funds from operations and represents the time period it would take to pay off the debt if no further capital expenditures were incurred and if funds from operations stayed constant. Annualized funds from operations for the first nine months of 2008 were \$72,151,000 (2007 – \$29,321,000), resulting in a net debt to funds from operations ratio of 0.89 (2007 – 1.00). This ratio is within an acceptable range for the Company of 2.0 or less.

The Company is required to maintain a minimum working capital ratio of 1:1 to remain in compliance with its credit facility agreement. For purposes of this calculation, working capital ratio is defined as the ratio of current assets plus any undrawn availability under the credit facility to current liabilities less any amount drawn under the credit facility. At September 30, 2008, the Company had a working capital ratio of 2.58:1, which is greater than the minimum ratio required.

The Company manages its capital structure and makes adjustments by continually monitoring its business conditions, including the current economic conditions, the risk characteristics of the underlying assets, the depth of its investment opportunities, forecasted investment levels, the past efficiencies of the Company's investments, the efficiencies of forecasted investments and the desired pace of investment, current and forecasted total debt levels' current and forecasted energy commodity prices, and other factors that influence commodity prices and funds from operations, such as foreign exchange and quality basis differential.

In September 2008, the Company initiated a normal course issuer bid to buy back up to 2,997,700 shares of the Company in the open market and subsequently cancel these shares. This action was taken because management and the directors of the Company believe that common shares may become available during the proposed purchase period at prices that make them an attractive investment.

In order to maintain or adjust the capital structure, the Company will consider its forecasted net debt to forecasted funds from operations ratio while attempting to finance an acceptable capital expenditures program, including incremental capital spending and acquisition opportunities, the current level of bank credit available from the commercial bank, the level of bank credit that may be attainable from its commercial bank as a result of oil and gas reserves growth, the availability of other sources of debt with different characteristics than the existing bank debt, the sale of assets limiting the size of its capital spending program, and new common equity if available on favourable terms.

During the first nine months of 2008, the Company's strategy in managing its capital was unchanged.

7. Changes in Non-Cash Working Capital

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
(000s)	(\$)	(\$)	(\$)	(\$)
Accounts receivable	1,881	(459)	(6,655)	1,371
Prepaid expenses and other	(41)	44	(166)	144
Accounts payable and accrued liabilities	5,777	3,500	19,971	(3,157)
	7,617	3,085	13,150	(1,642)

7. Changes in Non-Cash Working Capital (continued)

The change in non-cash working capital has been allocated to the following activities:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
(000s)	(\$)	(\$)	(\$)	(\$)
Operating	10,753	(1,782)	5,312	(9,659)
Financing	(492)	--	64	--
Investing	(2,644)	4,867	7,774	8,017
	7,617	3,085	13,150	(1,642)

8. Derivative Instruments

The Company has exposure to credit, liquidity and market risk.

Angle's risk management policies are established to identify and analyze the risks faced by the Company, set appropriate limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

(a) Credit Risk

Substantially all of the Company's petroleum and natural gas production is marketed under standard industry terms. The industry has a pre-arranged monthly settlement day for payment of revenues from all buyers of crude oil and natural gas. This occurs on the 25th day following the month in which the production is sold. As a result, Angle collects sales revenues in an organized manner. Management monitors purchaser credit positions to mitigate any potential credit losses. To the extent Angle has joint interest activities with industry partners, the Company must collect, on a monthly basis, partners' share of capital and operating expenses. These collections are subject to normal industry credit risk. Angle attempts to mitigate risk from joint venture receivables by obtaining partner approval of capital projects prior to expenditure and collects in advance for significant amounts related to partners' share of capital expenditures in accordance with the industry operating procedures. The Company does not typically obtain collateral from petroleum and natural gas marketers or joint venture partners; however, Angle does have the ability to withhold production from joint venture partners in the event of non-payment. At September 30, 2008, Angle had no material accounts receivable deemed uncollectible. The Company's credit risk is limited to the carrying amount of its accounts receivable, which are due primarily from other entities involved in the oil and gas industry. These amounts are subject to the same risks as the industry as a whole.

(b) Liquidity Risk

Liquidity risk relates to the risk the Company will encounter should it have difficulty in meeting obligations associated with the financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and bank debt. Accounts payable consists of invoices payable to trade suppliers relating to the office and field operating activities and its capital spending program. Angle processes invoices within a normal payment period. Angle anticipates it will continue to have adequate liquidity to fund its financial liabilities through its future funds from operations and available bank debt. The Company had no defaults or breaches on its bank debt or any of its financial liabilities.

(c) Market Risk

Market risk is the risk of changes in market prices, such as commodity prices, foreign currency exchange rates and interest rates that will affect the net earnings or value of financial instruments. The objective of managing market risk is to control market risk exposures within acceptable limits, while maximizing returns.

8. Derivative Instruments (continued)

(c) Market Risk (continued)

The Company utilizes financial derivative contracts to manage market risk. All such transactions are conducted in accordance with the risk management policy that has been approved by the Board of Directors.

(i) Commodity Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in the commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, as outlined below, but also global economic events that dictate the levels of supply and demand. The Company has attempted to mitigate commodity price risk through the use of financial derivative contracts as indicated below. With regards to commodity prices, a \$0.10/mcf change in the sales price of natural gas would impact net earnings by approximately \$622,000 annually.

As at September 30, 2008, the Company had fixed the price applicable to future production through the following contracts:

Natural Gas	Volume	Pricing Point	Strike Price	Term
Fixed Price/ Physical	4,700 GJ/d	AECO	CDN\$6.89/GJ	Apr.1/08 – Oct.31/08
Fixed Price/ Physical	2,500 GJ/d	AECO	CDN\$7.90/GJ	Jun.1/08 – Oct.31/08

The fair value of these contracts as at September 30, 2008 was an asset of \$274,000.

(ii) Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company does not sell or transact in any foreign currency; however, the United States dollar influences the price of petroleum and natural gas sold in Canada. The Company's financial assets and liabilities are not affected by a change in currency rates. The Company had no foreign exchange contracts in place at September 30, 2008.

(iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk to the extent the changes in market interest rates will impact the Company's debts that have a floating interest rate. The Company had no interest rate swaps or hedges at September 30, 2008. With regards to interest rate risk, a change of 1% in the effective interest rate would impact net earnings by approximately \$196,000 annually, based on average debt outstanding in 2008.

(d) Fair Value of Financial Assets and Liabilities

Financial instruments of the Company consist primarily of cash and cash equivalents, accounts receivable, accounts payable and bank debt. As at September 30, 2008, there were no significant differences between the carrying amounts reported on the balance sheet and their estimated fair values due to the short-term nature of these instruments.

9. Related Parties

During 2008, expenses and share issue costs were recorded totaling \$459,000 (2007 – \$32,000) that were charged to the Company by a legal firm of which a Director of the Company is a partner, and \$17,000 (2007 – \$nil) remained in accounts payable at September 30, 2008. These amounts are billed and recorded at rates consistent with those charged to third parties.

10. Commitments

The Company has lease commitments for office premises that expire in 2010, one compressor that expires in 2008 and two compressors that expire in 2009. Future minimum lease payments under the leases are as follows:

(000s)	(\$)
2008	252
2009	687
2010	286
	<u>1,225</u>

Angle Energy Inc. is a Calgary based public oil and gas exploration and development company that was incorporated in 2004 and commenced active oil and gas operations in 2005. Angle's proven and dedicated team of industry specialists are focused on identifying and developing high quality assets in the Western Canadian Sedimentary Basin, with an emphasis in west central Alberta. Common shares of Angle are listed for trading on the Toronto Stock Exchange under the symbol NGL.

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